



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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YEAR ENDED SEPTEMBER 30, 2019



CITY OF NORTH RICHLAND HILLS

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### **About the cover:**

NRH Parks and Recreation is proud to announce that the Northfield Park Renovation Project is complete and the park is once again open to the public. The ribbon cutting for the renovation took place on Saturday, September 29, 2018 and included many NRH citizens, dignitaries, City Council Members, former City Council Members, Park Board and former Park Board Members, the architects, Texas Parks and Wildlife staff, city management and city staff.

Located at 7804 Davis Boulevard, Northfield Park is one of the city's oldest parks, having opened in 1985. The Parks & Recreation Department sought public input regarding improvements to the 34-acre park, including an online survey and numerous community meetings. Updated park amenities include lighted softball fields, sand volleyball courts, lighted tennis courts, an expansive 7,700-square-foot playground, basketball court, small and large group picnic pavilions, trails, landscaping, picnic tables, new restrooms, benches and other infrastructure.

Cover Designed by: Budget and Research Department  
Layout by: [www.creativemarket.com/brochuresfactory](http://www.creativemarket.com/brochuresfactory)  
Picture provided by: Communications Department  
City of North Richland Hills, Texas

**CITY OF NORTH RICHLAND HILLS, TEXAS**

**Comprehensive Annual Financial Report  
Year Ended September 30, 2019**

**City Officials**

Oscar Trevino  
Mayor

Rita Wright Oujesky  
Place 2  
Mayor Pro Tem

Tito Rodriguez  
Place 1

Susy Compton  
Place 3

Vacant (\*)  
Place 4

Mike Benton  
Place 5

Scott Turnage  
Place 6

Tim Welch  
Place 7

Mark Hindman  
City Manager

Paulette Hartman  
Deputy City Manager

Karen Manila  
Assistant City Manager

Jimmy Perdue  
Director of Public Safety

Mike Curtis  
Managing Director for Development Services

Mark Mills  
Director of Finance

(\*) - Mason Orr was elected on November 5, 2019 to fill the vacancy of Place 4 on the City Council

# NORTH RICHLAND HILLS

## City of Choice

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### **ACKNOWLEDGEMENTS**

The Comprehensive Annual Financial Report was prepared by the Department of Finance, Office of Accounting:

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Assistant City Manager

**Mark Mills, CGFO**  
Director of Finance

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Donna Carman, Accounting Technician  
Lisa Ramirez, Accounting Technician

Special appreciation is given to:

**Budget and Research Department**  
Robert Myers, Director  
Jennipher Castellanos, CGFO, Senior Budget Analyst  
Anne Adiele, Budget Analyst

**Human Resources Department**  
Patrick Hillis, Director  
Cameron Rowland, Assistant Director  
Ellen Cooper, Human Resources Analyst  
Nancy Holcomb, Payroll Specialist  
Jody Anderson, Benefits Coordinator  
Sabrina Markum, Human Resources Generalist

And to all the departments and personnel throughout the City whose extra effort to contribute timely financial data for their departments made this report possible.

# CITY OF NORTH RICHLAND HILLS, TEXAS

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# **Introductory Section**







## Department of Finance

March 23, 2020

To the Honorable Mayor, City Council Members, City Manager,  
and Residents of the City of North Richland Hills, Texas:

We hereby issue the comprehensive annual financial report of the City of North Richland Hills, Texas (the “City”) for the fiscal year ended September 30, 2019.

This report consists of City management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with generally accepted accounting principles (“GAAP”). Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City’s financial statements have been audited by the CPA firm of Whitley Penn, LLP, the City’s independent auditors. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City’s financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report.

GAAP require 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 the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

## **Profile of North Richland Hills**

The City, incorporated in 1953, is a growing community located in the heart of the Dallas/Fort Worth Metroplex. The City's estimated population is 71,270 for 2019. The City is also home to over 1,200 commercial and industrial businesses. The third largest city in Tarrant County, North Richland Hills ("NRH") is only 10 minutes from downtown Fort Worth and 25 minutes from downtown Dallas. Interstate Loop 820 and Texas 121/183 ("Airport Freeway") traverse the City, providing freeway access to five additional interstates and numerous US and state highways. The City is also conveniently located 10 minutes from Dallas/Fort Worth International Airport and 15 minutes from Alliance Airport. D/FW International Airport has over 1,900 flights daily with non-stop service to all major North American cities and many overseas destinations. The Alliance development facilitates the transport of merchandise through both the Alliance airport and the Burlington Northern/Santa Fe Intermodal Facility.

The City operates under a charter adopted in 1964 which provides for a Council-Manager form of government. The Mayor and seven Council members are elected at large. The City Council is responsible for all matters of policy as well as for levying taxes, securing revenues, authorizing expenditures of City funds, and incurring City debts. The City Manager is directly responsible to the City Council. An organizational chart follows to show the various levels of responsibility.

The City provides a full range of services. These services include police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public waterpark. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls to ensure compliance with provisions in the annual budget adopted by the City Council. Annual operating budgets are adopted for the General Fund, certain Special Revenue Funds, Debt Service Funds, Enterprise Funds, and Internal Service Funds. Project-length financial plans are adopted for the Capital Project Funds. The level of budgetary control – the level at which expenditures/expenses cannot legally exceed the appropriated amount – is established at the fund level. Detail control is accomplished by maintaining appropriations, encumbrances, and expended balances by line item within each operating department, within each operating fund. All annual appropriations lapse at the end of the fiscal year. Budgetary data for proprietary funds is presented in the Other Supplemental Information section only since reporting on such budgets is not legally required.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance. The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to transfer budgeted amounts between departments within any fund. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Transfers of appropriations between funds are allowed by budget ordinance as passed by the City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, comparisons begin on page 88 in the required supplementary information segment of the financial statements. The comparisons for other governmental funds with appropriated annual budgets are presented in the other supplementary information of this report.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### *Local economy*

The City continues to grow as all major economic indicators are trending in the right direction and it remains geographically positioned as the main link between bustling downtown Fort Worth and affluent Northeast Tarrant County. Adjacent to the high socioeconomic level cities of Colleyville, Keller and Southlake; the City remains the third largest City in Northeast Tarrant County with approximately 71,270 people, and is likely to reach 80,000 residents by 2030. Since 2010, the City has grown by 12.4% in total population, adding over 7,900 residents.

This past year also witnessed continued growth in taxable sales, taxable property values and new home starts. Compared to the previous fiscal year, taxable sales grew by 3.5%, a \$35 million increase. This figure is expected to increase in Fiscal Year 2020 as additional business opens along the central sector's Northeast Loop 820 commercial corridor and the far north sector of the City. Taxable property value grew for the 7th straight year, this time over \$487.1 million, reaching approximately \$5.65 billion in net taxable value. Finally, the City continues steady residential growth, permitting another 211 new single-family homes with an average value over \$350,000 while approving 249 more lots, keeping the single-family construction pipeline full with over 500 shovel ready lots. Residential growth was "by new home start" the most amongst Northeast Tarrant County cities.

The City maintains a diverse mix of 1,200 brick and mortar businesses with 14 primary employers representing 5,000 full time jobs within the healthcare, finance, aerospace and supply chain sectors. The City welcomed ten different office-based businesses adding 230 professional jobs and absorbing 60,000 square feet of previously vacant office space. These new additions contributed to a reduction of the City's office vacancy rate from 13% to 12% for the year.

The City continues to experience quality commercial development and revitalization thanks to high standards and the ability to adapt and reinvent itself. New businesses include Alamo Drafthouse Cinema, AZ Engineering, Brutal Beerworks, Dunkin' Donuts, EECU, Legend Bank, LMI Aerospace, Starbucks, StoneCreek Assisted Living, Urbanology Designs and What's On Tap. Most noteworthy is the 52 acres that surrounds the City Hall, recently purchased by Centurion American Development Group. A former mall, the \$187 million mixed-use development includes 70,000 square feet of commercial space, roughly 370 single-family homes and approximately 450 multi-family residences. Expected to commence in 2020, construction will be done in phases and take 5 to 7 years to complete.

Given the aforementioned economic update, 2020 is projected to be another strong year. The City enjoyed the opening of two separate commuter rail stations. The station sites are surrounded by 160 acres of unimproved property forecasted to develop with a mix of both residential and commercial uses over the next 10 years.

### Long-term financial planning

In 2012, NRH voters authorized the construction of a new City Hall. The election authorized \$48 million in general obligation debt for the project. The new facility is targeted to be the center of a new economic environment in the oldest part of the city. Located on the site of a former retail mall, the plans provide for mixed use where commercial and multi-family housing stimulate the revitalization of the area. The City Hall project was completed and occupied beginning in March 2016.

In February 2003, the voters authorized the development of 22 street projects (arterial, collector, and residential), two drainage projects, and four municipal facilities projects with the passage of four propositions in the 2003 Bond Election. The authorized election package totaled \$37,210,000 for the aforementioned projects. The City Council and management believed these projects were needed to improve infrastructure and provide essential services to its citizens.

At least annually, management reviews and updates long-range financial plans for the general operations of the City as well as the proprietary activities. Forecasts are prepared using conservative growth estimates for major sources of revenue. Maintaining this conservative approach, coupled with an aggressive debt repayment policy, has assisted the City in retaining a continuous favorable bond rating. Analysis is continuously updated to reflect new bond issues and the repayment thereof, as well as updates to estimates based on new developments, historical trends, changes in applicable legal requirements, and City Council and management priorities.

The plans for the internal service funds include the accumulation of resources for meeting both current and future needs. For example, support services such as facilities, fleet, and information technology collect user fees to meet current maintenance needs as well as to meet future capital replacement needs.

Similarly, the City's policy with regard to self-insurance premiums has been to collect sufficient amounts to cover current health and dental claims as well as additions to reserves for future claims. In fiscal years 2002 and 2003 the Self Insurance (Internal Service) Fund reserves of \$3.1 million were depleted due primarily to spiraling inflation in the health care industry and unforeseeable extraordinary health claims. In fiscal year 2004, City Council adopted a strategy to rebuild reserves over a six-year period beginning in fiscal year 2005. Savings from changes in the health care plan, transfers from existing cash reserves in the General Fund and Water and Sewer Fund, and employee premiums were used and continue to re-establish the reserves. In both 2016 and 2017, the City once again experienced significant inflationary costs and extraordinary health claims, which necessitated the use of a portion of the rebuilt reserves. Management instituted procedures to address the rising costs in both active employee and retiree health care costs. These procedures have begun to take effect and the reserves are expected to continue to improve in 2020.

Similar plans for the build-up of reserves exist for the City's enterprise operations. Funds are set aside to meet future capital replacement needs such as infrastructure replacement and capital asset acquisitions. This approach has allowed the City's water and sewer operation to meet the majority of its capital replacement needs with the issuance of minimal debt. Over the course of its history, NRH<sub>2</sub>O, the City's waterpark, has funded some new attractions and infrastructure improvements by utilizing cash reserves accumulated from operations. Annual analysis by City management of capital needs could result in the need for debt funding of future attractions and infrastructure improvements if deemed necessary.

### Cash management policies and practices

With the City's current bank depository contract with JP Morgan Chase Bank, N.A. scheduled to expire on September 30, 2019, the City initiated a solicitation process in early 2019 to secure another depository contract agreement. The selection process awarded the new contract to the incumbent, JP Morgan Chase Bank, N. A. for another three years with an option to extend for an additional two years. Cash temporarily idle during the year was invested in two public funds investment pools, agency and corporate securities, municipal securities (within Texas), and U.S. Treasury Notes.

The maturities of the investments range from overnight to three years. The average yield for overnight investments for fiscal year 2019 was 1.81%, and the weighted average maturity ("WAM") was 29 days. The average yield on all other investments for fiscal year 2019 (yield at cost) was 2.30% compared to 1.61% for the prior year. The portfolio's WAM for all other investments at the end of the fiscal year was 683 days, which represents a 29-day increase over last year's WAM of 654 days.

At fiscal year-end approximately 53% of the portfolio was invested beyond one year, 4% was invested for one year or less, and the remaining 43% was invested in the overnight market. The City continues to use the services of PFM Asset Management, LLC as an investment advisor and overseer of the portfolio, which began on October 1, 2009.

### Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. The Self-Insurance Fund is responsible for workers' compensation, health, automobile liability, and general liability insurance. The City maintains a stop loss third party insurance policy with respect to health claims. This policy covers City medical claims in excess of \$175,000 per individual per year, and/or \$10,817,865 in the aggregate for a 12-month period beginning on January 1, 2019. Self-Insurance Fund claims are funded by charges to other funds and employee, retiree, and dependent premiums. Additional information on the City's risk management activity can be found in the notes to the basic financial statements.

### Pension and other post-employment benefits

The City participates in the Texas Municipal Retirement System ("TMRS"), an agency authorized by the State of Texas. Full-time City employees contribute a fixed percentage of their gross pay (currently 7%). TMRS participants are immediately vested in the funds they contribute plus allocated interest. Participants are vested in employer contributions after five years of credited participation. If participants withdraw from TMRS prior to five years of credited participation, they may withdraw from TMRS those funds they contributed plus interest earnings. The City has historically provided postretirement health and dental care benefits for certain retirees and their dependents, but as of January 2018, that benefit has begun to be phased out when an individual reaches age 65. As of the current fiscal year, there were 178 retired employees receiving these benefits. Additional information on the City's pension arrangements and post-employment benefits can be found in the notes to the basic financial statements.

### Awards

Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to North Richland Hills for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the thirty-fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must

publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In 2019, the City's Purchasing Division earned the annual Achievement of Excellence in Procurement Award from the National Procurement Institute. NRH is one of only 48 agencies in Texas and 67 cities in the United States and Canada to earn the 2019 award. This is the tenth year in a row the City's Purchasing Division has received this recognition.

The City also received an award in 2019 for the Fiscal Year 2019 operating budget. The Distinguished Budget Presentation award was granted to the City for the 29th consecutive year by the GFOA.

#### Acknowledgments

Timely preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the Finance Department, our independent auditors, and other City staff. We would like to express sincere appreciation to those who contributed to the process.

In closing, the continued leadership and support of the Mayor, City Council, and City Manager in planning and conducting the financial operation of the City is sincerely appreciated.

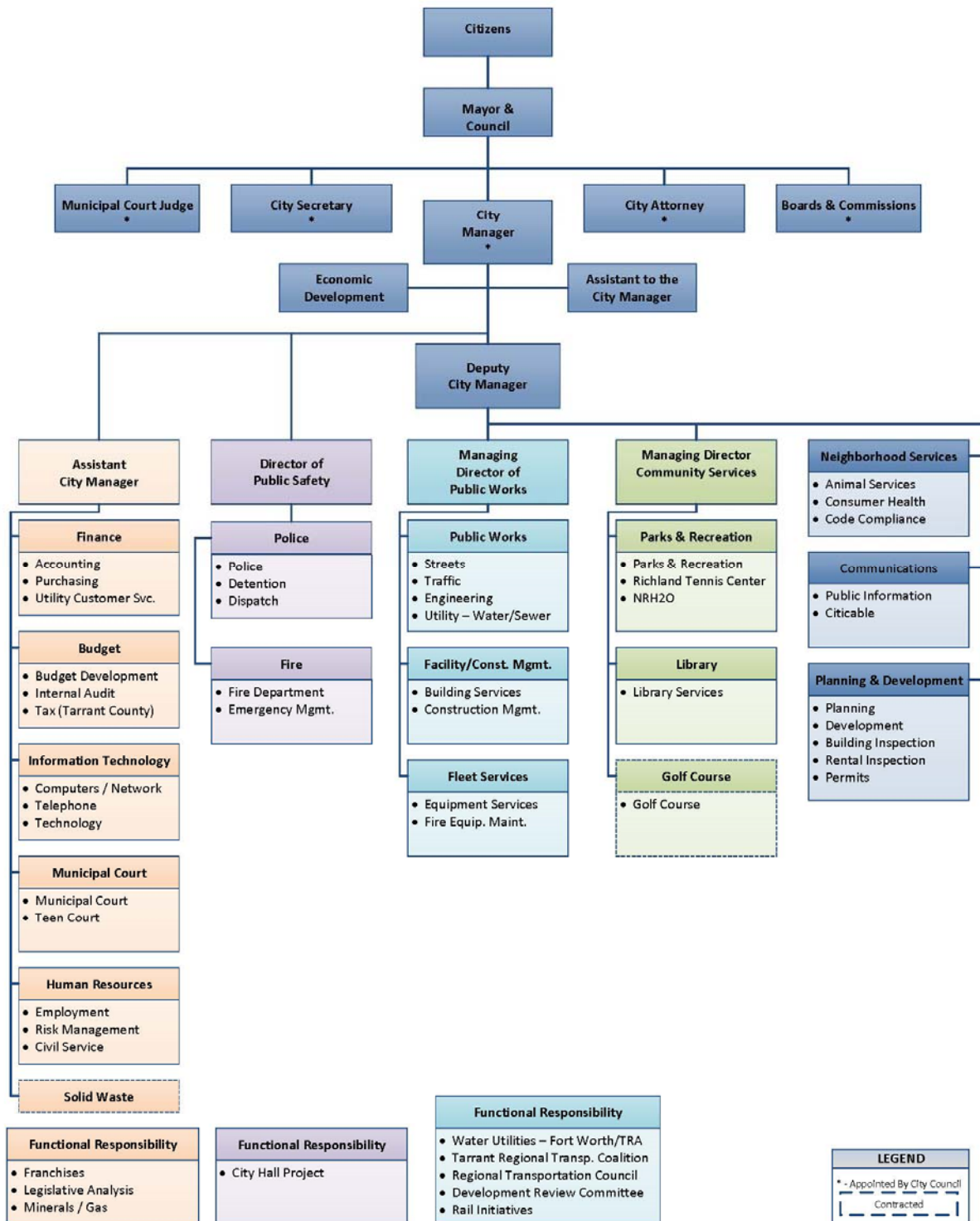
Respectfully submitted,



Mark C. Mills  
Director of Finance



# ORGANIZATION CHART



# **CITY OF NORTH RICHLAND HILLS, TEXAS**

## ***PRINCIPAL OFFICIALS***

*September 30, 2019*

### **MAYOR**

**MAYOR PRO TEM, COUNCIL MEMBER, PLACE 2**

**COUNCIL MEMBER, PLACE 1**

**COUNCIL MEMBER, PLACE 3**

**COUNCIL MEMBER, PLACE 4**

**COUNCIL MEMBER, PLACE 5**

**COUNCIL MEMBER, PLACE 6**

**COUNCIL MEMBER, PLACE 7**

**OSCAR TREVINO**

**RITA WRIGHT OUJESKY**

**TITO RODRIGUEZ**

**SUSY COMPTON**

**VACANT (\*)**

**MIKE BENTON**

**SCOTT TURNAGE**

**TIM WELCH**

**City Manager**

**Deputy City Manager**

**Assistant City Manager**

**Director of Public Safety**

**Managing Director of Development Services**

**Managing Director of Community Services**

**City Secretary**

**City Attorney**

**Director of Human Resources**

**Director of Finance**

**Director of Budget and Research**

**Director of Economic Development**

**Director of Planning**

**Public Information Officer**

**Director of Information Technology**

**Municipal Court Administrator**

**Director of Neighborhood Services**

**Library Director**

**Fire Chief**

**Public Works Director**

**Director of Facilities & Construction**

**Chief Building Official**

**Mark Hindman**

**Paulette Hartman**

**Karen Manila**

**Jimmy Perdue**

**Mike Curtis**

**Vickie Loftice**

**Alicia Richardson**

**Maleshia McGinnis**

**Patrick Hillis**

**Mark Mills**

**Robert Myers**

**Craig Hulse**

**Clayton Comstock**

**Mary Peters**

**Vacant**

**Rebecca Vinson**

**Stefanie Martinez**

**Cecilia Hurt Barham**

**Stan Tinney**

**Caroline Waggoner**

**Chris Amarante**

**Dave Pendley**

(\*) – Mason Orr was elected on November 5, 2019 to fill the vacancy of Place 4 on the City Council



Government Finance Officers Association

**Certificate of  
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Reporting**

Presented to

**City of North Richland Hills  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



# Financial Section





## REPORT OF INDEPENDENT AUDITORS

To the Honorable Mayor and Members of City Council  
City of North Richland Hills, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Richland Hills, Texas (the “City”), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

### Management’s Responsibility for the Financial Statements

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

### Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7 through 19, pension information on pages 85 through 86, other post-employment benefit information on page 87, and certain budget to actual schedules on pages 88 through 89 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, budget to actual schedules, statistical section, and glossary are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section, statistical section, and glossary 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.



To the Honorable Mayor and Members of City Council  
City of North Richland Hills, Texas

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2020, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance and has been issued under separate cover.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Fort Worth, Texas  
March 13, 2020



## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*For the Year Ended September 30, 2019*

The City of North Richland Hills, Texas (the "City") Management's Discussion and Analysis ("MD&A") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the City's financial statements (beginning on page 22).

#### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2019 by over \$330.7 million (net position).
- The City's total net position increased by \$17.6 million in fiscal year 2019 from the beginning net position of \$313.2 million. Additional details of this change may be found beginning on page 24 (Statement of Activities).
- As of September 30, 2019, the City's governmental funds reported combined fund balances of \$66,188,734, which represents an increase of \$8.9 million in comparison to the prior fiscal year's ending balance.
- Approximately 32.4% of total governmental fund balance, or \$21,444,574, is available for appropriation at the City's discretion (assigned and unassigned fund balance).
- The City's objective regarding fund balance for the General Fund is to maintain a minimum unassigned fund balance to operate the City for a period of 60 days or 15% of the following year's appropriated budgeted expenditures. This objective was met at year end.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,899,240 or 29.5% of General Fund actual expenditures, including transfers out, for 2019. This unassigned balance represents 27.6% of the Fiscal Year 2020 adopted budget.
- The City's total debt increased by approximately \$1.4 million during the fiscal year 2019. This is due to scheduled principal payments of \$12.2 million, issuance of \$21.4 million in bonds and COs, and the refunding of \$7.8 million in bonds and COs.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended September 30, 2019**

**Overview of the Financial Statements**

MD&A is intended to introduce the reader to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements.

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 private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 condition of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are recognized regardless of when cash is received or paid. 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, unused vacation leave). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used in governmental funds.

In the Statement of Net Position and the Statement of Activities, the City's operations are separated into two types of activities:

- Governmental activities - Most of the City's basic services are reported here, including the activities of public safety, culture and recreation, public works, and general government. Property taxes, sales taxes, and franchise fees finance most of these activities.
- Business-type activities - For this type of activity, the City charges a fee to customers to cover all or most of the cost of services provided including the recovery of costs of capital assets used in the delivery of such services. The City's water and sewer, golf course, and aquatic park activities are reported here.

The government-wide financial statements can be found on pages 22 - 25 of the comprehensive annual financial 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. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law, bond covenants, or Council ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- Governmental funds - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances available for appropriation at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Statements of governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available for appropriation in the near future to finance City programs. By comparing information presented for governmental funds with similar information

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended September 30, 2019**

presented for *governmental activities* in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City maintains seven major individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds (pages 26 - 34). The General Fund, General Capital Projects Fund, General Debt Service Fund, Parks and Recreation Development Fund, Grants Fund, Tax Increment Finance District No. 2 Capital Projects Fund, and Tax Increment Finance District No. 2 Debt Service Fund are the major governmental funds of the City. Data from the other non-major governmental funds are combined into a single, aggregated presentation in the governmental statements.

- Proprietary funds - The objective of proprietary funds is to charge customers, both internal and external, for services provided in an amount sufficient to cover virtually all costs including the replacement of assets used in the delivery of such services. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are almost identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as the statement of cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the City's facilities maintenance and construction services, fleet management, employee and property insurance coverage, and telephone and computer services. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City maintains three enterprise funds, which it uses to account for the provision of water and wastewater services, golf course operations, and water park activities. The City has two major proprietary funds: Utility and Aquatic Park. Golf course is considered a non-major fund. Financial statements for the enterprise funds can be found on pages 36 - 39 of the report.

Notes to the financial statements - The notes to the financial statements provide additional information that is essential for 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 43 - 82 of this report.

### **Government-Wide Financial Analysis**

The government-wide financial analysis highlights the information contained in the Statement of Net Position and Statement of Activities. The City's combined net position was \$330,735,622 as of September 30, 2019. Analyzing the net position of governmental and business-type activities separately, governmental activities total net position was \$243,344,271 and business-type activities total net position was \$87,391,351. This analysis focuses on the net position and changes in program and general revenues and significant expenses of the City's governmental and business-type activities.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended September 30, 2019**

*Statement of Net Position* – The largest portion of the City's net position (89.0%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, capital assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these obligations. The following table presents the condensed government-wide statement of net position as of September 30, 2019 and 2018. Current and other assets include restricted deposit and investment balances.

Schedule of Assets, Liabilities, and Net Position  
Amounts shown in thousands (\$000's)  
As of September 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 88,265	\$ 79,022	\$ 33,644	\$ 28,727	\$ 121,909	\$ 107,749
Capital assets, net	330,924	326,681	87,463	88,155	418,387	414,836
Total Assets	419,189	405,703	121,107	116,882	540,296	522,585
Total deferred outflows of resources	16,028	6,524	2,815	813	18,843	7,337
Long-term liabilities	170,775	155,627	28,310	22,129	199,085	177,756
Other liabilities	18,656	23,695	7,321	6,839	25,977	30,534
Total liabilities	189,431	179,322	35,631	28,968	225,062	208,290
Total deferred inflows of resources	2,442	7,537	899	941	3,341	8,478
Net Position:						
Net investments in capital assets	221,091	214,082	73,400	74,788	294,491	288,870
Restricted	20,825	16,138	5,120	4,260	25,945	20,398
Unrestricted	1,428	(4,852)	8,872	8,738	10,300	3,886
Total net position	\$ 243,344	\$ 225,368	\$ 87,392	\$ 87,786	\$ 330,736	\$ 313,154

*Statement of Activities* – Governmental activities increased the City of North Richland Hills' net position by \$18.0 million in fiscal year 2019, and business-type activities decreased net position by \$0.4 million. The following table presents the condensed government-wide statement of activities for the years ended September 30, 2019 and 2018.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended September 30, 2019**

Changes in Net Position  
Amounts shown in thousands (\$000's)  
Year Ended September 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 13,820	\$ 12,180	\$ 41,437	\$ 43,266	\$ 55,257	\$ 55,446
Operating grants and contributions	8,357	7,086	-	-	8,357	7,086
Capital grants and contributions	787	225	-	-	787	225
General revenues:						
Property tax	34,417	32,519	-	-	34,417	32,519
Sales tax	20,439	20,520	-	-	20,439	20,520
Mixed beverage	154	145	-	-	154	145
Franchise taxes	4,316	4,093	-	-	4,316	4,093
Occupancy taxes	279	302	-	-	279	302
Unrestricted investment earnings	2,670	396	671	64	3,341	460
Miscellaneous	3,101	3,238	1,735	2,154	4,836	5,392
Total revenue	88,340	80,704	43,843	45,484	132,183	126,188
Expenses:						
General government	14,796	7,726	-	-	14,796	7,726
Public safety	34,642	10,115	-	-	34,642	10,115
Culture and recreation	12,988	7,986	-	-	12,988	7,986
Public works	8,101	10,465	-	-	8,101	10,465
Interest and other fees	3,453	3,562	-	-	3,453	3,562
Utility	-	-	33,544	32,042	33,544	32,042
Aquatic park	-	-	4,556	4,045	4,556	4,045
Golf course	-	-	2,521	2,562	2,521	2,562
Total expenses	73,980	39,854	40,621	38,649	114,601	78,503
Increase (decrease) in net position before transfers	14,360	40,850	3,222	6,835	17,582	47,685
Transfers between governmental and business-type activities	3,616	2,685	(3,616)	(2,685)	-	-
Net Increase (decrease) in net position	17,976	43,535	(394)	4,150	17,582	47,685
Net position - beginning of year	225,368	235,483	87,786	66,185	313,154	301,668
Prior period adjustment	-	(53,650)	-	17,451	-	(36,199)
Net position - end of year	\$ 243,344	\$ 225,368	\$ 87,392	\$ 87,786	\$ 330,736	\$ 313,154

**Governmental activities** – In comparison to fiscal year 2018, overall assets for Governmental Activities increased \$13.5 million or 3.3% in 2019. Capital assets, net of depreciation, increased \$4.2 million or 1.3% in 2019. This activity was related to capital improvement projects, specifically improvements to streets and roadways. Outstanding debt liabilities decreased by \$2.6 million or 2.5% in 2019. The decrease was due to principal repayments for debt held in the governmental funds.

Governmental activities increased the City of North Richland Hills' net position by approximately \$18.0 million in fiscal year 2019. The City had an increase in tax revenues of \$2.0 million during 2019. Property and Franchise tax revenues had the biggest gains of this total with increases of \$1.9 million and \$0.2 million respectively. Property taxes rose 5.8%. While the City experienced significant growth in its taxable base, the tax rate was lowered from \$0.590 to \$0.585, reducing the overall property tax impact. This increase was the result of changes in existing values, plus an additional \$134.3 million in taxable value from new construction. Of the new construction value increase, residential new construction accounted for roughly 60%, while commercial represented roughly 40%. Sales taxes decreased 0.5% due to the impact of online retail sales, but this decrease was mitigated by the retail activity along the major interstate corridor.

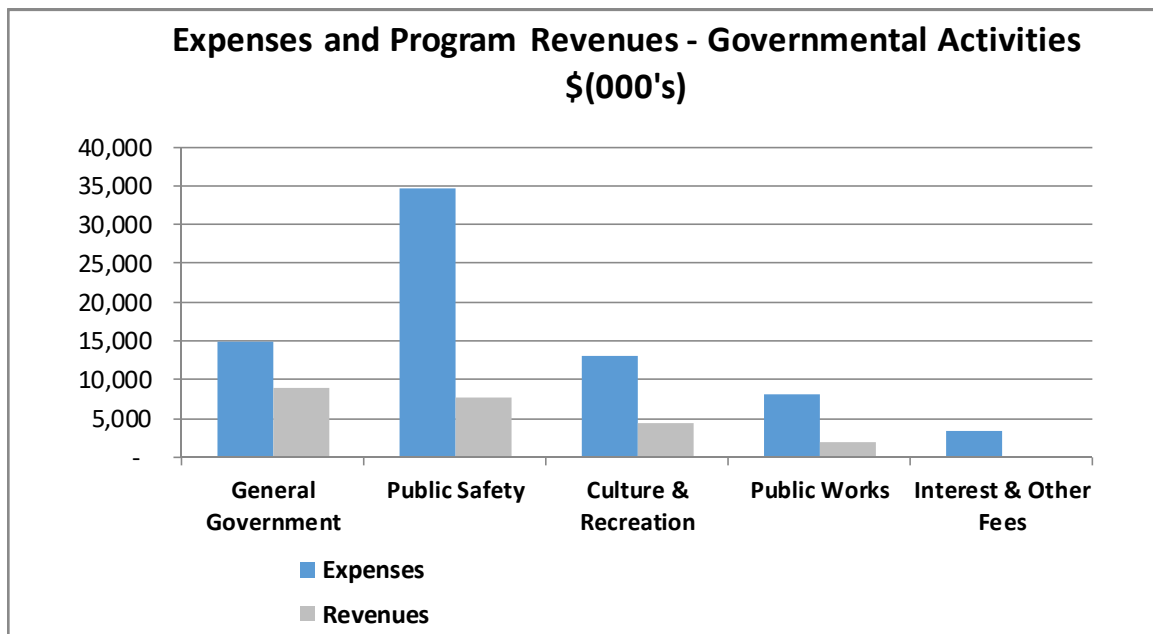
The City experienced an increase in franchise fees collected from electric and natural gas providers, cable TV and telephone system operators received in 2019 compared to 2018; roughly \$200,000.

Charges for services increased approximately \$1.6 million or 13.5% in fiscal year 2019. Operating Grants and Contributions increased approximately \$1.3 million or 17.9% in fiscal year 2019. Capital Grants and Contributions

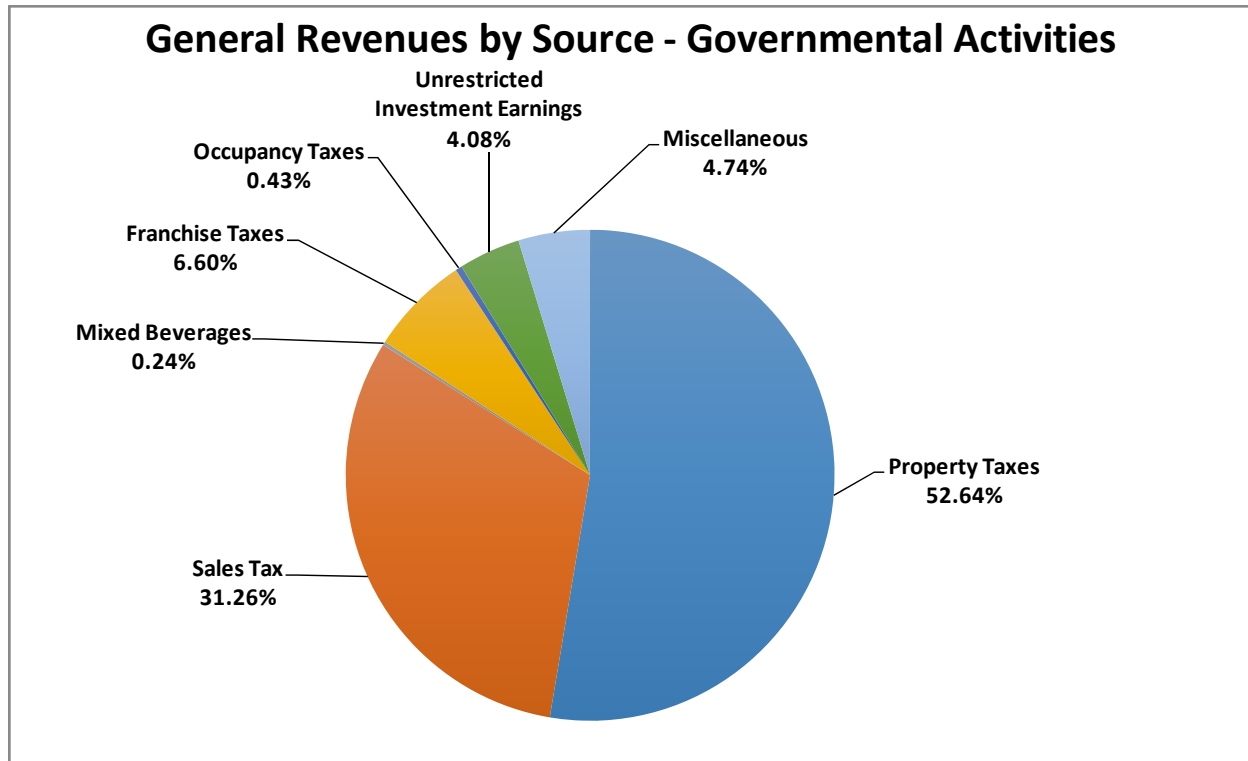
**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended September 30, 2019**

increased approximately \$0.6 million or 249.8% in fiscal year 2019. This increase was expected due to the continuation of significant grant funding in the area of General Government, Public Safety and Public Works. Significant projects included the North Texas Anti-Gang Center, the Davis/Mid-Cities Intersection, the reconstruction of Rufe Snow Drive, and the realignment of Smithfield/Davis intersection.

The Governmental activities saw a total increase in expenses totaling approximately \$34.1 million or approximately 85.6% above 2018 levels. With the exception of OPEB expense, all operating expenses were within expected levels. A change in the GASB reporting standard now includes estimates of future costs for 30 years as opposed to previous method of pay as you go. While overall expenses indicate an increase for 2019, this is due to a one-time adjustment for OPEB expense made in 2018 which lowered overall expenses for that year. This trend was not expected to continue beyond 2018 with more normal expense activity in subsequent years. Depreciation expense rose \$1.0 million or 0.3%, on net fixed assets of \$330.9 million. Debt service interest and other fees expenses decreased by approximately 3.1% or \$0.1 million. Refer to the fund level financial analysis section for further details.







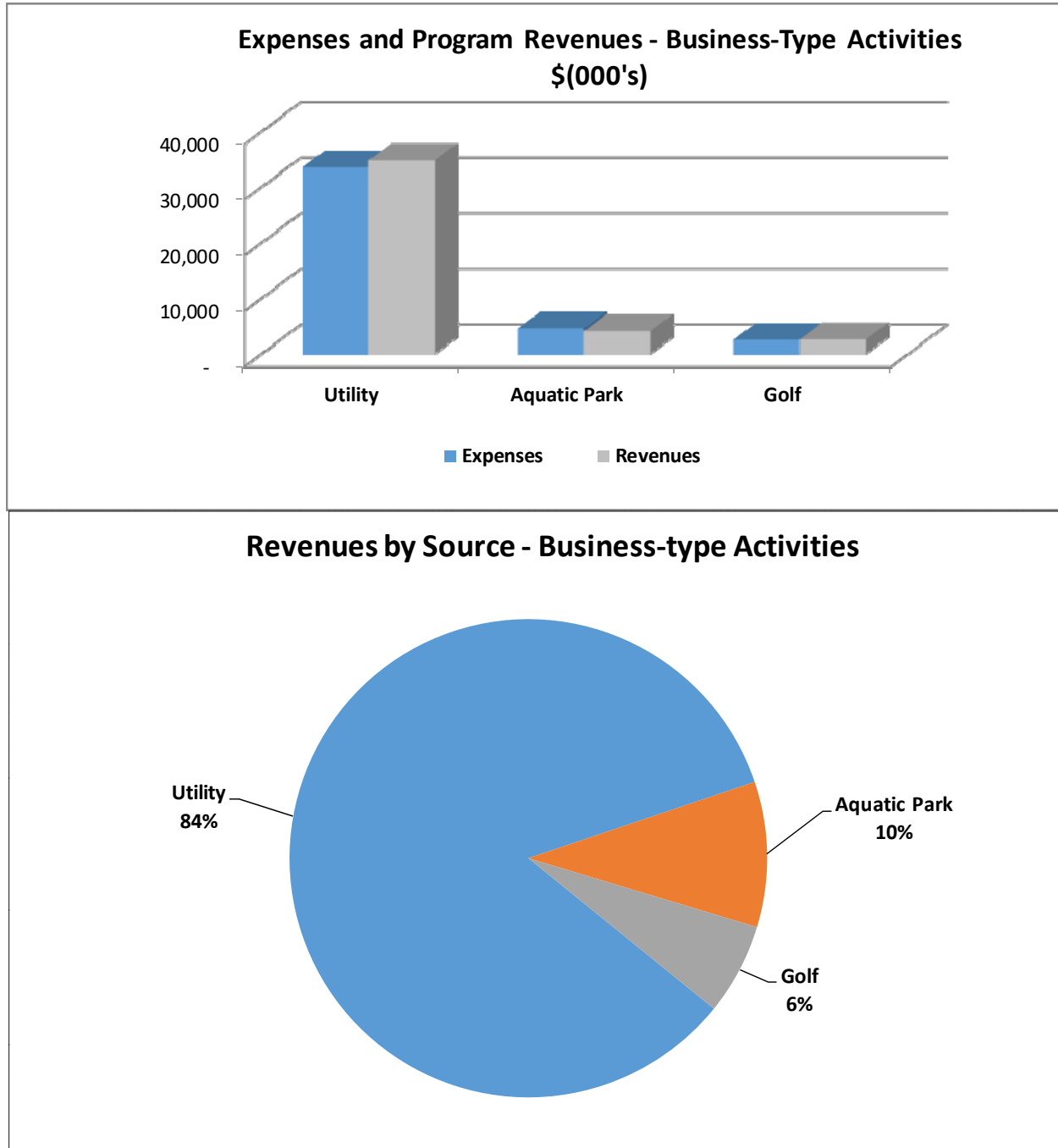
**Business-type activities** – Business-type activities resulted in a decrease to the City’s total net position of \$0.4 million in 2019. Overall the Utility operations (before non-operating revenues (expenses) and transfers to governmental activities) resulted in an increase in operating income of approximately \$3.3 million. Transfers out of the Utility Fund into General Funds totaling \$4.6 million, for PILOT fees, indirect fees, and administrative fees, further reduced Business-Type Activities net position. Aquatic Park experienced a decrease in net position (before non-operating revenues (expenses) and transfers to governmental activities) of approximately \$141,425. Golf course experienced an increase in net position (before non-operating revenues (expenses) and transfers to governmental activities) of approximately \$75,578. The overall net position decrease for Business-type activities was driven by the Utility fund – a decrease of roughly \$1.1 million, which is inclusive of transfers out totaling \$4.6 million.

Changes in net position for Business-type activities, after non-operating revenues (expenses) and before transfers to governmental activities are as follows. Utility operations experienced an increase in income before transfers of roughly \$3.5 million with approximately \$1.6 million in asset contribution from development. Aquatic Park experienced a decrease in income before transfers of roughly \$0.4 million. The Golf course experienced an increase in income before transfers of roughly \$0.1 million.

Aquatic Park and Golf course operations are funded by consumers who patronize each facility. Attendance at the Aquatic Park did not meet expectations for the fifth consecutive year, resulting in a net position decrease. Unlike the 2018 season, which was very wet, the 2019 season experienced a more normal year in total rainfall. However, a significant number of rainfall events occurred on weekends and holidays, which drove total attendance down. While the City expects attendance to rebound in 2020, staff continues to evaluate operations to identify opportunities for cost savings and opportunities to increase efficiencies. The Golf Course was also affected by the number of rain days in 2019.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended September 30, 2019**

The Utility Fund experienced higher sales in the early summer heat, which helped mitigate some of the effects of the wet weather. On the whole, the weather demonstrated how sensitive business-type activities are to climate impacts.



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended September 30, 2019**

**Fund Level Financial Analysis**

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

At September 30, 2019, the City's governmental funds reported combined fund balances of \$66,188,734, an increase of \$8,906,521 in comparison with prior year. Unassigned fund balance of \$13,899,240 is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$245,867), 2) legally required to be maintained intact or to be used for a particular purpose (\$39,764,765), 3) committed for particular purposes (\$4,733,528), or 4) assigned for particular purposes (\$7,545,334).

The General Fund is the chief operating fund of the City. For fiscal year 2019, the General Fund unassigned fund balance was \$13,899,240 – an increase of \$1,939,934. Unassigned fund balance represents approximately 30.6% of total General Fund expenditures for 2019, while total fund balance represents 34.6%. The General Fund balance increase was due primarily to operational savings recognized at year-end. Higher than anticipated revenue, in particular Licenses and Permit revenue related to development, also contributed to the increase.

The General Capital Projects fund decreased governmental fund balance by approximately \$0.6 million. During fiscal year 2019, the City issued \$13.9 million in Certificates of Obligation and \$7.5 million General Obligation Refunding bond issues. Of the fund's \$12.4 million in expenditures, a significant portion can be attributed to the close out activities associated with the new City Hall project, the renovation of Northfield Park, as well as improvements in the public street network including Smithfield & Davis intersection, Rufe Snow & Mid-Cities improvements, Davis & Mid-Cities improvements, and Meadow Lakes & Rufe Snow intersection improvements.

General Debt Service fund increased governmental fund balance by \$388,919. The increase is associated with retirement of debt through principal and interest payments for 2019. The debt service fund had accumulated roughly \$1.8 million in fund balance by the end of 2014. City Council and City Management instituted a planned drawdown of these funds to offset transfers out of regular operations for future fiscal year debt service requirements.

Parks and Recreation Development Corporation increased governmental fund balance by \$1,319,596. Part of that increase belongs to the NRH Centre, which experienced an increase to fund balance of \$547,675 from activity.

The Grants Fund increased governmental fund balance by \$533,410, resulting in an ending fund balance of \$2,292,790 as of September 30, 2019.

The TIF #2 Capital Projects Fund increased governmental fund balance by \$325,819, resulting in an ending fund balance of \$11,742,162 as of September 30, 2019. The increase is due to solely to investment income received during 2019.

The TIF #2 Debt Service Fund increased governmental fund balance by \$3,472,681, resulting in an ending fund balance of \$10,251,411 as of September 30, 2019. The increase is due to taxes received exceeding the debt service requirements for TIF #2.

Proprietary Funds - The proprietary funds provide the same type of information found in the government- wide financial statements.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended September 30, 2019**

**General Fund Budgetary Highlights**

Original budget compared to final budget. During the fiscal year, there were sufficient reasons to revise original estimated revenues and original appropriations. Revenue amendments resulted in a net increase of \$16,009. Similarly, appropriations also increased \$16,009. Modifications were made to specific revenue projections, based on known activities and observed collection trends throughout the fiscal year. The City continues steady growth, adding another 211 new single-family homes while approving another 249 lots. Together with the increase in permit activity, the estimated revenue from Licenses and Permits was increased \$278,800. Due to continued activity and the earlier than anticipated timing of projects, actual performance outpaced the revised estimate. Based on observed collection trends and an adjustment from the State, estimated Sales Taxes collections were decreased roughly \$206,000. Fine & Forfeitures were decreased by \$109,000 based on projections. During the fiscal year, the City experienced lower than anticipated citation issuance, caused by specific activities related to some grant initiatives undertaken by the City and vacant positions.

An area with a modest change in the Revised from the Original Budget was Other Appropriations, which increased by approximately \$188,700. This change included appropriations for prior year encumbrances and the use of court technology funds.

Final budget compared to actual results. Revenue sources saw negative variances in two categories - property taxes (\$69,764 or -0.39%) and charges for services (\$99,312 or -4.25%). A positive revenue variance of \$317,692 in miscellaneous revenues resulted from the sale of fixed assets and the receipt of insurance recovery proceeds. Other categories were revised upward and actual collections exceeded projections. Within Expenditures for the fiscal year, Transfers out and Economic Development incentives exceeded budget – \$4,252 and \$60,883 respectively.

Revenue source	Estimated Revenues	Actual Revenues	Difference
Property taxes	\$ 18,048,842	\$ 17,979,078	\$ (69,764)
Sales taxes	10,189,931	10,227,474	37,543
Franchise taxes	5,097,140	5,142,785	45,645
Fines and forfeitures	2,028,210	2,088,400	60,190
Licenses and permits	2,483,973	2,935,022	451,049
Charges for services	2,338,850	2,239,538	(99,312)
Miscellaneous	2,513,220	2,830,912	317,692

Expenditures	Estimated Appropriations	Actual Expenses	Difference
Transfers out	\$ 139,490	\$ 200,373	\$ (60,883)

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended September 30, 2019**

**Capital Asset and Debt Administration**

*Capital assets* - At the end of fiscal year 2019, the City had \$418.4 million (net of accumulated depreciation) invested in a broad range of capital assets including, but not limited to, police and fire equipment, buildings, park facilities, roads, bridges, aquatic park facilities, golf course assets, and the water and sewer system. The following table provides capital asset balances net of accumulated depreciation for each major category for both governmental and business-type activities for the fiscal years ending September 30, 2019 and 2018.

**Capital Assets**  
**(net of Accumulated Depreciation)**  
**Amounts shown in thousands (000's)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land and land improvements	\$ 78,484	\$ 78,545	\$ 2,579	\$ 2,579	\$ 81,063	\$ 81,124
Works of art	310	310	-	-	310	310
Buildings & improvements	95,165	98,403	466	493	95,631	98,896
Other improvements	136,161	103,489	12,631	13,677	148,792	117,166
Utility plant	-	-	68,755	68,857	68,755	68,857
Machinery and equipment	15,798	12,207	1,460	1,640	17,258	13,847
Assets held for sale	15	15	-	-	15	15
Construction in progress	4,991	33,713	1,572	909	6,563	34,622
Total capital assets	<u>\$ 330,924</u>	<u>\$ 326,682</u>	<u>\$ 87,463</u>	<u>\$ 88,155</u>	<u>\$ 418,387</u>	<u>\$ 414,837</u>

This year's major additions included:

<b>Description</b>	<b>Amount</b>
Various Street Improvements	\$ 19,863,561
Computer, Machinery, and Equipment	1,406,403
Various Park Improvements	5,596,451
Various Drainage Improvement	796,560
Various Water/Sewer Replacement & Improvements	4,173,446
Various Vehicles	1,781,355
Various Land Acquisitions	759,755

The City prepares an annual Capital Improvement Projects budget that assigns specific funds and resources for use to only these projects. Until appropriations are removed, these resources are unavailable for general operations or new capital projects.

The City currently has committed resources (displayed as Noncurrent Assets—cash and cash equivalents in the Statement of Net Position) totaling \$31,157,250 for both the Governmental and Business-type activities.

These resources will be used to purchase major equipment, construct new buildings, and add new infrastructure such as water and sewer lines and streets. More information on capital assets can be found in footnote III.C. in the Footnotes to the financial statements.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended September 30, 2019**

Debt - At September 30, 2019 and 2018, the City had the following debt outstanding:

	Outstanding Debt					
	Amounts shown in thousands (000's)					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 53,875	\$ 58,725	\$ 3,930	\$ 2,160	\$ 57,805	\$ 60,885
Certificates of obligation	47,395	44,825	14,665	12,455	62,060	57,280
General obligation bonds - Private placement	1,115	1,420	160	180	1,275	1,600
Capital lease	-	-	77	175	77	175
Totals	\$ 102,385	\$ 104,970	\$ 18,832	\$ 14,970	\$ 121,217	\$ 119,940

The presently outstanding general obligation debt of the City is rated “AA2” by Moody’s and “AA+” by S&P. As a home rule city, the City is not limited by law in the amount of debt it may issue. The City’s Charter provides that general property taxes are limited to \$1.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. For FY 2019, the City’s property tax rate is \$0.585 per \$100 assessed valuation. The current ratio of tax-supported debt to assessed value of all taxable property is 2.14%. Additional detailed information on long-term debt activity is disclosed in the notes (III-E) to the financial statements.

### **Pensions and Retiree Health Care**

Pensions and retiree health care continue to receive negative media attention as governments around the nation struggle to fund these commitments. The City is committed to providing programs in these areas that are fair to both employees and taxpayers and that can be sustained over the long term.

Effective for fiscal year 2015, Governmental Accounting Standards Board (“GASB”) Statement No. 68, “Accounting and Financial Reporting for Pensions, an amendment of GASB 27”, created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City’s pension liabilities to other governments from around the nation. The funding valuation is important because the actuarial methods used include strategies for repaying any unfunded actuarial accrued liabilities. Combined with the City’s history of making those contributions, it provides insights regarding the City’s commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information (“RSI”), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City’s financial statements reflect a Net Pension Liability as of September 30, 2019 of \$38,009,196, which is 106.8% of the City’s annual covered payroll of \$35,591,651 for the 2018 calendar year.

Retiree health care’s actuarially accrued liability has been calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, to be \$41,003,149 as of September 30, 2019, a decrease of \$950,400 from the previous valuation.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the Year Ended September 30, 2019**

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

The two largest revenue sources for the General Fund are property tax revenues and sales tax receipts. After working through a struggling economy, the City of North Richland Hills is finally experiencing a stabilization. In June 2019, the Texas state legislature passed Senate Bill 2 (SB-2) which limits the ability of local governments to increase property tax revenues above 3.5% without an affirmative vote of the citizens within the jurisdiction. For budget year 2019/2020, sales tax receipts are anticipated to be roughly 2% higher than the 2018/2019 actual. Property tax values are anticipated to continue rising due to steady new construction growth plus continued growth of existing property values. At this time, the City of North Richland Hills projects a 4-6% growth in property values, though a greater increase is not out of the realm of possibility.

The fiscal year 2020 budget was based on a decrease to the property tax rate from \$0.585/\$100 to \$0.572/\$100. For fiscal year 2020, the tax rate distribution amounts for maintenance & operations and interest & sinking (per \$100 assessed value) for the City are as follows:

Tax Rate Distribution Schedule	Tax Rate	Tax Rate Distribution
General Fund - Maintenance & Operations	\$ 0.334938	\$ 19,099,518
Debt Service Fund - Interest & Sinking	0.237062	11,200,798
Total Distribution of tax proceeds	<u>\$ 0.572000</u>	<u>\$ 30,300,316</u>

By policy, the City maintains an unassigned General fund balance of 15% of budgeted expenditures. The use of available fund balance for one-time expenditures eliminates the financial impact of such purchases on future budgets.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of North Richland Hills, Director of Finance, P.O. Box 820609, North Richland Hills, Texas 76182-0609.





## **Basic Financial Statements**



**CITY OF NORTH RICHLAND HILLS, TEXAS**

**STATEMENT OF NET POSITION**

September 30, 2019

Page 1 of 2

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 14,490,603	\$ -	\$ 14,490,603
Investments	24,306,866	6,450,712	30,757,578
Receivables, net of allowances:			
Accounts	846,245	5,418,037	6,264,282
Property taxes	272,144	-	272,144
Other taxes	3,973,022	-	3,973,022
Interest receivable	127,194	15,621	142,815
Special assessments	75,971	-	75,971
Intergovernmental	4,454,055	509,592	4,963,647
Other	195,824	380,156	575,980
Prepays	1,445,472	15,960	1,461,432
Inventories, at cost	293,050	488,929	781,979
Internal balances	(5,819,354)	5,819,354	-
<b>Total current assets</b>	<b>44,661,092</b>	<b>19,098,361</b>	<b>63,759,453</b>
<b>Noncurrent assets:</b>			
Cash and cash equivalents	19,603,324	11,553,926	31,157,250
Investments	23,501,012	2,991,358	26,492,370
Interfund loan receivable	500,000	-	500,000
Capital assets - net:			
Land and nondepreciable land improvements	78,484,139	2,579,137	81,063,276
Buildings and improvements	125,136,695	3,268,726	128,405,421
Improvements other than buildings	252,145,689	28,653,417	280,799,106
Utility plant	-	144,908,231	144,908,231
Machinery and equipment	33,545,747	5,735,071	39,280,818
Artwork and historical treasures	310,208	-	310,208
Assets held for sale	14,612	-	14,612
Construction in progress	4,991,142	1,572,320	6,563,462
Accumulated depreciation	(163,704,545)	(99,253,543)	(262,958,088)
Total capital assets - net	<b>330,923,687</b>	<b>87,463,359</b>	<b>418,387,046</b>
<b>Total noncurrent assets</b>	<b>374,528,023</b>	<b>102,008,643</b>	<b>476,536,666</b>
<b>Total assets</b>	<b>419,189,115</b>	<b>121,107,004</b>	<b>540,296,119</b>
<b>Deferred Outflows of Resources</b>			
Deferred loss on refunding	487,359	135,320	622,679
Deferred outflows - OPEB	1,460,306	255,583	1,715,889
Deferred outflows - Pension	14,079,823	2,423,786	16,503,609
<b>Total deferred outflows of resources</b>	<b>16,027,488</b>	<b>2,814,689</b>	<b>18,842,177</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**

Page 2 of 2

**STATEMENT OF NET POSITION**

September 30, 2019

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 4,215,664	\$ 2,313,336	\$ 6,529,000
Deposits and other liabilities	2,527,218	8,656	2,535,874
Customer deposits	-	3,040,891	3,040,891
Retainage payable	556,624	44,301	600,925
Compensated absences	321,245	85,194	406,439
Unearned revenue	250,382	90,104	340,486
Accrued interest payable	459,667	86,922	546,589
Bonds payable	10,325,000	1,575,000	11,900,000
Capital lease payable	-	77,182	77,182
<b>Total current liabilities</b>	<b>18,655,800</b>	<b>7,321,586</b>	<b>25,977,386</b>
<b>Noncurrent Liabilities:</b>			
Bonds payable	97,200,853	17,873,849	115,074,702
Compensated absences	2,951,194	350,038	3,301,232
Interfund loan payable	-	500,000	500,000
Intergovernmental payables	-	1,196,037	1,196,037
Net OPEB liability	36,970,027	4,033,122	41,003,149
Net pension liability	33,652,474	4,356,722	38,009,196
<b>Total noncurrent liabilities</b>	<b>170,774,548</b>	<b>28,309,768</b>	<b>199,084,316</b>
<b>Total liabilities</b>	<b>189,430,348</b>	<b>35,631,354</b>	<b>225,061,702</b>
<b>Deferred Inflows of Resources</b>			
Deferred gain on refunding	71,698	15,690	87,388
Deferred inflows - OPEB	1,599,087	48,807	1,647,894
Deferred inflows - Pension	771,199	834,491	1,605,690
<b>Total deferred inflows of resources</b>	<b>2,441,984</b>	<b>898,988</b>	<b>3,340,972</b>
<b>Net Position</b>			
Net investment in capital assets	221,090,589	73,399,637	294,490,226
Restricted for:			
Municipal court technology & security	724,420	-	724,420
Franchise peg fees	616,856	-	616,856
Records preservation fees	4,000	-	4,000
Parks and recreation development	2,960,944	-	2,960,944
Crime control district	707,948	-	707,948
Debt service	11,361,718	-	11,361,718
Grants	2,292,790	-	2,292,790
Promotional & economic development	945,584	-	945,584
Public safety	1,211,334	-	1,211,334
Impact fees restricted for construction	-	5,119,704	5,119,704
Unrestricted	1,428,088	8,872,010	10,300,098
<b>Total net position</b>	<b>\$ 243,344,271</b>	<b>\$ 87,391,351</b>	<b>\$ 330,735,622</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**

*Page 1 of 2*

**STATEMENT OF ACTIVITIES**

*For the Year Ended September 30, 2019*

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
General government	\$ 14,795,971	\$ 5,311,802	\$ 3,685,712	\$ 10,992	
Public safety	34,641,711	3,122,234	4,473,087	-	
Culture and recreation	12,988,181	4,179,364	197,807	-	
Public works	8,100,775	1,206,002	-	776,194	
Interest and other fees	3,452,789	-	-	-	
<b>Total governmental activities</b>	<b>73,979,427</b>	<b>13,819,402</b>	<b>8,356,606</b>	<b>787,186</b>	
<b>Business-Type activities:</b>					
Utility	33,543,900	34,803,804	-	-	
Aquatic park	4,556,251	4,072,406	-	-	
Golf course	2,521,179	2,560,903	-	-	
<b>Total business-type activities</b>	<b>40,621,330</b>	<b>41,437,113</b>	<b>-</b>	<b>-</b>	
<b>Total primary government</b>	<b>\$ 114,600,757</b>	<b>\$ 55,256,515</b>	<b>\$ 8,356,606</b>	<b>\$ 787,186</b>	

# CITY OF NORTH RICHLAND HILLS, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Page 2 of 2

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>			
<b>Governmental Activities:</b>			
General government	\$ (5,787,465)	\$ -	\$ (5,787,465)
Public safety	(27,046,390)	-	(27,046,390)
Culture and recreation	(8,611,010)	-	(8,611,010)
Public works	(6,118,579)	-	(6,118,579)
Interest and other fees	(3,452,789)	-	(3,452,789)
<b>Total governmental activities</b>	<b>(51,016,233)</b>	<b>-</b>	<b>(51,016,233)</b>
<b>Business-Type activities:</b>			
Utility	-	1,259,904	1,259,904
Aquatic park	-	(483,845)	(483,845)
Golf course	-	39,724	39,724
<b>Total business-type activities</b>	<b>-</b>	<b>815,783</b>	<b>815,783</b>
<b>Total primary government</b>	<b>(51,016,233)</b>	<b>815,783</b>	<b>(50,200,450)</b>
<b>General revenue:</b>			
Taxes:			
Property	34,416,931	-	34,416,931
Sales	20,438,448	-	20,438,448
Mixed beverage	154,095	-	154,095
Franchise	4,315,995	-	4,315,995
Occupancy	279,026	-	279,026
Unrestricted investment earnings	2,670,106	670,582	3,340,688
Miscellaneous	3,101,123	1,735,383	4,836,506
Transfers between governmental and business-type activities	3,616,377	(3,616,377)	-
<b>Total general revenue and transfers</b>	<b>68,992,101</b>	<b>(1,210,412)</b>	<b>67,781,689</b>
Change in net position	17,975,868	(394,629)	17,581,239
<b>Net position - beginning of year</b>	<b>225,368,403</b>	<b>87,785,980</b>	<b>313,154,383</b>
<b>Net position - end of year</b>	<b>\$ 243,344,271</b>	<b>\$ 87,391,351</b>	<b>\$ 330,735,622</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**
**BALANCE SHEET - GOVERNMENTAL FUNDS**
**September 30, 2019**
**Page 1 of 4**

	<b>General Fund</b>	<b>General Capital Projects</b>	<b>General Debt Service</b>	<b>Parks and Recreation Development</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 5,548,504	\$ -	\$ -	\$ 1,702,141
Investments	9,954,845	-	-	2,524,341
Receivables, net of allowance:				
Accounts	696,963	-	-	-
Property taxes	272,144	-	-	-
Other taxes receivable	2,114,586	-	-	891,648
Interest receivable	14,737	9,880	971	3,798
Special assessments receivable	-	132,657	-	-
Intergovernmental receivables	145,695	-	-	-
Other receivables	136,165	-	-	40,898
Due from other funds	397,373	-	-	-
Prepaid items	14,002	72,543	-	-
Inventories, at cost	141,827	-	-	17,495
Assets limited to use:				
Cash and cash equivalents	-	6,115,094	642,145	1,169,247
Investments	-	6,674,006	656,169	41,220
<b>Total assets</b>	<b>\$ 19,436,841</b>	<b>\$ 13,004,180</b>	<b>\$ 1,299,285</b>	<b>\$ 6,390,788</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,213,976	\$ 791,892	\$ -	\$ 79,921
Retainage payable	-	556,624	-	-
Accrued liabilities	1,133,149	-	-	115,852
Intergovernmental payables	-	-	-	-
Deposits and other liabilities	378,183	729,865	-	57,935
Due to other funds	-	-	-	-
Unearned revenue	86,238	-	-	148,590
<b>Total liabilities</b>	<b>2,811,546</b>	<b>2,078,381</b>	<b>-</b>	<b>402,298</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - ambulance fees	670,253	-	-	-
Unavailable revenue - property taxes	272,144	-	-	-
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - assessments	-	132,657	-	-
<b>Total deferred inflows of resources</b>	<b>942,397</b>	<b>132,657</b>	<b>-</b>	<b>-</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**September 30, 2019**

**Page 2 of 4**

	<b>Grants Fund</b>	<b>TIF #2 Capital Projects Fund</b>	<b>TIF #2 Debt Service Fund</b>	<b>Other Governmental</b>	<b>Total Governmental</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 75,171	\$ -	\$ -	\$ 2,626,967	\$ 9,952,783
Investments	443,358	-	-	4,161,396	17,083,940
Receivables, net of allowance:					
Accounts	-	-	-	152,082	849,045
Property taxes	-	-	-	-	272,144
Other taxes receivable	-	-	-	966,788	3,973,022
Interest receivable	656	9,408	9,285	6,905	55,640
Special assessments receivable	-	-	-	-	132,657
Intergovernmental receivables	4,308,360	-	-	-	4,454,055
Other receivables	-	-	-	5,037	182,100
Due from other funds	-	-	-	-	397,373
Prepaid items	1,200,000	-	-	-	1,286,545
Inventories, at cost	-	-	-	-	159,322
Assets limited to use:					
Cash and cash equivalents	-	5,377,968	3,970,100	305,785	17,580,339
Investments	-	6,354,786	6,272,026	682,214	20,680,421
<b>Total assets</b>	<b>\$ 6,027,545</b>	<b>\$ 11,742,162</b>	<b>\$ 10,251,411</b>	<b>\$ 8,907,174</b>	<b>\$ 77,059,386</b>
<b>Liabilities</b>					
Accounts payable	\$ 53,143	\$ -	\$ -	\$ 131,265	\$ 2,270,197
Retainage payable	-	-	-	-	556,624
Accrued liabilities	11,182	-	-	145,594	1,405,777
Intergovernmental payables	-	-	-	94,375	94,375
Deposits and other liabilities	-	-	-	11	1,165,994
Due to other funds	-	-	-	397,373	397,373
Unearned revenue	-	-	-	-	234,828
<b>Total liabilities</b>	<b>64,325</b>	<b>-</b>	<b>-</b>	<b>768,618</b>	<b>6,125,168</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - ambulance fees	-	-	-	-	670,253
Unavailable revenue - property taxes	-	-	-	-	272,144
Unavailable revenue - grants	3,670,430	-	-	-	3,670,430
Unavailable revenue - assessments	-	-	-	-	132,657
<b>Total deferred inflows of resources</b>	<b>3,670,430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,745,484</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**
**BALANCE SHEET - GOVERNMENTAL FUNDS**
**September 30, 2019**
**Page 3 of 4**

	<u>General Fund</u>	<u>General Capital Projects</u>	<u>General Debt Service</u>	<u>Parks and Recreation Development</u>
<b>Fund Balance</b>				
Nonspendable:				
Inventories	\$ 141,827	\$ -	\$ -	\$ 17,495
Prepays	14,002	72,543	-	-
Restricted:				
Municipal court technology & security	724,420	-	-	-
Franchise peg fees	616,856	-	-	-
Record preservation fee	4,000	-	-	-
Parks and recreation development	-	-	-	2,960,944
Crime control district	-	-	-	-
Debt service	-	-	1,299,285	-
Grants	-	-	-	-
Promotional & economic development	-	-	-	-
Public safety	-	-	-	-
Capital projects (bond funded)	-	6,467,869	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	-
Assigned:				
Recreation centre	-	-	-	3,010,051
Capital projects	-	4,252,730	-	-
Purchases on order	282,553	-	-	-
Unassigned	13,899,240	-	-	-
<b>Total fund balance</b>	<u>15,682,898</u>	<u>10,793,142</u>	<u>1,299,285</u>	<u>5,988,490</u>
<b>Total liabilities, deferred inflows and fund balance</b>	<u>\$ 19,436,841</u>	<u>\$ 13,004,180</u>	<u>\$ 1,299,285</u>	<u>\$ 6,390,788</u>



**CITY OF NORTH RICHLAND HILLS, TEXAS**
**BALANCE SHEET - GOVERNMENTAL FUNDS**
**September 30, 2019**
**Page 4 of 4**

	<u>Grants Fund</u>	<u>TIF #2 Capital Projects Fund</u>	<u>TIF #2 Debt Service Fund</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b>Fund Balance</b>					
Nonspendable:					
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 159,322
Prepays	-	-	-	-	86,545
Restricted:					
Municipal court technology & security	-	-	-	-	724,420
Franchise peg fees	-	-	-	-	616,856
Record preservation fee	-	-	-	-	4,000
Parks and recreation development	-	-	-	-	2,960,944
Crime control district	-	-	-	707,948	707,948
Debt service	-	-	10,251,411	270,689	11,821,385
Grants	2,292,790	-	-	-	2,292,790
Promotional & economic development	-	-	-	945,584	945,584
Public safety	-	-	-	1,211,334	1,211,334
Capital projects (bond funded)	-	11,742,162	-	269,473	18,479,504
Committed:					
Donations	-	-	-	629,324	629,324
Drainage Utility	-	-	-	1,130,422	1,130,422
Gas development	-	-	-	2,973,782	2,973,782
Assigned:					
Recreation centre	-	-	-	-	3,010,051
Capital projects	-	-	-	-	4,252,730
Purchases on order	-	-	-	-	282,553
Unassigned	-	-	-	-	13,899,240
<b>Total fund balance</b>	<u>2,292,790</u>	<u>11,742,162</u>	<u>10,251,411</u>	<u>8,138,556</u>	<u>66,188,734</u>
<b>Total liabilities, deferred inflows and fund balance</b>	<u>\$ 6,027,545</u>	<u>\$ 11,742,162</u>	<u>\$ 10,251,411</u>	<u>\$ 8,907,174</u>	<u>\$ 77,059,386</u>



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
*September 30, 2019*

Total Fund balances - governmental funds	\$ 66,188,734
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities resources (excluding internal service capital assets) are not financial resources and, therefore, are not reported as net positions in governmental funds.	328,200,781
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Certain receivables are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	4,745,484
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Internal service funds are used by the City's management for building and vehicle support services, self insurance, and information services. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds, net of amounts included in business type activities, are included with governmental activities in the Statement of Net Position but are not included at the fund level.	7,814,796
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Long-term liabilities and related deferred inflows and outflows, including bonds payable, accrued interest payable, compensated absences, other post employment benefits, and net pension liability, are not due and payable in this current period and, therefore, are not reported as liabilities in the funds.	<u>(163,605,524)</u>
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Total net position - governmental activities	<u>\$ 243,344,271</u>
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**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**For the Year Ended September 30, 2019**

Page 1 of 2

	<b>General Fund</b>	<b>General Capital Projects</b>	<b>General Debt Service</b>	<b>Parks and Recreation Development</b>
<b>Revenues</b>				
Taxes	\$ 32,150,160	\$ -	\$ 11,315,208	\$ 5,113,739
Licenses and permits	2,550,598	-	-	-
Charges for services	2,129,088	9,180	-	3,512,894
Gas utility leases and royalties	-	-	-	-
Fines	2,088,401	-	-	-
Contributions	4,808	35,000	-	800
Special assessments	-	4,199	-	-
Investment income	578,118	631,851	34,540	141,643
Intergovernmental	2,903,133	550,000	82,853	-
Forfeitures	-	-	-	-
Miscellaneous	221,352	-	-	572,399
<b>Total revenues</b>	<b>42,625,658</b>	<b>1,230,230</b>	<b>11,432,601</b>	<b>9,341,475</b>
<b>Expenditures</b>				
General government	10,204,120	-	-	-
Public safety	28,181,496	-	-	-
Culture and recreation	3,728,689	-	-	6,502,089
Public works	3,210,818	-	-	-
Capital outlay:				
General government	-	4,991,276	-	-
Public safety	33,865	-	-	-
Culture and recreation	-	705,587	-	197,992
Public works	-	6,617,096	-	-
Debt service:				
Principal retirement	-	-	8,780,000	-
Interest and fiscal charges	-	-	3,088,189	-
Bond issuance costs	-	132,043	84,877	-
<b>Total expenditures</b>	<b>45,358,988</b>	<b>12,446,002</b>	<b>11,953,066</b>	<b>6,700,081</b>
Excess (deficiency) of revenues over expenditures	(2,733,330)	(11,215,772)	(520,465)	2,641,394
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	-	8,490,000	-	-
Issuance of refunding debt	-	-	4,865,000	-
Premium on issuance of debt	-	507,043	231,130	-
Payment to refunded bond escrow agent	-	-	(5,380,743)	-
Proceeds from sale of assets	89,096	9,701	-	824
Transfers in	6,519,399	4,442,537	1,193,997	487,102
Transfers out	(1,720,446)	(2,815,070)	-	(1,809,724)
<b>Total other financing sources (uses)</b>	<b>4,888,049</b>	<b>10,634,211</b>	<b>909,384</b>	<b>(1,321,798)</b>
Net change in fund balance (deficit)	2,154,719	(581,561)	388,919	1,319,596
Fund balance (deficit) - beginning of year	13,528,179	11,374,703	910,366	4,668,894
Fund balance - end of year	<b>\$ 15,682,898</b>	<b>\$ 10,793,142</b>	<b>\$ 1,299,285</b>	<b>\$ 5,988,490</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**For the Year Ended September 30, 2019**

Page 2 of 2

	<b>Grants Fund</b>	<b>TIF #2 Capital Projects Fund</b>	<b>TIF #2 Debt Service Fund</b>	<b>Other Governmental</b>	<b>Total Governmental</b>
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ 5,490,424	\$ 5,539,069	\$ 59,608,600
Licenses and permits	-	-	-	-	2,550,598
Charges for services	-	-	-	1,795,324	7,446,486
Gas utility leases and royalties	-	-	-	519,830	519,830
Fines	-	-	-	-	2,088,401
Contributions	-	-	-	240,570	281,178
Special assessments	-	-	-	-	4,199
Investment income	2,605	325,819	218,464	270,651	2,203,691
Intergovernmental	1,365,184	-	-	294,781	5,195,951
Forfeitures	-	-	-	114,246	114,246
Miscellaneous	-	-	-	1,064,271	1,858,022
<b>Total revenues</b>	<b>1,367,789</b>	<b>325,819</b>	<b>5,708,888</b>	<b>9,838,742</b>	<b>81,871,202</b>
<b>Expenditures</b>					
General government	129,248	-	-	164,134	10,497,502
Public safety	1,007,139	-	-	6,291,645	35,480,280
Culture and recreation	6,660	-	-	277,433	10,514,871
Public works	-	-	-	47,579	3,258,397
Capital outlay:					
General government	-	-	-	20,377	5,011,653
Public safety	462,809	-	-	103,231	599,905
Culture and recreation	-	-	-	-	903,579
Public works	62,686	-	-	269,080	6,948,862
Debt service:					
Principal retirement	-	-	1,740,000	110,000	10,630,000
Interest and fiscal charges	-	-	496,207	1,856	3,586,252
Bond issuance costs	-	-	-	-	216,920
<b>Total expenditures</b>	<b>1,668,542</b>	<b>-</b>	<b>2,236,207</b>	<b>7,285,335</b>	<b>87,648,221</b>
Excess (deficiency) of revenues over expenditures	(300,753)	325,819	3,472,681	2,553,407	(5,777,019)
<b>Other Financing Sources (Uses)</b>					
Issuance of debt	-	-	-	-	8,490,000
Issuance of refunding debt	-	-	-	-	4,865,000
Premium on issuance of debt	-	-	-	-	738,173
Payment to refunded bond escrow agent	-	-	-	-	(5,380,743)
Proceeds from sale of assets	-	-	-	384,382	484,003
Transfers in	1,074,949	-	-	502,247	14,220,231
Transfers out	(240,786)	-	-	(2,147,098)	(8,733,124)
<b>Total other financing sources (uses)</b>	<b>834,163</b>	<b>-</b>	<b>-</b>	<b>(1,260,469)</b>	<b>14,683,540</b>
Net change in fund balance (deficit)	533,410	325,819	3,472,681	1,292,938	8,906,521
Fund balance (deficit) - beginning of year	1,759,380	11,416,343	6,778,730	6,845,618	57,282,213
Fund balance - end of year	<b>\$ 2,292,790</b>	<b>\$ 11,742,162</b>	<b>\$ 10,251,411</b>	<b>\$ 8,138,556</b>	<b>\$ 66,188,734</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2019**

Net change in fund balance - total governmental funds \$ 8,906,521

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 3,033,592

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase/(decrease) net position. 1,716,129

Certain deferred inflows of resources were earned in prior year but not yet available for fund level activity. This increase/(decrease) is due to the deferred inflows becoming available in current year. 4,039,980

Certain long-term liabilities are accrued at the government-wide level but not at the fund level. The current year change in those liabilities is reported as expense in the statement of activities. Expenses recorded for accrual of interest and amortization expense are included in this category. (2,964,637)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the difference between repayments and proceeds received. 2,276,787

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities (exclusive of capital assets and debt). 967,496

Change in net position of governmental activities. \$ 17,975,868



NRH Sounds of Spring provides six weekly concerts at the NRH City Hall with free live music by some of the region's best live performers under the stars.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**September 30, 2019**

Page 1 of 2

	Enterprise Funds				Governmental Activities Internal Service
	Utility	Aquatic Park	Golf	Total Enterprise	
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 4,537,820
Investments	5,578,273	723,949	148,490	6,450,712	7,005,051
Accounts receivable, net of allowances:					
Billed	2,896,359	-	-	2,896,359	-
Unbilled	2,468,584	-	-	2,468,584	-
Other	387,094	22,140	24,016	433,250	10,924
Interest receivable	13,372	1,540	709	15,621	14,868
Intergovernmental receivable	509,592	-	-	509,592	-
Prepaid items	7,064	-	8,896	15,960	158,927
Inventories, at cost	357,716	28,314	102,899	488,929	133,728
<b>Total current assets</b>	<b>12,218,054</b>	<b>775,943</b>	<b>285,010</b>	<b>13,279,007</b>	<b>11,861,318</b>
<b>Noncurrent assets:</b>					
Cash and cash equivalents	11,069,862	301,261	182,803	11,553,926	2,022,985
Investments	2,991,358	-	-	2,991,358	3,038,466
Interfund loan receivable	-	-	-	-	500,000
Capital assets - net:					
Land	75,366	745,771	1,758,000	2,579,137	-
Buildings and improvements	-	2,465,964	802,762	3,268,726	53,976
Other improvements	-	23,362,830	5,290,587	28,653,417	602,769
Utility plant in service	144,908,231	-	-	144,908,231	-
Machinery and equipment	2,723,039	770,328	2,241,704	5,735,071	10,702,533
Construction in progress	1,370,047	-	202,273	1,572,320	-
Accumulated depreciation	(78,046,504)	(14,005,804)	(7,201,235)	(99,253,543)	(8,636,372)
Total capital assets - net	<b>71,030,179</b>	<b>13,339,089</b>	<b>3,094,091</b>	<b>87,463,359</b>	<b>2,722,906</b>
<b>Total noncurrent assets</b>	<b>85,091,399</b>	<b>13,640,350</b>	<b>3,276,894</b>	<b>102,008,643</b>	<b>8,284,357</b>
<b>Total assets</b>	<b>97,309,453</b>	<b>14,416,293</b>	<b>3,561,904</b>	<b>115,287,650</b>	<b>20,145,675</b>
<b>Deferred Outflows of Resources</b>					
Deferred loss on refunding	75,140	49,155	11,025	135,320	-
Deferred outflows - OPEB	218,054	37,529	-	255,583	174,382
Deferred outflows - Pension	2,083,573	340,213	-	2,423,786	1,452,790
<b>Total deferred outflows of resources</b>	<b>2,376,767</b>	<b>426,897</b>	<b>11,025</b>	<b>2,814,689</b>	<b>1,627,172</b>



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**September 30, 2019**

Page 2 of 2

	Enterprise Funds				Governmental Activities Internal Service
	Utility	Aquatic Park	Golf	Total Enterprise	
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts payable and accrued expenses	\$ 1,809,869	\$ 244,276	\$ 111,659	\$ 2,165,804	\$ 1,792,863
Deposits and other liabilities	153,150	5,806	41,332	200,288	13,676
Customer deposits	3,040,891	-	201	3,041,092	-
Compensated absences	78,639	6,555	-	85,194	40,005
Unearned revenue	-	17,756	72,348	90,104	15,554
Accrued interest payable	57,323	28,032	1,567	86,922	-
Bonds payable	985,000	550,000	40,000	1,575,000	-
Capital lease payable	-	-	77,182	77,182	-
<b>Total current liabilities</b>	<b>6,124,872</b>	<b>852,425</b>	<b>344,289</b>	<b>7,321,586</b>	<b>1,862,098</b>
<b>Noncurrent Liabilities:</b>					
Bonds payable	11,864,318	5,624,702	384,829	17,873,849	-
Compensated absences	263,547	86,491	-	350,038	198,739
Interfund loan payable	-	500,000	-	500,000	-
Intergovernmental payables	1,196,037	-	-	1,196,037	-
Other post employment benefits obligation	3,435,046	598,076	-	4,033,122	2,834,824
Net pension liability	3,759,731	596,991	-	4,356,722	2,640,506
<b>Total noncurrent liabilities</b>	<b>20,518,679</b>	<b>7,406,260</b>	<b>384,829</b>	<b>28,309,768</b>	<b>5,674,069</b>
<b>Total liabilities</b>	<b>26,643,551</b>	<b>8,258,685</b>	<b>729,118</b>	<b>35,631,354</b>	<b>7,536,167</b>
<b>Deferred Inflows of Resources</b>					
Deferred gain on refunding	-	15,690	-	15,690	-
Deferred inflows - OPEB	41,921	6,886	-	48,807	29,325
Deferred inflows - Pension	714,480	120,011	-	834,491	573,205
<b>Total deferred inflows of resources</b>	<b>756,401</b>	<b>142,587</b>	<b>-</b>	<b>898,988</b>	<b>602,530</b>
<b>Net Position</b>					
Net investment in capital assets	63,328,450	7,359,199	2,711,988	73,399,637	2,722,906
Impact fees restricted for construction	5,119,704	-	-	5,119,704	-
Unrestricted net position (deficit)	3,838,114	(917,281)	131,823	3,052,656	10,911,244
<b>Total net position (deficit)</b>	<b>\$ 72,286,268</b>	<b>\$ 6,441,918</b>	<b>\$ 2,843,811</b>	<b>81,571,997</b>	<b>\$ 13,634,150</b>

Reconciliation to business-type activities:

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal balances are included with business-type activities.	5,819,354
Net Position of business type activities	<u>\$ 87,391,351</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2019**

	Enterprise Funds				Governmental Activities
	Utility	Aquatic Park	Golf	Total Enterprise	Internal Service
<b>Operating Revenues</b>					
<b>Charges for services:</b>					
Water and sewer service	\$ 33,269,751	\$ -	\$ -	\$ 33,269,751	\$ -
Service charges	1,034,523	-	-	1,034,523	-
Inspection fees	153,849	-	-	153,849	-
Golf course fees and charges	-	-	2,560,903	2,560,903	-
Aquatic park admissions and services	-	4,072,406	-	4,072,406	-
Other intergovernmental	175,940	-	-	175,940	-
Risk management	-	-	-	-	13,747,068
Facilities and fleet management	-	-	-	-	6,921,606
Information systems management	-	-	-	-	3,115,564
Miscellaneous revenues	1,653,232	40,049	3,611	1,696,892	213,419
<b>Total operating revenues</b>	<b>36,287,295</b>	<b>4,112,455</b>	<b>2,564,514</b>	<b>42,964,264</b>	<b>23,997,657</b>
<b>Operating Expenses</b>					
Claims	-	-	-	-	10,503,059
Contractual services	2,199,732	818,605	-	3,018,337	1,782,769
Water purchases	9,646,946	-	-	9,646,946	-
Wastewater treatment services	6,272,760	-	-	6,272,760	-
Personnel services	5,157,277	1,741,966	-	6,899,243	3,757,007
Golf course sales and service	-	-	2,109,928	2,109,928	-
Repairs and maintenance	4,949,647	150,851	-	5,100,498	3,890,173
Supplies	251,074	608,932	-	860,006	1,244,505
Depreciation	4,470,895	933,526	379,008	5,783,429	659,522
<b>Total operating expenses</b>	<b>32,948,331</b>	<b>4,253,880</b>	<b>2,488,936</b>	<b>39,691,147</b>	<b>21,837,035</b>
Operating income (loss)	3,338,964	(141,425)	75,578	3,273,117	2,160,622
<b>Nonoperating revenues (expenses)</b>					
Investment income	594,430	51,574	24,578	670,582	466,415
Interest and fiscal charges	(320,281)	(280,268)	(32,243)	(632,792)	-
Bond issuance costs	(105,547)	(22,103)	-	(127,650)	-
Other income	23,360	-	9,636	32,996	145,293
Gain(loss) on disposal of assets	(2,555)	140	7,910	5,495	65,896
<b>Total nonoperating revenues (expenses)</b>	<b>189,407</b>	<b>(250,657)</b>	<b>9,881</b>	<b>(51,369)</b>	<b>677,604</b>
Income (loss) before transfers	3,528,371	(392,082)	85,459	3,221,748	2,838,226
<b>Transfers</b>					
Transfers in	-	403,726	-	403,726	260,492
Transfers out	(4,621,239)	-	-	(4,621,239)	(1,530,086)
<b>Total transfers - net</b>	<b>(4,621,239)</b>	<b>403,726</b>	<b>-</b>	<b>(4,217,513)</b>	<b>(1,269,594)</b>
Change in net position	(1,092,868)	11,644	85,459	(995,765)	1,568,632
<b>Net position - beginning of year</b>	<b>73,379,136</b>	<b>6,430,274</b>	<b>2,758,352</b>	<b>82,567,762</b>	<b>12,065,518</b>
<b>Net position - end of year</b>	<b>\$ 72,286,268</b>	<b>\$ 6,441,918</b>	<b>\$ 2,843,811</b>	<b>\$ 81,571,997</b>	<b>\$ 13,634,150</b>

Reconciliation to business-type activities:

Change in net position of enterprise funds \$ (995,765)

Some amounts reported for business-type activities  
in the Statement of Net Position are different  
because certain internal balances are included with  
business-type activities.

Change in net position of business type activities 601,136  
\$ (394,629)

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2019**

	Enterprise Funds				Governmental Activities Internal Service
	Utility	Aquatic Park	Golf	Total Enterprise	
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 33,261,424	\$ 4,085,274	\$ 2,562,747	\$ 39,909,445	\$ -
Receipts from (payments for) interfund services provided	-	-	-	-	23,803,416
Other operating revenue	1,847,300	40,049	3,611	1,890,960	213,419
Payments to suppliers	(23,297,698)	(1,500,002)	(2,053,191)	(26,850,891)	(17,261,967)
Payments to employees	(4,982,079)	(1,720,613)	-	(6,702,692)	(3,710,984)
<b>Net cash provided by (used for) operating activities</b>	<b>6,828,947</b>	<b>904,708</b>	<b>513,167</b>	<b>8,246,822</b>	<b>3,043,884</b>
<b>Cash flows from noncapital financing activities:</b>					
Transfers from other funds	-	403,726	-	403,726	260,492
Transfers to other funds	(4,621,239)	-	-	(4,621,239)	(1,530,086)
<b>Net cash provided by (used for) noncapital and related financing activities</b>	<b>(4,621,239)</b>	<b>403,726</b>	<b>-</b>	<b>(4,217,513)</b>	<b>(1,269,594)</b>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(4,730,713)	(52,048)	(303,793)	(5,086,554)	(122,608)
Proceeds from capital debt	5,284,383	477,027	-	5,761,410	-
Principal paid on capital debt	(995,000)	(565,000)	(50,000)	(1,610,000)	-
Interest paid on capital debt	(304,370)	(339,004)	(130,858)	(774,232)	-
Insurance recovery proceeds	23,360	-	9,636	32,996	145,293
Proceeds from sale of capital assets	-	140	380	520	36,287
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(722,340)</b>	<b>(478,885)</b>	<b>(474,635)</b>	<b>(1,675,860)</b>	<b>58,972</b>
<b>Cash flows from investing activities:</b>					
Sale (purchase) of investments	1,276,417	(579,653)	(60,100)	636,664	(501,741)
Interest and dividends received	585,481	50,459	24,092	660,032	455,799
<b>Net cash provided by (used for) investing activities</b>	<b>1,861,898</b>	<b>(529,194)</b>	<b>(36,008)</b>	<b>1,296,696</b>	<b>(45,942)</b>
Net increase (decrease) in cash and cash equivalents	3,347,266	300,355	2,524	3,650,145	1,787,320
<b>Cash and cash equivalents, beginning of year</b>	<b>7,722,596</b>	<b>906</b>	<b>180,279</b>	<b>7,903,781</b>	<b>4,773,485</b>
<b>Cash and cash equivalents, end of year</b>	<b>11,069,862</b>	<b>301,261</b>	<b>182,803</b>	<b>11,553,926</b>	<b>6,560,805</b>
<b>Reconciliation of Cash and Cash Equivalents to Statement of Net Position - Proprietary Funds</b>					
Cash and cash equivalents - current	-	-	-	-	4,537,820
Cash and cash equivalents - noncurrent	11,069,862	301,261	182,803	11,553,926	2,022,985
Total cash and cash equivalents	11,069,862	301,261	182,803	11,553,926	6,560,805
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	3,338,964	(141,425)	75,578	3,273,117	2,160,622
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>					
Depreciation expense	4,470,895	933,526	379,008	5,783,429	659,522
(Increase) decrease in accounts receivable	(1,252,672)	5,921	4,231	(1,242,520)	(7,499)
(Increase) decrease in intergovernmental receivable	18,128	-	-	18,128	-
(Increase) decrease in prepaid items	30	-	8,131	8,161	34,503
(Increase) decrease in inventories	(87,526)	2,269	10,260	(74,997)	13,785
(Increase) decrease in OPEB deferred outflows	(31,982)	(5,188)	-	(37,170)	(21,537)
(Increase) decrease in pension deferred outflows	(1,653,888)	(268,250)	-	(1,922,138)	(1,112,792)
Increase (decrease) in accounts payable	(72,762)	76,904	29,057	33,199	123,235
Increase (decrease) in other current liabilities	49,979	1,482	19,549	71,010	801
Increase (decrease) in customer deposits	143,499	-	201	143,700	-
Increase (decrease) in compensated absences	(7,917)	(8,396)	-	(16,313)	(78,272)
Increase (decrease) in unearned revenues	-	4,678	(12,848)	(8,170)	12,892
Increase (decrease) in intergovernmental payables	45,214	-	-	45,214	-
Increase (decrease) in other post employment benefits	(89,052)	(14,446)	-	(103,498)	(59,968)
Increase (decrease) in net pension liability	1,990,207	322,851	-	2,313,058	1,340,258
Increase (decrease) in OPEB deferred inflows	34,516	5,599	-	40,115	23,243
Increase (decrease) in pension deferred inflows	(66,686)	(10,817)	-	(77,503)	(44,909)
<b>Total adjustments</b>	<b>3,489,983</b>	<b>1,046,133</b>	<b>437,589</b>	<b>4,973,705</b>	<b>883,262</b>
<b>Net cash provided by operating activities</b>	<b>\$ 6,828,947</b>	<b>\$ 904,708</b>	<b>\$ 513,167</b>	<b>\$ 8,246,822</b>	<b>\$ 3,043,884</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
*September 30, 2019*

	<u>OPEB Trust</u>
<b>Assets</b>	
Investments, at fair value:	
Investment in master trust	\$ 2,164,345
<b>Total assets</b>	<u>\$ 2,164,345</u>
 <b>Net Position</b>	
Restricted for other post employment benefits	\$ 2,164,345
<b>Total net position</b>	<u>\$ 2,164,345</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -**  
**FIDUCIARY FUNDS**  
*For the Year Ended September 30, 2019*

	<u>OPEB Trust</u>
<b>Additions</b>	
<b>Contributions:</b>	
Employer	\$ 100,000
Net investment income	<u>96,345</u>
<b>Total additions</b>	<u>196,345</u>
 <b>Deductions</b>	
Administrative expenses	<u>11,508</u>
<b>Total deductions</b>	<u>11,508</u>
Change in net position	184,837
<b>Net position - beginning</b>	<u>1,979,508</u>
<b>Net position - ending</b>	<u><u>\$ 2,164,345</u></u>



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**Note I - Summary of Significant Accounting Policies**

The City of North Richland Hills, Texas (the “City”) Home Rule Charter was adopted by the voters at an election held on November 3, 1964. The City operates under a Council-Manager form of government. The City provides a full range of services including police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public water park. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

**A. Reporting Entity**

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the primary government’s operations. As such, data from these units is combined with data of the primary government. Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable or whose relationships with the City are such that exclusion would be misleading or incomplete.

Blended Component Units - The North Richland Hills Parks and Recreation Facilities Development Corporation (“PRD”) is used to account for the accumulation of resources to build and improve City parks and recreational facilities and fund economic development activities. The North Richland Hills Crime Control and Prevention District (“CCD”) is used to account for the accumulation and use of half-cent sales tax proceeds dedicated for crime reduction programs. The PRD and CCD are reported as special revenue funds of the primary government. The Boards of Directors of both component units are substantially the same as the City Council.

Tax Increment Financing District No. 1 (“TIF #1”) was created to fund drainage improvements that would alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development within the zone of TIF #1. In 2008, TIF #1 was expanded to provide funding for intersection improvements and the burial of utility lines to enhance economic revitalization in the area. Tax Increment Financing District #2 (“TIF #2”) was created to provide funding for public improvements that would benefit the participants in and citizens of TIF #2. These TIF’s meet the criteria for blending as the City Council and TIF Boards are substantially the same. In addition, although other entities are involved in the TIF, the primary financial benefit or burden relationship is between the City and the TIF’s, and management of the City has day-to-day operational responsibility for the activities of the TIF.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note I - Summary of Significant Accounting Policies (continued)**

**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 non-fiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been eliminated from these statements. However, interfund services provided and used are not eliminated in the consolidation process. 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 user fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are designated 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 enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current *financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note I - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund. Major functions financed by the General Fund include general government, public safety, culture and recreation, and public works. Financing is provided from taxes (primarily property, sales, and franchise), licenses and permits, fines, and investment income.

The General Capital Projects Fund is used to account for financial resources used for the acquisition and construction of major street, drainage, and municipal facilities capital assets.

The General Debt Service Fund accounts for the accumulation of resources for the payment of principal, interest, and related charges on long-term general obligation debt of governmental funds. Financing is provided primarily by a specific annual property tax levy.

The Parks and Recreation Facilities Development Fund accounts for the accumulation and use of resources to build and improve City parks and recreation facilities as well as economic development projects. The City has permanently designated this fund as a major governmental fund.

The Grants Fund is a centralized fund accounting for all private, local, state, and federal grant proceeds.

The Tax Increment Financing District #2 Capital Projects Fund provides funding for public improvements that would benefit the participants in and citizens of TIF #2 as well as others in the Metroplex area.

The Tax Increment Financing District #2 Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on the debts of TIF #2.

The City reports the following proprietary funds:

The Utility Fund (a major fund) accounts for the distribution of water, transportation of wastewater, and solid waste removal services provided to the residents of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing and debt service, and billing and collections.

The Aquatic Park Fund (a major fund) accounts for the operation of NRH<sub>2</sub>O, the City's public water park. All activities necessary to operate the park are accounted for in the fund, including, but not limited to, administration, park operations, park maintenance, and financing and debt service.

The Golf Course Fund accounts for the operations of Iron Horse Golf Course, the City's public golf course. All activities necessary to operate the course are accounted for in the fund, including, but not limited to, administration, operations, course maintenance, and financing and debt service. The Golf Course is the only non-major proprietary fund.

Internal Service Funds account for building maintenance services, fleet management, computer and telephone service, as well as insurance coverage provided to other departments of the City, on a cost reimbursement basis.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note I - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

The City also reports one fiduciary fund. The OPEB Trust Fund accounts for the activities of the long-term funding of the City's other post-employment benefits provided. These funds are contributed by the City on an annual basis to help offset future costs and outflows for post-employment benefits payments.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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 the 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance**

**Deposits and investments**

Deposits consist of cash and cash equivalents. Substantially all operating deposits and investments are maintained in pooled deposits and investment accounts. Interest income relating to pooled deposits and investments is allocated monthly to the participating individual funds based on each fund's pro-rata share of total pooled deposits and investments.

Investments consist of (1) investments in public fund investment pools, (2) short-term investments that mature in 12 months or less from the time of purchase and (3) investments that mature in greater than 12 months from the time of purchase.

Other than investment pools, most of the City's investments are long-term (i.e., at the time of purchase, the maturity equals or exceeds one year) and, accordingly, the investments are carried at fair value. The government's investment pools operate in accordance with state laws and regulations. Investments in external pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, no readily determinable fair value is deemed available.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note I - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)**

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. During the year ended September 30, 2019, the City did not own any types of securities other than those permitted by statute.

For the purposes of presenting the statement of cash flows for Proprietary Funds, cash and cash equivalents are defined as cash and the funds' investment in the City's pooled accounts which provide cash-equivalent liquidity (Note III).

**Receivables and payables**

Activities 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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property and certain personal property located in the City. Tax liens attach as of February 1. Taxes are due upon receipt of the tax bill.

Property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation and by City Charter to \$1.50 per \$100 assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2019 was \$0.585 per \$100 of assessed valuation.

**Inventories and prepaid items**

In accordance with the consumption method of accounting, both inventories and prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

All inventories are valued at cost using the first-in/first-out ("FIFO") method. Inventories are offset by a fund balance reserve account in applicable governmental funds to indicate the inventory values are not available for appropriation and are not expendable financial resources.

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.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note I - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)**

**Restricted assets**

Certain resources set aside for the repayment of outstanding City debt are classified as restricted assets on the balance sheet because their use is limited. The “debt service reserve funds” are used to segregate resources accumulated for outstanding debt. The “construction funds” account includes, but is not limited to, unspent bond proceeds that are limited as to use for financing the acquisition or construction of capital assets.

In the Utility Fund, impact fees are a restriction imposed by the City’s governing body for the purpose of collection of funds from developers for specific utility infrastructure improvement projects. State of Texas Statutes grant this authority to the City Council which upon their approval is valid for a five-year period. Every five years, the impact fee plan expires and a new program must be developed and submitted to Council for approval.

Also designated in the Utility Fund are customer deposits. This restriction is contractually supported. The City is not allowed to use the funds unless it is to refund back to the customer for good standing account history or that they default upon the terms of the agreement.

**Designated assets**

Assets have also been designated by management for the following:

The Crime Control and Prevention District (Special Revenue) Fund contains assets restricted for transition. The “transition” term is used to identify funds that are covered by Texas Sales Tax laws and has been restricted to offset future unforeseen circumstances (i.e. dissolution of the fund due to citizens vote to end operations of the district). If the half-cent sales tax funding CCD activities is discontinued, the restricted assets will be used to fund those activities until an alternate funding source can be identified (i.e., during the transition period).

The Information Technology (Internal Service) Fund contains assets used for future system improvements. The intended purpose is to fund major computer system software and hardware system replacements and upgrades.

The Facilities and Construction Services and Fleet Services (Internal Service) Funds contain assets used for building and equipment maintenance and replacement. The building reserve is used to accumulate funds for the implementation of the multi-year plan. The equipment reserve is used to accumulate funds for the replacement of vehicles and heavy equipment.

The Self-Insurance (Internal Service) Fund contains assets used for future insurance claims. Funds will be accumulated until needed to cover these costs of excessive claims or until management has determined sufficient funds have been accumulated to cover future claims.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note I - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)**

Future claims of the Self-Insurance Internal Service Fund are funds set aside and obligated for medical, dental, prescription, or other risk payables that could arise in future fiscal periods. This fund has a very proactive approach to plan for future claims and ensure that funding is available to pay should the need occur.

**Capital assets**

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drainage facilities, parks and related improvements, 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 level financial statements. Capital assets are defined by the City as assets with an initial, individual cost of at least \$5,000 and an estimated useful life in excess of one year. Assets purchased or constructed are recorded at historical cost when available or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are capitalized at the following thresholds and are depreciated using the straight-line method over the following estimated useful lives:

<b>Asset Category</b>	<b>Useful Life</b>	<b>Capitalization Threshold</b>
Land		\$ -
Buildings and improvements	30 years	100,000
Other improvements	30 years	100,000
Water, sewer system and other infrastructure	33 years	100,000
Furniture and fixtures, & certain machinery and equipment	10 years	5,000
Firetrucks and ambulances	20 years	5,000
Other machinery and equipment including vehicles	3-12 years	* 5,000

*\*Range is due to different machinery and equipment having different levels of capitalization thresholds within fiscal policy.*

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note I - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)**

**Compensated absences**

City employees are granted vacation leave in varying amounts depending on length of service. Sick leave is also granted to employees. In the event of termination, an employee will be paid for all unused vacation leave credit upon separation from employment with the City. Employees who are eligible to utilize their accrued vacation but who have not completed their probationary period are not eligible to be paid for unused vacation at the time of separation. No reimbursement is made for unused accumulated sick leave upon termination of employment, except upon retirement. Upon retirement, an employee may convert up to six weeks of accrued sick leave to vacation. Sick pay is recorded when taken. All vacation pay is accrued as vested and included in accrued liabilities in the government-wide and proprietary fund financial statements. Accrued vacation pay, including converted sick leave, that is expected to be liquidated within one year, is reported as a short-term liability. The remainder of the liability is reflected as long-term.

**Long-term obligations**

In the government-wide financial statements and proprietary funds 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 statement of net position. Bond premiums and discounts and losses on bond refundings are deferred and amortized over the life of the related debt.

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

**Deferred Outflows/Inflows of Resources**

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

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.

**Note I - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)**

- Deferred outflows of resources for other post-employment benefits (“OPEB”) – Reported in the government wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments and 2) changes in the City’s proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the plan.
- Deferred outflows of resources for pension – Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City’s proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the plan.

In addition to liabilities, the statement of financial position and/or 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. The City has the following items that qualify for reporting in this category.

- Deferred gain on refunding – A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows of resources for other post-employment benefits (“OPEB”) – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the plan.
- Deferred inflows of resources for pension – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the City’s proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Governmental Fund level statements have deferred inflows from ambulance fees, property taxes, grants, and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available, or within 60 days of the fiscal year-end.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note I - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)**

**Fund balance**

Fund balances are reported within one of the fund balance categories listed below:

1. *Nonspendable*, such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's Council (the city's highest level of authority),
4. *Assigned* fund balance classification are intended to be identified and authorized for specific purposes by the City's authorized representative by the Council (City Manager) and for other purposes that cannot be classified as restricted or committed,
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**Committed Fund Balance Policy**

Fund balances are committed by the City Council under specific resolutions or ordinances which were adopted to restrict the utilization of special revenue sources. Once the resolutions or ordinances are adopted, the limitation imposed remains in place until a similar action is taken (the adoption of another resolution or ordinance) to remove or revise the limitation.

Fund balance reporting as a result of resolutions and ordinances passed by City Council:

- General Donations or contributions to the City that do not have specific goals designated by the donor are committed by council resolution to keep the original general intent for which they were received.
- Drainage Utility Fees are to be utilized for the infrastructure or debt service for such infrastructure.
- Gas Development funds are used for specific projects for various reasons such as deemed necessary by city management.



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note I - Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (continued)**

**Assigned Fund Balance Policy**

Approved by the fund balance policy, the City's Assigned Fund Balance is under the direction of the City Manager, (as authorized by the City Council).

- Capital projects are proceeds assigned by management through budget appropriations to fund special capital projects not funded through bond proceeds,
- Recreation Centre assignment is net operations for the program for future infrastructure maintenance and operational needs,
- Encumbrances are purchases procured in the current fiscal year, but will not be delivered or services accomplished until the next fiscal year. This assignment of prior year encumbrances insures resources are available to complete the purchases.

**Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance depleted before using any of the components of unrestricted fund balance. Further when the components of unrestricted fund balance can be used for the same purposes, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Minimum Fund Balance**

At the end of each fiscal year, the General Fund should maintain a minimum unassigned fund balance that is no less than 15% of the subsequent year's General Fund Appropriated Expenditure budget. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note II - Reconciliation of Government-Wide and Governmental 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 a 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 “capital assets used in governmental activities (excluding internal service capital assets) are not financial resources and, therefore, are not reported as assets in governmental funds.” The details of the difference are as follows:

Capital assets, net of depreciation (internal service funds excluded)	\$ 323,209,639
Construction in progress (internal funds excluded)	<u>4,991,142</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 328,200,781</u>

The second element of that reconciliation explains that “certain receivables are not available to pay current-period expenditures and, therefore, are deferred in the funds.” The details of the difference are as follows:

Unavailable revenue	<u>\$ 4,745,484</u>
Net adjustment to increase fund balance - total governmental funds to arrive at the position - governmental activities	<u>\$ 4,745,484</u>

Another element of that reconciliation explains that “the assets and liabilities of the internal service funds are included with governmental activities in the Statement of Net Position but are not included at the fund level.” The details of the difference are as follows:

Net position, internal service funds combined	\$ 13,634,150
Amount allocated to business-type activities	<u>(5,819,354)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net positions - governmental activities	<u>\$ 7,814,796</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note II - Reconciliation of Government-Wide and Governmental Fund Financial Statements (continued)**

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

The last element of that reconciliation explains that “long-term liabilities (excluding internal service funds), including bonds payable and related deferred inflows and outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.” The details of the difference are as follows:

Bonds payable	\$ (102,385,000)
Unamortized premiums/discounts on bonds payable	(5,140,853)
Deferred gain on refunding	(71,698)
Deferred loss on refunding	487,359
Accrued interest payable	(459,667)
Compensated absences	(3,033,695)
Net OPEB liability	(34,135,203)
Deferred outflows - OPEB	1,285,924
Deferred inflows - OPEB	(1,569,762)
Net pension liability	(31,011,968)
Deferred outflows - pension	12,627,033
Deferred inflows - pension	<u>(197,994)</u>
Net adjustment to reduce fund balance - total governmental funds	
to arrive at net position - governmental activities	<u><u>\$ (163,605,524)</u></u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note II - Reconciliation of Government-Wide and Governmental Fund Financial Statements (continued)**

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that “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.” The details of the difference are as follows:

Capital outlay in excess of capitalization threshold	\$ 14,856,577
Depreciation expense	<u>(11,822,985)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,033,592</u>

The next element of that reconciliation explains that “the net effects of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.” The details of the difference are as follows:

Asset retirements and impairments, net of proceeds	\$ (987,650)
Capital contributions from developers	<u>2,703,779</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,716,129</u>

The next element of that reconciliation explains that “certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. These differences are the net change in deferred inflows of resources.” The current year difference is \$4,039,980.

The next element of that reconciliation explains that “certain long-term liabilities are accrued at the government-wide level but not at the fund level.” The details of the difference are as follows: (Excludes Internal Service Funds)

Changes in:	
Accrued interest/interest expense	\$ (8,834)
Other post employment benefits obligation	(1,267,402)
Pension expense	(2,124,482)
Compensated absences	<u>436,081</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (2,964,637)</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note II - Reconciliation of Government-Wide and Governmental Fund Financial Statements (continued)**

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

Another element of that reconciliation states that “bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the difference between repayments and proceeds received.” The details of the difference are as follows: (Excludes Internal Service Funds)

Debt issued or incurred:	
Refunding bonds	\$ (4,865,000)
Certificates of obligation bonds	(8,490,000)
Principal repayments on debt	10,630,000
Payments to refunding agent	5,380,743
Premium on bond sale	(738,173)
Current year amortization of bond premium, discount, deferred inflows and outflows (gain and loss)	<u>359,217</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,276,787</u>

Another element of that reconciliation states that “the net revenue (expense) of internal service funds is reported with governmental activities.” The details of the difference are as follows:

Change in net position - internal service funds combined	\$ 1,568,632
Income (Expenses) reflected in business-type activities	<u>(601,136)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 967,496</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds**

**A. Deposits and investments**

Deposits - The City maintains an entity wide cash and investment pool that is available for use by all funds. Each fund's portion of the pool is displayed on the statement of net position as "Cash, Cash Equivalents and Investments".

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation ("FDIC") insurance or full 100 percent collateralization; depositories are limited to Texas banking institutions; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity.

State statutes require all time and demand deposits to be fully insured or collateralized. At September 30, 2019, the bank balances of the City's demand deposits were \$8,192,716. Accounts with under \$250,000 balance of either an interest bearing account or non-interest bearing account are covered by FDIC deposit insurance. The total cash held in demand deposits has been materially collateralized and meets statutes' requirements.

As of September 30, 2019, the City's investment pool portfolio (excluding bank deposits) are held by the City's custodian in the City's name under written agreements. The City's custodian is JP Morgan Chase.

The City's investment pool, excluding fiduciary funds, held the following cash, cash equivalents, and investments as of September 30, 2019:

Cash on hand (petty cash, cashier tills)	\$ 21,152
Demand Deposit Accounts	6,473,842
Investment Pools	39,152,859
Commercial Paper	2,597,076
U.S. Treasury Notes	45,368,281
U.S. Agencies and Governmental Sponsored Agencies	9,284,591
Total deposits and investments	<u>\$ 102,897,801</u>

Investments - Weighted average maturity ("WAM") of the portfolio by investment type categories reflected in the following table is stated in days. Investment type acronyms displayed in the following table are defined as follows: FHLB – Federal Home Loan Bank, FHLMC – Federal Home Loan Mortgage Corporation, FNMA – Federal National Mortgage Association, and USTR – U.S. Treasury Notes. The rating agency acronym is defined as follows: S&P – Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. Additional information about the rating agency or the significance of the ratings provided may be obtained from the agency's web site.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds (continued)**

**A. Deposits and investments (continued)**

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. Because the City is responsible for the investment portfolio of its blended component units, the City's investment practices and policies disclosed herein apply equally to its component units. During the year ended September 30, 2019, the City did not own any types of securities other than those permitted by statute.

The government investment pool, TexPool, is carried at amortized cost and TexasTERM are carried at net asset value.

TexPool falls under the purview of the Texas Comptroller of Public Accounts ("Comptroller") who is responsible for oversight of TexPool operations. TexasTERM is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. Duties of the governing boards include oversight responsibility. The Comptroller and the governing boards exercise oversight of the pools' activities via daily, weekly, and monthly reporting requirements. Additionally, per the requirements of the Public Funds Investment Act ("PFIA"), all pools will maintain an AAA or equivalent rating from at least one nationally recognized rating agency. The PFIA also requires an annual examination of the financial statements of the pools by an independent certified public accounting firm.

As of September 30, 2019, the City held the following investments:

Investment Type	WAM	Rating	Rating Agency	Carrying Value
Investment Pools:				
TexPool	34	AAAm	S&P	\$ 33,729,614
Texas TERM	33	AAAm	S&P	5,423,245
Total Investment Pools				<u>39,152,859</u>
Commercial Paper	20	A-1	S&P	<u>2,597,076</u>
U.S. Treasuries	704	AA+	S&P	<u>45,368,281</u>
U.S. Agencies and Government Sponsored Entities:				
FHLB	668	AA+	S&P	2,039,792
FHLMC	794	AA+	S&P	1,708,627
FNMA	791	AA+	S&P	5,142,357
Municipal Bond	883	AA	S&P	393,815
Total U.S. Agencies and Government Sponsored Entities				<u>9,284,591</u>
Total Portfolio	420			<u>\$ 96,402,807</u>

In accordance with GASB Statement No. 72, "*Fair Value Measurement and Application*," the City records investments at fair value. However, for participating interest-earning investments contracts with maturities of one year or less at time of purchase, the City reports these investments at amortized cost.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds (continued)**

**A. Deposits and investments (continued)**

**Interest Rate Risk**

Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally-adopted investment policy, the City manages its exposure to declines in fair market value by limiting the portfolio's weighted average maturity to a maximum of 730 days. The City also employs an investment maturity laddering structure to stagger investment maturities at various monthly rungs on the ladder. This laddering structure provides the City with the ability to reinvest the proceeds from the maturities in higher-yielding securities given the proceeds are not required to meet immediate cash flow needs.

**Custodial Credit Risk**

Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of most deposits in excess of coverage, utilizes the delivery vs. payment method for investment purchases, and contracts with a third-party safekeeping agent. In conjunction with JP Morgan Chase, the City has exercised the option to accept a Federal Home Loan Bank Irrevocable Standby Letter of Credit, as the first \$9,600,000 of collateral.

Per the terms of its depository agreement, for bank deposits in excess of the coverage provided by the FDIC, the City requires the depository bank to pledge to the City securities (collateral) equal to the following percentages, as applicable, to the largest balances the City maintains in the Bank.

<u>Maturity of Collateral</u>	<u>U.S. Treasuries</u>	<u>Other Securities</u>
1 year or less	101%	102%
1 year to 5 years	102%	105%
Over 5 years	103%	110%

The percentages as shown reflect the requirement based on market value of the pledged securities.

The City's depository bank also acts as its safekeeping agent per the terms of the depository contract. City policy dictates that all securities rendered for payment will be sent delivery vs. payment meaning that the funds required for purchase of a security will not be released until the safekeeping agent has received the security purchased in the City's name. No broker holds City funds. The City does not purchase securities from its depository bank or any subsidiary banks of the same bank holding company.

**Credit Risk**

The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In order to minimize credit risk, the City limits investments to those rated as to investment quality of not less than "A" or its equivalent by a nationally recognized rating firm. Diversification of the portfolio is also employed to manage credit risk. The investment policy limits the percentage of the portfolio that may be invested in any specific type of security. Ratings for the City's investments and the percentage of the total portfolio of each investment type held at the end of year can be found on the first table in this section.



**Note III - Detailed Notes on all Funds (continued)**

**A. Deposits and investments (continued)**

**Other Post-Employment Benefit (“OPEB”) Trust Fund Investments**

The City has contracted with Public Agency Retirement Services (“PARS”) for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. The OPEB Plan does not have a formal policy for custodial credit risk. As of December 31, 2018 all investments are registered in the name of the OPEB Plan’s custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of \$2,164,345 as of December 31, 2018. The investment in master trust is classified in Level 3 of the fair value hierarchy using quoted market prices of the mutual funds owned by the trust, allocated among members. The Trust’s funds are invested in a mutual fund that is invested in equity, money market and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

- **Interest Rate Risk** – Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally-adopted investment policy, the Trust committee has chosen to use moderate risk levels. Exposure to market fluctuations can occur, and the investment strategy is reviewed annually to ensure that exposure to these market fluctuations is appropriate.
- **Custodial Credit Risk** – Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. The Trust is not covered by any collateral agreement or FDIC insurance.
- **Credit Risk** – The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk tolerance chosen by the Trust is moderate. The mutual fund investment is not rated.

**Fair Value of Assets**

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds (continued)**

**A. Deposits and investments (continued)**

**Recurring Measurements**

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value level:</b>				
U.S. Treasury Obligations	\$ 45,368,281	\$ -	\$ 45,368,281	\$ -
U.S. Agency Securities	9,284,591	-	9,284,591	-
Investment in Master Trust	2,164,345	-	-	2,164,345
Commercial Paper	2,597,076	-	2,597,076	-
<b>Total Investments by fair value level</b>	<b>59,414,293</b>	<b>\$ -</b>	<b>\$ 57,249,948</b>	<b>\$ 2,164,345</b>
<b>Investments measured at net asset value - TexasTERM</b>	5,423,245			
<b>Investments measured at amortized cost - TexPool</b>	<b>\$33,729,614</b>			
<b>Total investments</b>	<b>\$ 98,567,152</b>			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient or amortized cost have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

**Investments in State Investment Pools**

During the year, the City invested in multiple public investment pools, including TexPool and TexasTerm. TexasTerm is measured at net asset value and are designed to approximate the share value, while TexPool is measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds (continued)**

**B. Receivables**

Governmental and Business-type funds' receivables as of year-end for the City's major funds and non-major in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

**Governmental Funds:**

	<b>General Fund</b>	<b>General Capital Projects</b>	<b>General Debt Service</b>	<b>Parks and Recreation Development</b>	<b>Grants Fund</b>	<b>TIF #2 Capital Projects Fund</b>	<b>TIF #2 Debt Service Fund</b>	<b>Non-major</b>	<b>Total</b>
Accounts	\$ 696,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,757	\$ 851,720
Property taxes	794,289	-	-	-	-	-	-	-	794,289
Other taxes	2,114,586	-	-	891,648	-	-	-	966,788	3,973,022
Interest	14,737	9,880	971	3,798	656	9,408	9,285	6,905	55,640
Special assessments	-	132,657	-	-	-	-	-	-	132,657
Intergovernmental	145,695	-	-	-	4,308,360	-	-	-	4,454,055
Other	136,165	-	-	40,898	-	-	-	5,037	182,100
Total	3,902,435	142,537	971	936,344	4,309,016	9,408	9,285	1,133,487	10,443,483
Allowance	(522,145)	-	-	-	-	-	-	(2,675)	(524,820)
Total (net of allowance)	<u>\$ 3,380,290</u>	<u>\$ 142,537</u>	<u>\$ 971</u>	<u>\$ 936,344</u>	<u>\$ 4,309,016</u>	<u>\$ 9,408</u>	<u>\$ 9,285</u>	<u>\$ 1,130,812</u>	<u>\$ 9,918,663</u>

**Proprietary Funds:**

	<b>Utility</b>	<b>Aquatic Park</b>	<b>Golf</b>	<b>Total</b>	<b>Internal Service</b>
Accounts	\$ 5,934,199	\$ 22,140	\$ 24,016	\$ 5,980,355	\$ 10,924
Interest	13,372	1,540	709	15,621	14,868
Intergovernmental	509,592	-	-	509,592	-
Total	6,457,163	23,680	24,725	6,505,568	25,792
Allowance	(182,162)	-	-	(182,162)	-
Total (net of allowance)	<u>\$ 6,275,001</u>	<u>\$ 23,680</u>	<u>\$ 24,725</u>	<u>\$ 6,323,406</u>	<u>\$ 25,792</u>

**Unearned Revenue**

At the end of the current fiscal year, the various components of unearned revenue were as follows:

	<b>Unearned Revenue</b>
<b>General Fund:</b>	
Escrow deposits	\$ 18,838
LEOSE Public Safety proceeds	67,400
<b>Total General Fund</b>	<u>\$ 86,238</u>
<b>Parks and Recreation Development:</b>	
Centre and event deposits for future services	\$ 148,590
<b>Total Parks and Recreation Development</b>	<u>\$ 148,590</u>
<b>Enterprise Funds:</b>	
Advanced Payments, Gift Certificates, Store Credit	\$ 90,104
<b>Total Enterprise Funds</b>	<u>\$ 90,104</u>
<b>Internal Service Funds:</b>	
Information technology advance payments	\$ 15,554
<b>Total Internal Service Funds</b>	<u>\$ 15,554</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds (continued)**

**C. Capital assets**

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Primary Government</b>					
<b>Governmental activities:</b>					
Capital assets, nondepreciable:					
Land	\$ 78,545,166	\$ 759,755	\$ (820,782)	\$ -	\$ 78,484,139
Works of art	310,208	-	-	-	310,208
Assets held for sale	14,612	-	-	-	14,612
Construction in progress	33,713,027	9,923,124	(240,762)	(38,404,247)	4,991,142
Total nondepreciable	112,583,013	10,682,879	(1,061,544)	(38,404,247)	83,800,101
Capital assets, depreciable:					
Buildings	124,192,250	24,400	-	920,045	125,136,695
Other improvements	213,112,997	3,572,680	-	35,460,012	252,145,689
Machinery and equipment	28,630,642	3,515,509	(624,594)	2,024,190	33,545,747
Total depreciable	365,935,889	7,112,589	(624,594)	38,404,247	410,828,131
Less accumulated depreciation for:					
Buildings	(25,789,716)	(4,182,175)	-	-	(29,971,891)
Other improvements	(109,624,310)	(6,629,190)	268,285	-	(115,985,215)
Machinery and equipment	(16,423,605)	(1,671,142)	347,308	-	(17,747,439)
Total accumulated depreciation	(151,837,631)	(12,482,507)	615,593	-	(163,704,545)
<b>Total depreciable - net</b>	214,098,258	(5,369,918)	(9,001)	38,404,247	247,123,586
<b>Governmental activities - net</b>	<b>\$ 326,681,271</b>	<b>\$ 5,312,961</b>	<b>\$ (1,070,545)</b>	<b>\$ -</b>	<b>\$ 330,923,687</b>
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Primary Government</b>					
<b>Business-type activities:</b>					
Capital assets, nondepreciable:					
Land	\$ 2,579,137	\$ -	\$ -	\$ -	\$ 2,579,137
Construction in progress	909,468	1,918,165	(1,255,313)	-	1,572,320
Total nondepreciable	3,488,605	1,918,165	(1,255,313)	-	4,151,457
Capital assets, depreciable:					
Buildings	3,268,726	-	-	-	3,268,726
Utility plant	140,734,785	4,173,446	-	-	144,908,231
Other improvements	28,601,368	52,049	-	-	28,653,417
Machinery and equipment	5,693,608	208,387	(166,924)	-	5,735,071
Total depreciable	178,298,487	4,433,882	(166,924)	-	182,565,445
Less accumulated depreciation for:					
Buildings	(2,775,615)	(26,819)	-	-	(2,802,434)
Utility plant	(71,877,929)	(4,275,580)	-	-	(76,153,509)
Other improvements	(14,924,848)	(1,097,493)	-	-	(16,022,341)
Machinery and equipment	(4,053,441)	(383,537)	161,719	-	(4,275,259)
Total accumulated depreciation	(93,631,833)	(5,783,429)	161,719	-	(99,253,543)
<b>Total depreciable - net</b>	84,666,654	(1,349,547)	(5,205)	-	83,311,902
<b>Business-type activities - net</b>	<b>\$ 88,155,259</b>	<b>\$ 568,618</b>	<b>\$ (1,260,518)</b>	<b>\$ -</b>	<b>\$ 87,463,359</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds (continued)**

**C. Capital assets (continued)**

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

Governmental activities:	
General government	\$ 3,030,328
Public safety	1,056,171
Culture and recreation	2,349,880
Public works	5,386,606
Facilities and construction	27,375
Fleet services	555,371
Information systems	76,776
Total depreciation expense - governmental activities	<u>\$ 12,482,507</u>
Business-type activities:	
Water and sewer	\$ 4,470,895
Aquatic park	933,526
Golf course	379,008
Total depreciation expense - business-type activities	<u>\$ 5,783,429</u>

**Construction Commitments**

The City has active construction projects as of September 30, 2019. The projects include street construction, widening, and streetscaping; as well as construction of drainage facilities, parks and park improvements, and municipal facilities. At year-end the City's commitments with contractors were as follows:

	<b>Project Authorization</b>	<b>Expended to September 30, 2019</b>	<b>Committed</b>
Streets, drainage, public safety, park improvements, municipal facilities, equipment, and utility improvements	<u>\$ 129,792,745</u>	<u>\$ 6,563,462</u>	<u>\$ 123,229,283</u>

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 226,682
Capital projects fund	<u>4,208,460</u>
Total	<u>\$ 4,435,142</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds (continued)**

**D. Interfund Receivables, Payables, and Transfers**

At September 30, 2019, current interfund balances consisted of the following:

	Interfund Receivable	Interfund Payable
Governmental:		
General Fund	\$ 397,373	\$ -
Other governmental	-	397,373
Total governmental funds	<u>\$ 397,373</u>	<u>\$ 397,373</u>

In fiscal year 2018, the City approved a long-term interfund loan payable to be paid in future years from the Aquatic Park to the Self-Insurance fund. The original amount of the loan was \$500,000 and the amount outstanding as of September 30, 2019 was \$500,000.

Transfers In/Out amounts for Governmental and Proprietary Funds are as follows:

	Transfer in:								Total
	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development	Grants Fund	Other Governmental	Aquatic Park	Internal Service Funds	
Transfers out:									
Governmental:									
General Fund	\$ -	\$ 1,144,000	\$ -	\$ 487,102	\$ 3,852	\$ -	\$ -	\$ 85,492	\$ 1,720,446
General Capital Projects	1,100,000	194,419	401,166	-	913,032	124,977	81,476	-	2,815,070
Parks and Recreation Development	499,326	658,000	524,555	-	74,977	52,866	-	-	1,809,724
Grants Fund	-	-	-	-	-	240,786	-	-	240,786
Other governmental	263,478	1,448,638	268,276	-	83,088	83,618	-	-	2,147,098
Subtotal governmental funds	<u>1,862,804</u>	<u>3,445,057</u>	<u>1,193,997</u>	<u>487,102</u>	<u>1,074,949</u>	<u>502,247</u>	<u>81,476</u>	<u>85,492</u>	<u>8,733,124</u>
Proprietary:									
Utility fund	4,136,889	-	-	-	-	-	309,350	175,000	4,621,239
Subtotal enterprise funds	<u>4,136,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,350</u>	<u>175,000</u>	<u>4,621,239</u>
Internal service funds	519,706	997,480	-	-	-	-	12,900	-	1,530,086
Grand total	<u>\$ 6,519,399</u>	<u>\$ 4,442,537</u>	<u>\$ 1,193,997</u>	<u>\$ 487,102</u>	<u>\$ 1,074,949</u>	<u>\$ 502,247</u>	<u>\$ 403,726</u>	<u>\$ 260,492</u>	<u>\$ 14,884,449</u>

**Governmental**

In 2019, the General Fund received a net transfer of \$4,798,953 from other funds in the government. Transfers in of \$1,100,000 were received to offset operating and debt service impacts associated with the City Hall project from funds previously set aside for that purpose. Parks and Recreation Development Corporation transferred \$499,326 for indirect cost and to cover its portion of a sales tax based economic development incentive. The Crime Control District Fund also provided a transfer of \$30,119 for its share of the same sales tax based economic development incentive. The Utility fund transferred \$4,136,889 for payment for administration fees, payment in lieu of tax, and franchise fees.

During FY 2019, the General Fund transferred out to other funds a total of \$1,720,446. Transfers to General Capital Funds included \$1,144,000 for Streets and Sidewalks and Information Services capital projects. An operational supplement transfer of \$487,102 to the NRH Centre and \$85,492 was transferred to Informational Services Fund for a position related to the Communications / Detention consolidation. An additional \$3,852 was transferred from the General Fund for local required funding for grants.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds (continued)**

**D. Interfund Receivables, Payables, and Transfers (continued)**

**Governmental (continued)**

General Capital Projects received \$1,144,000 from the General Fund for street and sidewalk maintenance, drainage, information services projects, neighborhood reinvestments and facility construction projects. Parks and Recreation Development transferred \$658,000, including \$89,000 in impact fees, for new park facilities and infrastructure. Internal Service funds transferred \$997,480 for the purchase of machinery and equipment.

General Debt Service received transfers from self-supporting debt repayment sources each year. Parks and Recreation Development Corporation and Other Governmental transferred \$524,555 and \$268,276 respectively.

Parks and Recreation Development Corporation received a transfer for the General Fund's annual contribution for Recreation Centre operations in the amount of \$487,102.

Non-Major Governmental funds received additional funding for economic development projects from the Parks and Recreation Development Fund in the amount of \$52,866.

**Proprietary**

Internal Service Funds received additional funding to help offset non-capital project related costs above normal operations. Specifically, these transfers went to the Information Technology Fund and were respectively \$85,492 (General Fund) and \$175,000 (Utility Fund).

**E. Long-term debt**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets such as streets, drainage structures, and municipal facilities, as well as for the purpose of refunding a portion of its outstanding debt.

In prior year, the government defeased certificate of obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At September 30, 2019, the City did not have any defeased bonds outstanding.

General obligation bonds currently outstanding are as follows:

<b>Purpose</b>	<b>Interest Rates</b>	<b>Principal Amount</b>
Governmental activities	2.00 - 5.50%	\$ 53,875,000
Business-type activities	2.00 - 5.00%	3,930,000
		<u>\$ 57,805,000</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds (continued)**

**E. Long-term debt (continued)**

Annual debt service requirements to maturity for general obligations bonds are as follows:

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 5,325,000	\$ 1,704,753	\$ 510,000	\$ 133,050
2021	5,060,000	1,532,215	505,000	116,300
2022	4,870,000	1,366,984	500,000	98,625
2023	4,700,000	1,214,021	495,000	81,750
2024	4,455,000	1,071,759	370,000	68,025
2025	4,200,000	937,764	370,000	55,475
2026	4,195,000	802,850	360,000	41,838
2027	3,610,000	673,615	305,000	28,050
2028	3,495,000	552,674	295,000	14,700
2029	3,280,000	435,815	220,000	4,200
2030	3,020,000	326,660	-	-
2031	2,730,000	227,485	-	-
2032	2,635,000	134,988	-	-
2033	1,345,000	64,269	-	-
2034	855,000	21,619	-	-
2035	25,000	3,500	-	-
2036	25,000	2,500	-	-
2037	25,000	1,500	-	-
2038	25,000	500	-	-
	<u>\$ 53,875,000</u>	<u>\$ 11,075,471</u>	<u>\$ 3,930,000</u>	<u>\$ 642,013</u>

Private placement general obligation bonds currently outstanding are as follows:

<b>Purpose</b>	<b>Interest Rates</b>	<b>Principal Amount</b>
Governmental activities	2.00 - 5.50%	\$ 1,115,000
Business-type activities	2.00 - 5.00%	160,000
		<u>\$ 1,275,000</u>

Annual debt service requirements to maturity for private placement general obligations bonds are as follows:

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 280,000	\$ 22,328	\$ 20,000	\$ 3,435
2021	270,000	16,030	20,000	2,977
2022	265,000	9,904	20,000	2,519
2023	65,000	6,126	20,000	2,061
2024	60,000	4,695	20,000	1,603
2025	60,000	3,321	20,000	1,145
2026	60,000	1,947	20,000	687
2027	55,000	630	20,000	229
	<u>\$ 1,115,000</u>	<u>\$ 64,981</u>	<u>\$ 160,000</u>	<u>\$ 14,656</u>



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds (continued)**

**E. Long-term debt (continued)**

**Certificates of Obligation**

The City also issues certificates of obligation (“CO’s”) to finance the acquisition and construction of capital assets including certain capital improvement projects, municipal facilities, and machinery and equipment. The bonds are generally issued as 20-year serial bonds with equal amounts of principal maturing each year.

Certificates of Obligation bonds currently outstanding are as follows:

<b>Purpose</b>	<b>Interest Rates</b>	<b>Principal Amount</b>
Governmental activities	1.25 - 5.00%	\$ 47,395,000
Business-type activities	1.25 - 5.00%	14,665,000
		<u>\$ 62,060,000</u>

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

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 4,720,000	\$ 1,821,739	\$ 1,045,000	\$ 498,619
2021	4,665,000	1,660,301	1,015,000	470,575
2022	4,170,000	1,497,520	1,010,000	440,438
2023	4,165,000	1,336,930	975,000	410,004
2024	3,820,000	1,181,999	975,000	379,589
2025	3,765,000	1,031,012	915,000	347,698
2026	3,715,000	878,218	910,000	314,757
2027	3,685,000	723,290	910,000	280,037
2028	2,390,000	589,240	910,000	243,453
2029	1,980,000	488,980	900,000	206,688
2030	1,970,000	399,639	900,000	172,064
2031	1,845,000	313,600	875,000	140,142
2032	1,700,000	234,606	770,000	110,938
2033	1,700,000	159,847	510,000	87,766
2034	1,700,000	84,853	510,000	68,447
2035	445,000	40,025	475,000	49,663
2036	445,000	25,184	470,000	31,513
2037	400,000	11,066	300,000	16,863
2038	115,000	2,228	290,000	5,619
	<u>\$ 47,395,000</u>	<u>\$ 12,480,277</u>	<u>\$ 14,665,000</u>	<u>\$ 4,274,873</u>

**Capital Leases**

Golf Fund entered into a lease agreement as lessee for the financing the acquisition of golf cart equipment originally valued at \$336,793. The equipment has a four year estimated useful life with a remaining net book value of \$77,182. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019 was \$77,182.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note III - Detailed Notes on all Funds (continued)**

**E. Long-term debt (continued)**

**Changes in long-term liabilities**

Long-term liability activity for the year ended September 30, 2019, is reflected in the following tables.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 58,725,000	\$ 5,410,000	\$(10,260,000)	\$ 53,875,000	\$ 5,325,000
General obligation bonds -					
Private placement	1,420,000	-	(305,000)	1,115,000	280,000
Certificates of obligation	44,825,000	7,945,000	(5,375,000)	47,395,000	4,720,000
Premium on bond issues	4,779,904	738,173	(377,224)	5,140,853	-
Compensated absences	3,786,792	573,864	(1,088,217)	3,272,439	321,245
<b>Total Governmental Activities</b>	<u>\$ 113,536,696</u>	<u>\$ 14,667,037</u>	<u>\$(17,405,441)</u>	<u>\$ 110,798,292</u>	<u>\$ 10,646,245</u>
<b>Business-type Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 2,160,000	\$ 2,100,000	\$ (330,000)	\$ 3,930,000	\$ 510,000
General obligation bonds -					
Private placement	180,000	-	(20,000)	160,000	20,000
Certificates of obligation	12,455,000	5,915,000	(3,705,000)	14,665,000	1,045,000
Capital lease	175,413	-	(98,231)	77,182	77,182
Premium on bond issues	425,450	332,565	(62,124)	695,891	-
Discount on bond issues	(27,986)	-	25,944	(2,042)	-
Compensated absences	451,545	67,548	(83,861)	435,232	85,194
<b>Total Business-type Activities</b>	<u>\$ 15,819,422</u>	<u>\$ 8,415,113</u>	<u>\$ (4,273,272)</u>	<u>\$ 19,961,263</u>	<u>\$ 1,737,376</u>

**Current Year Debt Issuances**

In November 2018, the City issued Tax & Waterworks & Sewer Sys. (Ltd. Pledge) Revenue Certificates of Obligation, Series 2018, in the amount of \$13,860,000. The bonds were issued at a premium of \$762,576 and mature in fiscal year 2038 with interest rates ranging from 3.0% to 5.0%. The proceeds from the sale will be used for (i) street improvements, (ii) park and recreation improvements, (iii) the acquisition of fleet vehicles and equipment for the fire/emergency services department and public works department, (iv) information technology system improvements, (v) water and sewer system improvements, and (vi) professional services rendered in relation to such projects.

In November 2018, the City also issued General Obligation Refunding & Improvement Bonds, Series 2018, in the amount of \$7,510,000. The bonds were issued at a premium of \$345,405 and mature in fiscal year 2039 with interest rates ranging from 3.0% to 4.0%. The proceeds from the sale were used for (i) refunding a portion of the City's outstanding debt, (ii) street improvements, and (iii) payment of the costs of issuance of the bonds. The advance refunding transaction resulted in a deferred loss of \$137,633 and an economic gain of \$394,898.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note IV - Other Information**

**A. Risk Management**

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. Premiums are paid into the self-insurance internal service fund by all other participating funds and are available to pay claims, claim reserves, and administrative costs of the program.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for health and dental as well as workers' compensation claims that have been incurred but not reported ("IBNR"). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. An excess coverage medical insurance policy covers individual claims in excess of \$175,000 and/or \$9,445,195 in the aggregate for a 12-month period beginning on January 1, 2019. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2019</u>	<u>2018</u>
Unpaid claims, beginning of year	\$ 1,249,026	\$ 1,507,358
Incurred claims (including IBNR)	10,861,626	10,216,791
Claim expense	<u>(10,851,938)</u>	<u>(10,475,123)</u>
Unpaid claims, end of year	<u>\$ 1,258,714</u>	<u>\$ 1,249,026</u>

**B. Contingent Liabilities**

The City is a defendant in certain lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**C. Postemployment Benefits**

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is administered by Public Employees Benefit Services Corporation. In 1998, the City implemented the requirements of GASB No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. In accordance with this statement and tax law, the City has amended its trust agreements which establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities of the Plan in these basic financial statements.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note IV - Other Information (continued)**

**C. Postemployment Benefits (continued)**

**Retiree Healthcare Plan**

Plan Description - The City of North Richland Hills Retired Employees Healthcare Plan ("NRHREHP") is a single-employer defined benefit healthcare plan and is self-administered through an internal oversight committee (appointed by the City Manager through conveyed authority from City Council). NRHREHP provides medical, prescription, and dental insurance benefits to eligible retirees and their spouses. City council is the authoritative body granting health care benefits for both active and retired employees. The City provides postretirement health and dental care benefits for retirees and their dependents. The City does not have a separate audited generally accepted accounting principles financial report for the retiree health plan.

Benefits Provided – Full-time employees of the City who meet the City's requirements are eligible to participate in the retiree health care plan. Upon terminating from active service, employees must have separated in "good standing", be eligible to retire under the Texas Municipal Retirement System (age 60 with 5 years of service or 20 years of service at any age) with the declared intent to begin to receive an annuity check from TMRS, and must have been covered until the City's health plan on the retiree's last day of active employment. Reduced premium rates for medical and dental coverage are offered to eligible retirees that have attained age 55 at retirement and meet one of the following plan rules:

<u>Plan Rule</u>	<u>Multiplier</u>
90 Plan	1.00
85 Plan	1.25
80 Plan	1.50
Access Plan	1.75

To be eligible for the 90 Plan, 85 Plan or 80 Plan, retirees must have attained the applicable combined number of years of service plus age at time of retirement. To be eligible for the Access Plan, retirees must have attained age 60 with at least 10 years of service. Service requirements are based on continuous service with the City of North Richland Hills. Pre-65 medical premiums for 90 Plan retirees will be set to 20% of the total cost. Dental premiums for 90 Plan retirees are also reduced. For retirees that meet one of the other Plan Rules, applicable multiplier is applied to the premium rates for 90 Plan retirees. Medical coverage through the City's pre-65 health plan ceases when retirees/spouses become eligible for Medicare benefits. Vision benefits are available to retirees through a fully-insured plan in which retirees pay 100% of the vision premiums. The City does not provide life insurance coverage for retirees or their dependents.

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

<u>Membership</u>	
Retirees and beneficiaries	178
Inactive, nonretired members	-
Active members	539
Total	<u>717</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note IV - Other Information (continued)**

**C. Postemployment Benefits (continued)**

Contributions - The contribution requirements of plan members and the City are established and may be amended by the City Council members. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund. For plan year 2018, the City contributed a total of \$2,136,450 to the plan for benefit payments, which was for health insurance benefit payments.

Net OPEB Liability - The City's net OPEB liability ("NOL") was measured as of December 31, 2018 and the total OPEB liability ("TOL") used to calculate the NOL was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The TOL in the actuarial valuation was based on an actuarial valuation performed as of December 31, 2017. Update procedures were used to roll forward the TOL to the measurement date of December 31, 2018. The following are the actuarial assumptions:

Valuation Date:	December 31, 2017
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry-Age
Single Discount Rate	4.08% as of December 31, 2018
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Pre-65: Initial rate of 7.50% declining to an ultimate rate of 6.00% after 7 years; Pre-65: Ultimate trend rate includes a 1.75% adjustment for the excise tax; Post-65: Initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	85% for retirees meeting eligibility requirements for the 90 Plan; 75% for retirees meeting eligibility requirements for the 85 Plan; 60% for retirees meeting eligibility requirements for the 80 Plan; 60% for retirees meeting eligibility requirements for the Access Plan; 0% for retirees who are not eligible for any of the Plan Rules
Other Information:	
Notes	The Single Discount Rate changed from 3.71% as of December 31, 2017 to 4.08% as of December 31, 2018.

Discount Rate - Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on OPEB plan investments is 6.50%; the municipal bond rate is 3.71%; and the resulting Single Discount Rate is 4.08%.

Basis of Allocation - OPEB items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2019, those percentages were 83% and 17%, respectively, which approximated the prior year's allocations.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note IV - Other Information (continued)**

**C. Postemployment Benefits (continued)**

**Changes in Net OPEB Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
<b>Balance at December 31, 2017</b>	\$ 43,780,597	\$ 1,827,048	\$ 41,953,549
Service cost	1,380,982	-	1,380,982
Interest	1,612,101	-	1,612,101
Difference between expected and actual experience	(424,223)	-	(424,223)
Changes of assumptions	(1,473,549)	-	(1,473,549)
Contributions - employer	-	2,136,450	(2,136,450)
Net investment income	-	(79,800)	79,800
Benefits payments, including refunds of employee contributions	(2,036,450)	(2,036,450)	-
Administrative expense	-	(10,939)	10,939
Net changes	(941,139)	9,261	(950,400)
<b>Balance at December 31, 2018</b>	<u>\$ 42,839,458</u>	<u>\$ 1,836,309</u>	<u>\$ 41,003,149</u>

Changes of assumptions reflect a change in the Single Discount Rate from 3.71% as of December 31, 2017 to 4.08% as of December 31, 2018.

Consistent with the requirements of GASB Statement No. 74, the employer contributions include “amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets.” The employer contributions shown above include trust contributions of \$100,000 and benefit payments of \$2,036,450, which were paid by the City using its own assets.

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City’s net OPEB liability would be if it were calculate using a discount rate that is 1-percentage-point lower or 1-percentage higher than the current rate:

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
City's Net OPEB Liability	\$ 45,145,183	\$ 41,003,149	\$ 37,340,924

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note IV - Other Information (continued)**

**C. Postemployment Benefits (continued)**

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate, as well as what the City's net OPEB liability would be if it were calculate using a trend rate that is 1-percentage-point lower or 1-percentage higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's Net OPEB Liability	\$ 36,350,700	\$ 41,003,149	\$ 46,580,575

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB's plan Fiduciary Net Position is available in the basic financial statements section of the City of North Richland Hills Comprehensive Annual Financial Report for the year-ended September 30, 2019.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2019, the City recognized an OPEB expense of \$2,740,055.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in assumption changes	\$ 499,684	\$ 1,279,528
Differences between expected and actual experience	95,047	368,366
Contributions subsequent to the measurement date	1,121,158	-
	<u>\$ 1,715,889</u>	<u>\$ 1,647,894</u>

\$1,121,158 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30,	Amount
2020	\$ (142,314)
2021	(142,314)
2022	(142,312)
2023	(120,277)
2024	(160,566)
Thereafter	(345,380)
	<u>\$ (1,053,163)</u>

**Note IV - Other Information (continued)**

**D. Employee Retirement System and Pension Plan**

**Plan Description**

The City of North Richland Hills participates as one of 887 plans in the nontraditional, joint contributory, hybrid agent multiple-employer 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 issue a comprehensive annual financial report ("CAFR") available to the public that can be obtained at [www.tmr.org](http://www.tmr.org).

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 accumulated contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven 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 member's deposits and interest.

Benefits depend upon the sum of the employees' contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% and 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. An updated service credit is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note IV - Other Information (continued)**

**D. Employee Retirement System and Pension Plan (continued)**

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

Inactive employees or beneficiaries currently receiving benefits	382
Inactive employees entitled to but not yet receiving benefits	301
Active employees	544
	<u>1,227</u>

**Contributions**

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.12% and 16.15% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$5,905,942, and were equal to the required contributions.

**Net Pension Liability**

The City's net pension liability ("NPL") was measured as of December 31, 2018, and the total pension liability ("TPL") used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Years smoothed market; 15% soft corridor
Inflation	2.50%
Overall payroll growth	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note IV - Other Information (continued)**

**D. Employee Retirement System and Pension Plan (continued)**

In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal ("EAN") actuarial cost method. Assumptions are reviewed annually. 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 investment was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

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

**Discount Rate**

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

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note IV - Other Information (continued)**

**D. Employee Retirement System and Pension Plan (continued)**

**Basis of Allocation**

Pension items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2019, those percentages were 83% and 17%, respectively, which approximated the prior year's allocations.

**Changes in Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Balance at September 30, 2018</b>	\$ 246,948,209	\$ 230,179,216	\$ 16,768,993
Changes for the year:			
Service cost	6,406,497	-	6,406,497
Interest	16,482,949	-	16,482,949
Difference between expected and actual experience	(455,398)	-	(455,398)
Contributions - employer	-	5,737,359	(5,737,359)
Contributions - employee	-	2,491,416	(2,491,416)
Net investment income	-	(6,894,711)	6,894,711
Benefits payments, including refunds of employee contributions	(11,919,243)	(11,919,243)	-
Administrative expense	-	(133,257)	133,257
Other changes	-	(6,962)	6,962
Net changes	10,514,805	(10,725,398)	21,240,203
<b>Balance at September 30, 2019</b>	<u>\$ 257,463,014</u>	<u>\$ 219,453,818</u>	<u>\$ 38,009,196</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 6.75%, as well as what the City's net pension liability would be if it were calculate using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 75,016,295	\$ 38,009,196	\$ 7,751,501

**Pension Plan Fiduciary Net Position**

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

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note IV - Other Information (continued)**

**D. Employee Retirement System and Pension Plan (continued)**

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

For the year ended September 30, 2019, the City recognized pension expense of \$8,526,398.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 11,892,757	\$ -
Difference in assumption changes	-	91,221
Differences between expected and actual experience	307,906	1,514,469
Contributions subsequent to the measurement date	4,302,946	-
	<u>\$ 16,503,609</u>	<u>\$ 1,605,690</u>

\$4,302,946 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	Amount
2020	\$ 3,360,054
2021	1,233,404
2022	1,573,693
2023	4,427,822
	<u>\$ 10,594,973</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note IV - Other Information (continued)**

**E. Tax Incentive Rebates**

The City of North Richland Hills has three (3) active Commercial Development and Job-Related Incentive Rebates that develop or redevelop a particular property attracting business that generates incremental tax revenues. The agreements are subject to Chapter 380 of the Texas Local Government Code that promotes local economic development, commercial activity and business stimulation. City Council approves the agreements via resolution. As part of the agreement, the City agrees to rebate the tax valorem tax increment and the local sales tax after confirmation of payment. If the businesses do not meet the obligations as set forth in the agreement, a clawback provision for default on agreement is included in the agreement and the business agrees return a percentage of the rebate back to the City. Total rebate of taxes as of September 30, 2019 was \$200,363.

The City also paid a \$450,000 initial grant advance to a business which represents the estimated amount equal to 75% of the first five years of projected incremental City ad valorem tax and 1 cent general fund sales tax. Per the Chapter 380 agreement, the City will track the incremental revenue generated from the property on an annual basis which will be credited back to the City until the initial grant advance amount is repaid.

**F. New Accounting Pronouncements Adopted in 2019:**

The Governmental Accounting Standards Board ("GASB") has issued the following statements which were implemented in the current fiscal year.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement establishes uniform criteria for governments to recognize and measure certain asset retirement obligations ("ARO"s). An ARO is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. Examples could be costs associated with decommissioning a nuclear power plant or disposal of x-ray machine. An ARO is recognized when the liability is incurred, which is manifested by the occurrence of both an external obligating event (such as a legally binding contract or a court judgment) and an internal obligating event (such as placing a tangible capital asset into service). A government also recognizes a deferred outflow of resources when it recognizes an ARO liability. The ARO is measured at the best estimate of the current value of outlays expected to be incurred. Additional note disclosures are required. This standard had no effect on the City in fiscal year 2019.

GASB Statement No. 88, *Certain Disclosures Related to Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This City had direct placements that qualified for recognition under this statement.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This standard becomes effective for the City in fiscal year 2021. However, the City has elected to early implement this standard in fiscal year 2019. This standard had no effect on the City in fiscal year 2019.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS (continued)**

**Note IV - Other Information (continued)**

**G. Implementation of Future GASB Statements**

The Governmental Accounting Standards Board (“GASB”) has issued the following new statements to be implemented in future years.

GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries. This standard becomes effective for the City in fiscal year 2020.

GASB Statement No. 87, *Leases*. This statement provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and non-lease components will need to be separated so each component is accounted for accordingly. This standard becomes effective for the City in fiscal year 2021. However, the City has elected to early implement this standard in fiscal year 2020.

**H. Subsequent Events**

In October 2019, the City created a reinvestment zone, pursuant to Chapter 311 of the Texas Tax Code, to be known as Reinvestment Zone Number Three (the “Zone”). A Tax Increment Fund (“TIF”) was created with funding to come from 25% of the growth in property tax revenues generated by the new construction in the Zone. The TIF is capped at an amount not to exceed \$4.2 million from the City and \$1.7 million from Tarrant County over a 20-year period. Through the creation of a Public Improvement District (“PID”), property owners in the Zone will be assessed an annual fee to fund the remaining costs.

In November 2019, the City issued (1) Series 2019 General Obligation Refunding Bonds in the amount of \$3,985,000, (2) Series 2019A Tax & Waterworks & Sewer System (Ltd. Pledge) Revenue, Certificates of Obligation in the amount of \$6,040,000, and (3) Series 2019B Tax & Waterworks & Sewer System (Ltd. Pledge) Revenue Certificates of Obligation in the amount of \$3,335,000.

In December 2019, the City issued (1) Series 2019 Special Assessment Revenue Bonds (City Point Improvement District Improvement Zone A Project) in the amount of \$2,615,000 and (2) Series 2019 Special Assessment Revenue Bonds (City Point Public Improvement District Improvement Zone B Project) in the amount of \$8,965,000.

## **Required Supplementary Information**





NRH Public Works street division crews replace a section along a residential street. In 2019, the Street Division resurfaced approximately 5 miles of residential streets. Additionally, the Street Division excavated and patched over 121,450 square feet of asphalt pavement and sealed approximately 16 miles of pavement.



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**For the Year Ended September 30, 2019**

	Measurement Year December 31,				
	2014	2015	2016	2017	2018
<b>Total Pension Liability</b>					
Service cost	\$ 5,572,383	\$ 5,732,122	\$ 5,991,326	\$ 6,191,617	\$ 6,406,497
Interest (on the total pension liability)	14,176,755	14,861,355	14,990,680	15,687,433	16,482,949
Difference between expected and actual experience	(1,880,743)	(1,819,900)	(1,803,452)	523,226	(455,398)
Change of assumptions	-	(452,493)	-	-	-
Benefit payments, including refunds of employee contributions	(7,376,810)	(8,959,709)	(8,383,529)	(9,529,337)	(11,919,243)
<b>Net Change in Total Pension Liability</b>	<b>10,491,585</b>	<b>9,361,375</b>	<b>10,795,025</b>	<b>12,872,939</b>	<b>10,514,805</b>
<b>Total Pension Liability - Beginning</b>	<b>203,427,285</b>	<b>213,918,870</b>	<b>223,280,245</b>	<b>234,075,270</b>	<b>246,948,209</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 213,918,870</b>	<b>\$ 223,280,245</b>	<b>\$ 234,075,270</b>	<b>\$ 246,948,209</b>	<b>\$ 257,463,014</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 5,636,415	\$ 5,468,306	\$ 5,409,161	\$ 5,623,410	\$ 5,737,359
Contributions - employee	2,236,673	2,280,541	2,328,666	2,410,529	2,491,416
Net investment income	10,400,524	284,162	12,939,363	28,219,967	(6,894,711)
Benefit payments, including refunds of employee contributions	(7,376,810)	(8,959,709)	(8,383,529)	(9,529,337)	(11,919,243)
Administrative expense	(108,580)	(173,081)	(146,139)	(146,245)	(133,257)
Other	(8,929)	(8,547)	(7,874)	(7,411)	(6,962)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>10,779,293</b>	<b>(1,108,328)</b>	<b>12,139,648</b>	<b>26,570,913</b>	<b>(10,725,398)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>181,797,690</b>	<b>192,576,983</b>	<b>191,468,655</b>	<b>203,608,303</b>	<b>230,179,216</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 192,576,983</b>	<b>\$ 191,468,655</b>	<b>\$ 203,608,303</b>	<b>\$ 230,179,216</b>	<b>\$ 219,453,818</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 21,341,887</b>	<b>\$ 31,811,590</b>	<b>\$ 30,466,967</b>	<b>\$ 16,768,993</b>	<b>\$ 38,009,196</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>90.02%</b>	<b>85.75%</b>	<b>86.98%</b>	<b>93.21%</b>	<b>85.24%</b>
<b>Covered Payroll</b>	<b>\$ 31,952,469</b>	<b>\$ 32,568,873</b>	<b>\$ 33,266,663</b>	<b>\$ 34,436,087</b>	<b>\$ 35,591,651</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>66.79%</b>	<b>97.67%</b>	<b>91.58%</b>	<b>48.70%</b>	<b>106.79%</b>

Changes in assumptions: In the 2015 valuation, the investment rate of return decreased from 7.0% to 6.75%, the discount rate decreased from 7.0% to 6.75%, and the inflation rate decreased from 3.0% to 2.5%

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**For the Year Ended September 30, 2019**

	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Actuarially determined contribution	\$ 5,528,987	\$ 5,417,111	\$ 5,559,812	\$ 5,727,471	\$ 5,905,942
Contributions in relation to the actuarially determined contribution	\$ 5,528,987	\$ 5,417,111	\$ 5,559,812	\$ 5,727,471	\$ 5,905,942
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 32,471,592	\$ 33,017,098	\$ 34,086,933	\$ 35,403,126	\$36,587,770
Contributions as a percentage of covered payroll	17.03%	16.41%	16.31%	16.18%	16.14%

Notes:

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rate:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year Smoothed Market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information: There were no benefit changes during the year.

The information in this schedule has been determined as of the City's fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NORTH RICHLAND HILLS RETIRED EMPLOYEES HEALTHCARE PLAN**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**For the Year Ended September 30, 2019**

	<u>Measurement Year</u> <u>December 31,</u> <u>2017</u>	<u>Measurement Year</u> <u>December 31,</u> <u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 3,033,865	\$ 1,380,982
Interest on the total OPEB liability	2,939,073	1,612,101
Changes of benefit terms	(36,006,639)	-
Difference between expected and actual experience	-	(424,223)
Change of assumptions	678,308	(1,473,549)
Benefit payments	(2,192,748)	(2,036,450)
<b>Net Change in Total OPEB Liability</b>	(31,548,141)	(941,139)
<b>Total OPEB Liability - Beginning</b>	75,328,738	43,780,597
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 43,780,597</u>	<u>\$ 42,839,458</u>
 <b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 2,292,748	\$ 2,136,450
Net investment income	212,194	(79,800)
Benefit payments	(2,192,748)	(2,036,450)
Administrative expense	(8,770)	(10,939)
<b>Net Change in Plan Fiduciary Net Position</b>	303,424	9,261
<b>Plan Fiduciary Net Position - Beginning</b>	1,523,624	1,827,048
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 1,827,048</u>	<u>\$ 1,836,309</u>
 <b>Net OPEB Liability - Ending (a) - (b)</b>	\$ 41,953,549	\$ 41,003,149
 <b>Plan Fiduciary Net Position as a Percentage of</b>		
<b>Total OPEB Liability</b>	4.17%	4.29%
 <b>Covered Payroll</b>	\$ 33,455,733	\$ 34,555,433
 <b>Net OPEB Liability as a Percentage of Covered Payroll</b>	125.40%	118.66%

Ending balances are as of the measurement date, December 31, 2018

Changes of assumptions reflect a change in the Single Discount Rate from 3.71% as of December 31, 2017 to 4.08% as of December 31, 2018.

Consistent with the requirements of GASB Statement No. 74, the employer contributions include "amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets."

The employer contributions shown above include trust contributions of \$100,000 and benefit payments of \$2,036,450, which were paid by the City using its own assets.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2019**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes				
Property taxes (penalties & interest included)	\$ 18,048,842	\$ 18,048,842	\$ 17,979,078	\$ (69,764)
City sales taxes	10,395,887	10,189,931	10,227,474	37,543
Mixed beverage taxes	145,333	151,000	154,095	3,095
Franchise taxes	5,085,317	5,097,140	5,142,786	45,646
Sub-total taxes	33,675,379	33,486,913	33,503,433	16,520
Fines and forfeitures	2,137,226	2,028,210	2,088,400	60,190
Licenses and permits	2,205,100	2,483,973	2,935,022	451,049
Charges for services	2,458,053	2,338,850	2,239,538	(99,312)
Intergovernmental	5,515,015	5,339,928	5,344,328	4,400
Miscellaneous	2,373,032	2,513,220	2,830,912	317,692
Sub-total non-tax revenues	14,688,426	14,704,181	15,438,200	734,019
Other appropriations				
Court technology funds	-	3,436	-	(3,436)
Previous year encumbrances	-	185,284	-	(185,284)
Sub-total other appropriations	-	188,720	-	(188,720)
<b>Total Revenues</b>	<b>48,363,805</b>	<b>48,379,814</b>	<b>48,941,633</b>	<b>561,819</b>
<b>Expenditures</b>				
City council	133,893	141,383	118,122	23,261
City manager	686,945	687,474	686,245	1,229
Communications	383,452	391,254	373,989	17,265
City secretary	460,637	460,813	450,507	10,306
Legal	411,439	411,615	385,459	26,156
Human resources	136,869	137,116	130,580	6,536
Finance	746,670	751,068	739,815	11,253
Budget & research	417,313	417,312	408,409	8,903
Municipal court	1,402,604	1,323,495	1,243,624	79,871
Planning & inspections	1,334,141	1,348,137	1,335,856	12,281
Economic development	350,163	314,043	306,946	7,097
Library	2,219,861	2,222,683	2,174,011	48,672
Neighborhood services	2,071,606	2,054,924	1,958,927	95,997
Public works	3,340,412	3,291,137	3,210,817	80,320
Parks & recreation	1,651,509	1,619,694	1,554,676	65,018
Police	15,014,364	15,174,651	14,995,596	179,055
Fire	13,621,936	13,465,326	13,195,347	269,979
Building services	812,101	812,101	812,101	-
Non-departmental	1,111,037	1,361,769	1,061,921	299,848
Sub-total departments	46,306,952	46,385,995	45,142,948	1,243,047
Other & Reserves				
Reserves	137,259	137,735	135,970	1,765
Transfers out	1,716,594	1,716,594	1,720,846	(4,252)
Economic development incentives	203,000	139,490	200,373	(60,883)
Sub-total other & reserves	2,056,853	1,993,819	2,057,189	(63,370)
<b>Total Expenditures</b>	<b>48,363,805</b>	<b>48,379,814</b>	<b>47,200,137</b>	<b>1,179,677</b>
<b>Net Increase (Decrease)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,741,496</b>	<b>\$ 1,741,496</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL -**  
**PARKS AND RECREATION DEVELOPMENT CORPORATION FUND**  
**For the Year Ended September 30, 2019**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Sales tax	\$ 5,197,739	\$ 5,094,966	\$ 5,113,739	\$ 18,773
Interest income	40,600	69,745	83,943	14,198
Youth assn. maintenance fees	35,500	38,809	39,257	448
Tennis center revenue	365,300	386,500	405,174	18,674
Park impact fees	95,000	252,000	448,940	196,940
Insurance	-	69,990	74,910	4,920
Other income	900	800	2,169	1,369
Appropriation of fund balance	-	90,360	-	(90,360)
Subtotal PARD revenues (excluding NRH Centre)	5,735,039	6,003,170	6,168,132	164,962
NRH Centre:				
Memberships/drop-in passes	1,390,000	1,420,000	1,409,720	(10,280)
Fitness	450,000	428,000	406,868	(21,132)
Recreation/sports	296,000	349,000	429,693	80,693
Grand hall rental	273,100	468,550	515,941	47,391
Catering & event fees	17,900	31,450	31,942	492
Aquatic programs	245,000	255,000	227,944	(27,056)
Pool rental	4,000	3,000	10,961	7,961
Gym rental	4,000	16,000	19,143	3,143
Concessions/merchandise	27,000	27,000	45,006	18,006
Special events	10,000	8,783	8,743	(40)
Other	10,000	10,000	10,504	504
General fund	487,102	487,102	487,102	-
Subtotal NRH Centre revenues (only)	3,214,102	3,503,885	3,603,567	99,682
<b>Total Revenues</b>	<b>\$ 8,949,141</b>	<b>\$ 9,507,055</b>	<b>\$ 9,771,699</b>	<b>\$ 264,644</b>
<b>Expenditures</b>				
Operating:				
Park facilities development administration	\$ 846,010	\$ 902,832	\$ 900,472	\$ 2,360
Parks & public grounds	2,174,057	2,237,607	2,156,320	81,287
Tennis center operations	627,412	627,010	540,068	86,942
Sub-total operating	3,647,479	3,767,449	3,596,860	170,589
NRH Centre:				
Center management	776,077	776,959	753,512	23,447
Fitness	404,955	404,955	416,150	(11,195)
Building operations	218,334	219,040	253,884	(34,844)
Aquatic	653,093	665,445	670,266	(4,821)
Recreation sports	291,862	313,195	278,770	34,425
Event center	300,451	430,537	409,219	21,318
Building services	274,090	274,090	274,090	-
Sub-total NRH Centre	2,918,862	3,084,221	3,055,891	28,330
Other & Reserves				
Debt service	524,550	524,555	524,555	-
Indirect costs	499,065	499,003	499,326	(323)
Non-department	52,402	75,719	44,706	31,013
Reserve for capital	1,001,600	966,070	658,000	308,070
Reserve for economic development	129,943	127,374	127,843	(469)
Reserve for impact fees	-	163,000	448,940	(285,940)
Reserve for NRH Centre	175,240	299,664	-	299,664
Sub-total other & reserves	2,382,800	2,655,385	2,303,370	352,015
<b>Total Expenditures</b>	<b>\$ 8,949,141</b>	<b>\$ 9,507,055</b>	<b>\$ 8,956,121</b>	<b>\$ 550,934</b>
<b>Net Increase (Decrease) - Parks</b>			<b>\$ 547,676</b>	
<b>Net Increase (Decrease) - NRH Centre only</b>			<b>267,902</b>	
<b>Net Increase (Decrease) - Total</b>			<b>\$ 815,578</b>	

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
*For the Year Ended September 30, 2019*

**Note A - Budgetary Information**

Annual budgets are adopted on a modified cash basis for the following: General, General Debt Service, Promotional, Donations, Special Investigations, Drainage Utility, Parks and Recreation Development, Crime Control District, Gas Development, Traffic Safety, Utility, Aquatic Park, Golf, Facilities and Construction, Fleet Services, Self-Insurance, and Information Technology. The General Capital Projects Fund and Grants Fund adopt project-length budgets.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance.

The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to make inter-departmental and inter-fund transfers during the fiscal year as deemed necessary in order to avoid over-expenditure of particular accounts. After the budget is adopted, the City Manager is not allowed to authorize any expenditure that exceeds total funds in the overall budget without amending the budget through City Council action. There are instances where transfers on the financial statements may not tie directly to the transfers as presented in supplemental information. As a result of management directive, city practice, or efforts to more specifically identify transfers by purpose, it is possible for individual transfers to be referenced by another title consistent with how the budget was developed by staff and adopted by Council. During the fiscal year City budget appropriations were increased by \$1,117,886.

Legally Adopted Fund	Original	Final	Revision Increase (Decrease)	Explanation
General Fund	\$ 48,363,805	\$ 48,379,814	\$ 16,009	The net budgetary increase was for prior year encumbrances.
General Debt Service	12,187,902	12,090,571	(97,331)	The decrease was due to a lower than anticipated debt service payment for the year due to a refunding issuance.
Parks and Recreation	8,949,141	9,507,055	557,914	A significant portion of budgetary increase was to reflect the anticipated increase in the contributions to reserves. In addition a portion of the increase was for additional expenditures at the NRH Centre Grand hall due to increases in attendance. The revision was funded through additional revenues generated by the NRH Centre.
Promotional	285,500	290,000	4,500	The budgetary increase was for an additional contribution to reserves.
Donations	298,388	329,755	31,367	The budgetary increase was for prior year encumbrances.
Special Investigations	261,325	261,325	-	There was no change from the original budget.
Drainage Utility Fund	1,649,755	920,000	(729,755)	The budgetary decrease was to reflect a lower contribution to reserves based on a change in the anticipated timing of the adoption of a fee rate change.
Crime Control District	5,567,958	5,709,184	141,226	The budgetary increase was for prior year encumbrances.
Traffic Safety	1,096,015	843,129	(252,886)	The budgetary decrease was due to the elimination of the red light safety program due to changes in state law that took effect in 2019.
Gas Development	528,300	1,576,800	1,048,500	The budgetary increase included an increased in contributions to reserves.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)**  
**For the Year Ended September 30, 2019**

**Note A - Budgetary Information (continued)**

Legally Adopted Fund	Original	Final	Revision Increase (Decrease)	Explanation
Utility	\$ 35,364,459	\$ 34,866,435	\$ (498,024)	The budgetary decrease was primarily due to a reduction in anticipated water purchases this fiscal year based on heavy rainfall experienced through Q2 of the fiscal year.
Aquatic Park	4,568,509	4,183,593	(384,916)	Funding requirements were reduced in this fund as staff forecasted lower attendance at the park than originally forecasted in the adopted budget. The lower forecast was in large part due to unfavorable weather conditions during critical operating days.
Golf	2,601,454	2,566,361	(35,093)	Funding requirements were reduced in this fund as staff forecasted lower attendance at the park than originally forecasted in the adopted budget. The lower forecast was in large part due to unfavorable weather conditions during critical operating days.
Facilities and Construction	2,985,340	3,083,460	98,120	The budgetary revision reflected an increase to fund renovations at Fire Station 5.
Fleet Services	4,591,313	5,204,463	613,150	The budgetary increase was for prior year encumbrances.
Self Insurance	15,058,070	15,312,226	254,156	The budgetary increase was an increase in the contribution to reserves.
Information Technology	3,641,821	3,992,770	350,949	The budgetary increase was for prior year encumbrances and for additional funding requirements for the replacement of the City's enterprise resources planning system.
Total	<u>\$ 147,999,055</u>	<u>\$ 149,116,941</u>	<u>\$ 1,117,886</u>	

**Note B - General Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	\$ 1,741,496
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	60,237
The City budgets specific "Reserves" expenditures as an outflow but in GAAP statements it is not an expenditures: Peg Franchise Fees Reserves.	135,970
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	291,260
Increase (decrease) in miscellaneous revenue are not considered a resource/inflow for budgetary recognition because payment for services will be received in subsequent fiscal year.	(58,981)
Outflow of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditures recognition until the period of coverage.	<u>(15,263)</u>
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Balances - Governmental Fund - General Fund	<u>\$ 2,154,719</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)**  
**For the Year Ended September 30, 2019**

**Note C - Parks and Recreation Development Corporation Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	\$ 815,578
The City budgets specific "Reserves" expenditures as an outflow but in GAAP statements it is not an expenditures: Net Operations from Parks Maintenance, Tennis Center, and Recreation Centre for future capital or operational needs	448,940
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	57,699
Outflow of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditures recognition until the period of coverage.	496,707
Reclassification of Administrative Fees paid to the General Fund from other funds, which are considered a transfer of funds	<u>(499,328)</u>
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Balance - Governmental Fund - Parks and Recreation Development Corporation	<u>\$ 1,319,596</u>



## **Other Supplementary Information**





The NRH Centre is North Richland Hills premier fitness, aquatics and activity center and is designed to be the Centre of your active, healthy and connected world. As Tarrant County's first LEED certified recreation center, the NRH Centre is built and operated using sustainable features to minimize its impact on the environment. The Centre includes indoor aquatics, fitness, gymnasium, a senior center, and the Grand Hall for events

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

The Promotional Fund accounts for the operations and expenditures for which hotel/motel occupancy taxes are used. Occupancy tax revenues are primarily to attract tourist and new businesses to the City.

The Donations Fund holds funds contributed (donated) to the City for special projects earmarked by requests or nonrecurring expenditures. It primarily collects and holds funds that are voluntarily given by the citizens via adding \$1.50 to their water utility billing which is then distributed to support the activities of the library and neighborhood services departments.

The Special Investigations Fund is mandated by state statute to account for various legal seizure and forfeiture deposits and expenditures.

The Drainage Utility Fund accounts for the establishment of drainage facilities within the municipal boundaries of the City and the subsequent billing and collection of fees so established.

The Crime Control and Prevention District Fund accounts for the accumulation and use of half-cent sales tax proceeds dedicated for crime prevention and reduction programs.

The Economic Development Fund accounts for the accumulation and expenditure of resources designed to stimulate the local economy through development and redevelopment.

The Traffic Safety Fund accounts for funds collected from various red-light traffic safety cameras. These resources assist with funding of various traffic safety projects.

The Gas Development Fund accounts for the accumulation and expenditures of resources from gas drilling and exploration on City owned property.

### **CAPITAL PROJECTS FUND**

Tax Increment Financing District #1 (TIF #1) Capital Projects Fund is to fund drainage improvements that would alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development for the benefit of citizens within TIF #1.

### **DEBT SERVICE FUNDS**

The Tax Increment Financing District #1 (TIF #1) Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on the debts of TIF #1.

The Sales Tax Revenue Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on sales tax revenue bonds.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
September 30, 2019

Page 1 of 3

	<b>Special Revenue</b>			
	<b>Promotional</b>	<b>Donations</b>	<b>Special Investigations</b>	<b>Drainage Utility</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 272,334	\$ 231,276	\$ 135,423	\$ 400,962
Investments	431,535	401,977	277,838	579,320
Receivables, net of allowance:				
Accounts	-	-	-	149,282
Other taxes receivable	73,313	-	-	-
Interest receivable	639	595	411	858
Other receivables	-	-	-	-
Assets limited to use:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
<b>Total assets</b>	<b>\$ 777,821</b>	<b>\$ 633,848</b>	<b>\$ 413,672</b>	<b>\$ 1,130,422</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 4,513	\$ 2,936	\$ -
Accrued liabilities	4,578	-	332	-
Intergovernmental payables	-	-	-	-
Deposits and other liabilities	-	11	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>4,578</b>	<b>4,524</b>	<b>3,268</b>	<b>-</b>
<b>Fund Balance</b>				
Restricted:				
Crime control district	-	-	-	-
Debt service	-	-	-	-
Promotional & economic development	773,243	-	-	-
Public safety	-	-	410,404	-
Capital projects (bond funded)	-	-	-	-
Committed:				
Donations	-	629,324	-	-
Drainage Utility	-	-	-	1,130,422
Gas development	-	-	-	-
<b>Total fund balance</b>	<b>773,243</b>	<b>629,324</b>	<b>410,404</b>	<b>1,130,422</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$ 777,821</b>	<b>\$ 633,848</b>	<b>\$ 413,672</b>	<b>\$ 1,130,422</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
September 30, 2019

Page 2 of 3

	<b>Special Revenue</b>			
	<b>Crime Control District</b>	<b>Economic Development</b>	<b>Traffic Safety</b>	<b>Gas Development</b>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 388,362	\$ 1,198,610
Investments	-	-	638,434	1,767,518
Receivables, net of allowance:				
Accounts	2,800	-	-	-
Other taxes receivable	893,475	-	-	-
Interest receivable	-	499	945	2,617
Other receivables	-	-	-	5,037
Assets limited to use:				
Cash and cash equivalents	-	200,861	-	-
Investments	-	312,091	-	-
<b>Total assets</b>	<b>\$ 896,275</b>	<b>\$ 513,451</b>	<b>\$ 1,027,741</b>	<b>\$ 2,973,782</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,226	\$ -	\$ 121,590	\$ -
Accrued liabilities	129,838	-	10,846	-
Intergovernmental payables	-	-	94,375	-
Deposits and other liabilities	-	-	-	-
Due to other funds	56,263	341,110	-	-
<b>Total liabilities</b>	<b>188,327</b>	<b>341,110</b>	<b>226,811</b>	<b>-</b>
<b>Fund Balance</b>				
Restricted:				
Crime control district	707,948	-	-	-
Debt service	-	-	-	-
Promotional & economic development	-	172,341	-	-
Public safety	-	-	800,930	-
Capital projects (bond funded)	-	-	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	2,973,782
<b>Total fund balance</b>	<b>707,948</b>	<b>172,341</b>	<b>800,930</b>	<b>2,973,782</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$ 896,275</b>	<b>\$ 513,451</b>	<b>\$ 1,027,741</b>	<b>\$ 2,973,782</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
 September 30, 2019

Page 3 of 3

	<u>Capital Projects</u>	<u>Debt Service</u>		<u>Total</u>
	<u>TIF #1 Capital Projects Fund</u>	<u>TIF #1 Debt Service Fund</u>	<u>Sales Tax Revenue Bond</u>	<u>Non-major Governmental</u>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,626,967
Investments	64,774	-	-	4,161,396
Receivables, net of allowance:				
Accounts	-	-	-	152,082
Other taxes receivable	-	-	-	966,788
Interest receivable	96	-	245	6,905
Other receivables	-	-	-	5,037
Assets limited to use:				
Cash and cash equivalents	-	-	104,924	305,785
Investments	204,603	-	165,520	682,214
<b>Total assets</b>	<u>\$ 269,473</u>	<u>\$ -</u>	<u>\$ 270,689</u>	<u>\$ 8,907,174</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 131,265
Accrued liabilities	-	-	-	145,594
Intergovernmental payables	-	-	-	94,375
Deposits and other liabilities	-	-	-	11
Due to other funds	-	-	-	397,373
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>768,618</u>
<b>Fund Balance</b>				
Restricted:				
Crime control district	-	-	-	707,948
Debt service	-	-	270,689	270,689
Promotional & economic development	-	-	-	945,584
Public safety	-	-	-	1,211,334
Capital projects (bond funded)	269,473	-	-	269,473
Committed:				
Donations	-	-	-	629,324
Drainage Utility	-	-	-	1,130,422
Gas development	-	-	-	2,973,782
<b>Total fund balance</b>	<u>269,473</u>	<u>-</u>	<u>270,689</u>	<u>8,138,556</u>
<b>Total liabilities, deferred inflows and fund balance</b>	<u>\$ 269,473</u>	<u>\$ -</u>	<u>\$ 270,689</u>	<u>\$ 8,907,174</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2019**

Page 1 of 3

	<b>Special Revenue</b>			
	<b>Promotional</b>	<b>Donations</b>	<b>Special Investigations</b>	<b>Drainage Utility</b>
<b>Revenues</b>				
Taxes	\$ 279,026	\$ -	\$ -	\$ -
Charges for services	-	-	-	965,836
Gas utility leases and royalties	-	-	-	-
Contributions	-	240,570	-	-
Investment income	20,706	20,961	11,318	21,832
Intergovernmental	-	-	13,500	-
Forfeitures	-	-	114,246	-
Miscellaneous	-	3	2	-
<b>Total revenues</b>	<b>299,732</b>	<b>261,534</b>	<b>139,066</b>	<b>987,668</b>
<b>Expenditures</b>				
General government	136,160	23,456	-	-
Public safety	-	36,149	53,530	-
Culture and recreation	98,599	178,834	-	-
Public works	-	-	-	25,714
Capital outlay:				
General government	-	20,377	-	-
Public safety	-	-	4,000	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>234,759</b>	<b>258,816</b>	<b>57,530</b>	<b>25,714</b>
Excess (deficiency) of revenues over expenditures	64,973	2,718	81,536	961,954
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	-	-	7,887	-
Transfers in	-	-	-	-
Transfers out	-	(34,252)	-	(498,276)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(34,252)</b>	<b>7,887</b>	<b>(498,276)</b>
Net change in fund balance (deficit)	64,973	(31,534)	89,423	463,678
Fund balance - beginning of year	708,270	660,858	320,981	666,744
Fund balance - end of year	<u>\$ 773,243</u>	<u>\$ 629,324</u>	<u>\$ 410,404</u>	<u>\$ 1,130,422</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2019**

Page 2 of 3

	<b>Special Revenue</b>			
	<b>Crime Control District</b>	<b>Economic Development</b>	<b>Traffic Safety</b>	<b>Gas Development</b>
<b>Revenues</b>				
Taxes	\$ 5,208,028	\$ -	\$ -	\$ -
Charges for services	-	-	829,488	-
Gas utility leases and royalties	-	-	-	519,830
Contributions	-	-	-	-
Investment income	16,250	32,106	30,370	48,471
Intergovernmental	281,281	-	-	-
Forfeitures	-	-	-	-
Miscellaneous	4,266	-	-	1,060,000
<b>Total revenues</b>	<b>5,509,825</b>	<b>32,106</b>	<b>859,858</b>	<b>1,628,301</b>
<b>Expenditures</b>				
General government	-	-	-	4,518
Public safety	5,439,960	-	762,006	-
Culture and recreation	-	-	-	-
Public works	-	-	21,865	-
Capital outlay:				
General government	-	-	-	-
Public safety	99,231	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>5,539,191</b>	<b>-</b>	<b>783,871</b>	<b>4,518</b>
Excess (deficiency) of revenues over expenditures	(29,366)	32,106	75,987	1,623,783
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	355	-	-	376,140
Transfers in	-	127,843	-	50,000
Transfers out	(71,528)	(1,218,638)	-	-
<b>Total other financing sources (uses)</b>	<b>(71,173)</b>	<b>(1,090,795)</b>	<b>-</b>	<b>426,140</b>
Net change in fund balance (deficit)	(100,539)	(1,058,689)	75,987	2,049,923
Fund balance - beginning of year	808,487	1,231,030	724,943	923,859
Fund balance - end of year	\$ 707,948	\$ 172,341	\$ 800,930	\$ 2,973,782



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2019**

Page 3 of 3

	<b>Capital Projects</b>	<b>Debt Service</b>		
	<b>TIF #1 Capital Projects Fund</b>	<b>TIF #1 Debt Service Fund</b>	<b>Sales Tax Revenue Bond</b>	<b>Total Non-major Governmental</b>
<b>Revenues</b>				
Taxes	\$ -	\$ 52,015	\$ -	\$ 5,539,069
Charges for services	-	-	-	1,795,324
Gas utility leases and royalties	-	-	-	519,830
Contributions	-	-	-	240,570
Investment income	14,257	46,059	8,321	270,651
Intergovernmental	-	-	-	294,781
Forfeitures	-	-	-	114,246
Miscellaneous	-	-	-	1,064,271
<b>Total revenues</b>	<b>14,257</b>	<b>98,074</b>	<b>8,321</b>	<b>9,838,742</b>
<b>Expenditures</b>				
General government	-	-	-	164,134
Public safety	-	-	-	6,291,645
Culture and recreation	-	-	-	277,433
Public works	-	-	-	47,579
Capital outlay:				
General government	-	-	-	20,377
Public safety	-	-	-	103,231
Public works	269,080	-	-	269,080
Debt service:				
Principal retirement	-	110,000	-	110,000
Interest and fiscal charges	-	1,856	-	1,856
<b>Total expenditures</b>	<b>269,080</b>	<b>111,856</b>	<b>-</b>	<b>7,285,335</b>
Excess (deficiency) of revenues over expenditures	(254,823)	(13,782)	8,321	2,553,407
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	-	-	-	384,382
Transfers in	-	324,404	-	502,247
Transfers out	(324,404)	-	-	(2,147,098)
<b>Total other financing sources (uses)</b>	<b>(324,404)</b>	<b>324,404</b>	<b>-</b>	<b>(1,260,469)</b>
Net change in fund balance (deficit)	(579,227)	310,622	8,321	1,292,938
Fund balance (deficit) - beginning of year	848,700	(310,622)	262,368	6,845,618
Fund balance - end of year	\$ 269,473	\$ -	\$ 270,689	\$ 8,138,556

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL DEBT SERVICE FUND**  
**For the Year Ended September 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Taxes:				
Property taxes (penalties & interest included)	<u>\$ 11,315,208</u>	<u>\$ 11,315,208</u>	<u>\$ 11,315,208</u>	<u>\$ -</u>
Transfers in:				
Drainage utility	<u>261,139</u>	<u>268,276</u>	<u>268,276</u>	<u>-</u>
Parks & recreation facilities development corp.	<u>524,550</u>	<u>524,555</u>	<u>524,555</u>	<u>-</u>
Sub-total transfers in	<u>785,689</u>	<u>792,831</u>	<u>792,831</u>	<u>-</u>
Other:				
Interest income	<u>4,152</u>	<u>9,119</u>	<u>22,368</u>	<u>13,249</u>
City of Watauga, CIP participation	<u>82,853</u>	<u>82,853</u>	<u>82,853</u>	<u>-</u>
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>13,899</u>	<u>13,899</u>
Sub-total other	<u>87,005</u>	<u>91,972</u>	<u>119,120</u>	<u>27,148</u>
<b>Total Revenues</b>	<u>12,187,902</u>	<u>12,200,011</u>	<u>12,227,159</u>	<u>27,148</u>
<b>Expenditures</b>				
Existing bonds & co's	<u>12,146,203</u>	<u>12,048,872</u>	<u>11,842,657</u>	<u>206,215</u>
Issuance costs/paying agent fees	<u>41,699</u>	<u>41,699</u>	<u>7,755</u>	<u>33,944</u>
<b>Total Expenditures</b>	<u>12,187,902</u>	<u>12,090,571</u>	<u>11,850,412</u>	<u>240,159</u>
<b>Net Increase (Decrease)</b>	<u>\$ -</u>	<u>\$ 109,440</u>	<u>\$ 376,747</u>	<u>\$ 267,307</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - PROMOTIONAL FUND**  
**For the Year Ended September 30, 2019**

	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Occupancy tax proceeds	\$ 280,000	\$ 280,000	\$ 279,026	\$ (974)
Interest revenue	5,500	10,000	20,706	10,706
<b>Total Revenues</b>	<b>285,500</b>	<b>290,000</b>	<b>299,732</b>	<b>9,732</b>
<b>Expenditures</b>				
Operating expenses				
Economic development	147,761	147,849	135,950	11,899
Culture & leisure	113,574	113,574	98,599	14,975
Non-departmental	474	386	210	176
Sub-total operating expenses	<b>261,809</b>	<b>261,809</b>	<b>234,759</b>	<b>27,050</b>
Other & Reserves				
Contribution to reserves	23,691	28,191	-	28,191
<b>Total Expenditures</b>	<b>285,500</b>	<b>290,000</b>	<b>234,759</b>	<b>55,241</b>
<b>Net Increase (Decrease)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 64,973</b>	<b>\$ 64,973</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - DONATIONS FUND**  
**For the Year Ended September 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Contributions				
NRH water bills	\$ 60,200	\$ 60,200	\$ 63,757	\$ 3,557
Donations				
Spay/neuter	8,500	8,500	8,007	(493)
Shelter fund	8,400	17,152	20,020	2,868
Duncan	15,000	15,000	15,010	10
Santa cops	5,000	5,000	4,105	(895)
Sub-total donations	36,900	45,652	47,142	1,490
Proceeds				
Library book sales	9,000	9,000	7,972	(1,028)
Other				
Interest revenue	3,614	9,076	9,441	365
Other income	163,250	124,120	121,701	(2,419)
Appropriation of fund balance:				
Teen court	400	400	-	(400)
Neighborhood services	8,873	6,823	-	(6,823)
Library	14,765	18,815	9,561	(9,254)
Parks and Recreation	29,700	34,942	-	(34,942)
Police	1,100	32,993	32,993	-
Fire	-	1,159	-	(1,159)
Sub-total Other	221,702	228,328	173,696	(54,632)
<b>Total Revenues</b>	<u>327,802</u>	<u>343,180</u>	<u>292,567</u>	<u>(50,613)</u>
<b>Expenditures</b>				
Library - book collections	68,865	73,170	72,565	605
Neighborhood services				
Animal services	19,810	19,810	10,454	9,356
Keep NRH Beautiful	17,013	17,013	14,624	2,389
Municipal court - teen court	5,000	5,000	3,250	1,750
Parks special events and arts	114,000	137,458	121,773	15,685
Public safety	43,700	43,052	36,148	6,904
Transfer out	30,000	34,252	34,252	-
<b>Total Expenditures</b>	<u>298,388</u>	<u>329,755</u>	<u>293,066</u>	<u>36,689</u>
<b>Net Increase (Decrease)</b>	<u>\$ 29,414</u>	<u>\$ 13,425</u>	<u>\$ (499)</u>	<u>\$ (13,924)</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - SPECIAL INVESTIGATIONS FUND**  
**For the Year Ended September 30, 2019**

	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Forfeited funds	\$ 141,000	\$ 142,500	\$ 114,246	\$ (28,254)
AFIS reimbursements	13,500	13,500	13,500	-
Interest income	2,304	-	5,492	5,492
Other income	-	-	7,888	7,888
Appropriations of fund balance	104,521	105,325	-	(105,325)
<b>Total Revenues</b>	<u>261,325</u>	<u>261,325</u>	<u>141,126</u>	<u>(120,199)</u>
<b>Expenditures</b>				
Federal forfeited funds	145,000	145,000	26,480	118,520
State forfeited funds	105,000	105,000	27,501	77,499
AFIS maintenance & equipment	4,300	4,300	3,549	751
LEOSE contributions	7,025	7,025	-	7,025
<b>Total Expenditures</b>	<u>261,325</u>	<u>261,325</u>	<u>57,530</u>	<u>203,795</u>
<b>Net Increase (Decrease)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,596</u>	<u>\$ 83,596</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - DRAINAGE UTILITY FUND**  
**For the Year Ended September 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Drainage fees	\$ 1,647,000	\$ 910,000	\$ 965,836	\$ 55,836
Interest income	2,755	10,000	10,295	295
Appropriations of fund balance	-	-	-	-
<b>Total Revenues</b>	<u>1,649,755</u>	<u>920,000</u>	<u>976,131</u>	<u>56,131</u>
<b>Expenditures</b>				
Transfer to debt service	261,139	268,276	268,276	-
Other expenditures	260,000	260,366	252,812	7,554
Contribution to reserves	<u>1,128,616</u>	<u>391,358</u>	<u>-</u>	<u>391,358</u>
<b>Total Expenditures</b>	<u>1,649,755</u>	<u>920,000</u>	<u>521,088</u>	<u>398,912</u>
<b>Net Increase (decrease)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455,043</u>	<u>\$ 455,043</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - CRIME CONTROL DISTRICT**  
**For the Year Ended September 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Sales tax	\$ 5,171,241	\$ 5,057,338	\$ 5,097,235	\$ 39,897
Franchise tax	96,127	110,793	110,793	-
Interest income	2,465	15,400	15,005	(395)
SRO Reimbursement (BISD)	226,194	226,194	226,194	-
Miscellaneous revenue	55,086	59,352	59,353	1
Previous year encumbrances	16,845	240,107	60,729	(179,378)
<b>Total Revenues</b>	<u>5,567,958</u>	<u>5,709,184</u>	<u>5,569,309</u>	<u>(139,875)</u>
<b>Expenditures</b>				
Operating				
Administration	9,500	9,500	9,329	171
Administrative services	1,126,890	1,123,067	1,123,868	(801)
Investigations	491,527	496,178	428,589	67,589
Uniform patrol	2,998,357	3,029,437	2,995,821	33,616
Technical services	556,876	557,321	566,081	(8,760)
Property Evidence	214,443	212,761	181,426	31,335
Communications	-	99,231	99,231	-
Sub-total operating	<u>5,397,593</u>	<u>5,527,495</u>	<u>5,404,345</u>	<u>123,150</u>
Other & reserves				
Partner agency funding	36,530	36,530	36,513	17
Other & reserves:	103,977	115,363	98,332	17,031
Transfer to general fund	29,858	29,796	30,119	(323)
Sub-total other & reserves	<u>170,365</u>	<u>181,689</u>	<u>164,964</u>	<u>16,725</u>
<b>Total Expenditures</b>	<u>5,567,958</u>	<u>5,709,184</u>	<u>5,569,309</u>	<u>139,875</u>
<b>Net Increase (Decrease)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - TRAFFIC SAFETY FUND**  
**For the Year Ended September 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Gross fine revenue	\$ 1,088,115	\$ 830,000	\$ 829,488	\$ (512)
Interest income	7,900	13,129	14,727	1,598
<b>Total Revenues</b>	<u>1,096,015</u>	<u>843,129</u>	<u>844,215</u>	<u>1,086</u>
<b>Expenditures</b>				
Contractor payments	612,000	408,000	331,500	76,500
Program administration	319,409	317,209	309,239	7,970
Payment to State	78,353	52,396	94,375	(41,979)
Traffic enforcement	23,000	38,000	30,903	7,097
Pedestrian safety	16,415	16,415	17,854	(1,439)
Contribution to reserves	46,838	11,109	-	11,109
<b>Total Expenditures</b>	<u>1,096,015</u>	<u>843,129</u>	<u>783,871</u>	<u>59,258</u>
<b>Net Increase (Decrease)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,344</u>	<u>\$ 60,344</u>



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GAS DEVELOPMENT FUND**  
*For the Year Ended September 30, 2019*

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Royalties/overrides				
General fund purposes	\$ 522,500	\$ 500,000	\$ 519,830	\$ 19,830
Other				
Sales of capital assets	-	-	376,140	376,140
Interest income	5,800	16,800	28,455	11,655
Appropriation of reserves				
General fund purposes	-	1,060,000	1,060,000	-
<b>Total Revenues</b>	<u>528,300</u>	<u>1,576,800</u>	<u>1,984,425</u>	<u>407,625</u>
<b>Expenditures</b>				
Operating				
General government	-	3,570	4,518	(948)
Sub-total operating	-	3,570	4,518	(948)
Other & Reserves				
Contribution to reserves	528,300	1,573,230	-	1,573,230
<b>Total Expenditures</b>	<u>528,300</u>	<u>1,576,800</u>	<u>4,518</u>	<u>1,572,282</u>
<b>Net Increase (Decrease)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,979,907</u>	<u>\$ 1,979,907</u>



NRH<sub>2</sub>O Family Water Park is North Texas' favorite family water park, conveniently located between Dallas and Fort Worth. The park features 8 water slides, a kiddie area, a large wave pool, a large lagoon-like play area, a lazy river and is open from May through September. Since NRH<sub>2</sub>O opened in 1995, it has consistently ranked amongst the top water parks in the nation



## **INTERNAL SERVICE FUNDS**

Facility and Construction Services Fund – To account for building maintenance and repair services provided to numerous departments located at various sites throughout the City. Facility and Construction Services Fund operations are financed by charges to user departments.

Fleet Services Fund – To account for the maintenance, repair service, and replacement of vehicles and equipment provided to numerous departments responsible for the operation of City vehicles and equipment. Fleet Services Fund operations are financed by charges to user departments.

Self-Insurance Fund – To account for the payment of substantially all claims except for fire insurance coverage and employee life insurance coverage. Self-Insurance Fund operations are financed by charges to user departments and employee contributions.

Information Technology Fund – To account for the acquisition, maintenance, and support of computer and telephone hardware and software. Information Technology Fund operations are financed by charges to user departments.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS**  
**September 30, 2019**

*Page 1 of 2*

	<b>Facilities and Construction Services</b>	<b>Fleet Services</b>	<b>Self Insurance</b>	<b>Information Technology</b>	<b>Total Internal Service</b>
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 1,130,993	\$ 985,724	\$ 1,667,667	\$ 753,436	\$ 4,537,820
Investments	1,856,188	1,820,720	1,998,071	1,330,072	7,005,051
Accounts receivable, net of allowances:					
Other	-	-	260	10,664	10,924
Interest receivable	2,748	2,695	7,456	1,969	14,868
Prepaid items	-	4,618	-	154,309	158,927
Inventories, at cost	24,244	109,484	-	-	133,728
<b>Total current assets</b>	<b>3,014,173</b>	<b>2,923,241</b>	<b>3,673,454</b>	<b>2,250,450</b>	<b>11,861,318</b>
<b>Noncurrent assets:</b>					
Cash and cash equivalents	-	90,947	1,914,989	17,049	2,022,985
Investments	-	-	3,038,466	-	3,038,466
Interfund loan receivable	-	-	500,000	-	500,000
Capital assets, net:					
Buildings and improvements	53,976	-	-	-	53,976
Other improvements	-	-	-	602,769	602,769
Machinery and equipment	386,341	8,026,704	17,312	2,272,176	10,702,533
Accumulated depreciation	(357,443)	(5,964,625)	(17,312)	(2,296,992)	(8,636,372)
Net capital assets	82,874	2,062,079	-	577,953	2,722,906
<b>Total noncurrent assets</b>	<b>82,874</b>	<b>2,153,026</b>	<b>5,453,455</b>	<b>595,002</b>	<b>8,284,357</b>
<b>Total assets</b>	<b>3,097,047</b>	<b>5,076,267</b>	<b>9,126,909</b>	<b>2,845,452</b>	<b>20,145,675</b>
<b>Deferred Outflows of Resources</b>					
Deferred outflows - OPEB	45,181	43,935	24,764	60,502	174,382
Deferred outflows - Pension	439,943	294,644	237,146	481,057	1,452,790
<b>Total deferred outflows of resources</b>	<b>485,124</b>	<b>338,579</b>	<b>261,910</b>	<b>541,559</b>	<b>1,627,172</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS**  
**September 30, 2019**

*Page 2 of 2*

	<b>Facilities and Construction Services</b>	<b>Fleet Services</b>	<b>Self Insurance</b>	<b>Information Technology</b>	<b>Total Internal Service</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts payable and accrued expenses	\$ 96,958	\$ 62,273	\$ 1,486,164	\$ 147,468	\$ 1,792,863
Other current liabilities	373	430	12,558	315	13,676
Compensated absences	4,074	11,868	9,341	14,722	40,005
Unearned revenue	-	-	-	15,554	15,554
<b>Total current liabilities</b>	<b>101,405</b>	<b>74,571</b>	<b>1,508,063</b>	<b>178,059</b>	<b>1,862,098</b>
<b>Noncurrent Liabilities:</b>					
Compensated absences	49,206	25,356	39,312	84,865	198,739
Other post employment benefits obligation	725,946	743,854	397,825	967,199	2,834,824
Net pension liability	711,446	634,598	422,065	872,397	2,640,506
<b>Total noncurrent liabilities</b>	<b>1,486,598</b>	<b>1,403,808</b>	<b>859,202</b>	<b>1,924,461</b>	<b>5,674,069</b>
<b>Total liabilities</b>	<b>1,588,003</b>	<b>1,478,379</b>	<b>2,367,265</b>	<b>2,102,520</b>	<b>7,536,167</b>
<b>Deferred Inflows of Resources</b>					
Deferred inflows - OPEB	8,006	5,971	4,391	10,957	29,325
Deferred inflows - pension	140,181	188,973	74,521	169,530	573,205
<b>Total deferred inflows of resources</b>	<b>148,187</b>	<b>194,944</b>	<b>78,912</b>	<b>180,487</b>	<b>602,530</b>
<b>Net Position</b>					
Net investment in capital assets	82,874	2,062,079	-	577,953	2,722,906
Unrestricted (deficit)	1,763,107	1,679,444	6,942,642	526,051	10,911,244
<b>Total net position</b>	<b>\$ 1,845,981</b>	<b>\$ 3,741,523</b>	<b>\$ 6,942,642</b>	<b>\$ 1,104,004</b>	<b>\$ 13,634,150</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - INTERNAL SERVICE FUNDS**  
**For the Year Ended September 30, 2019**

	<b>Facilities and Construction Services</b>	<b>Fleet Services</b>	<b>Self Insurance</b>	<b>Information Technology</b>	<b>Total Internal Service</b>
<b>Operating Revenues</b>					
<b>Internal service revenues:</b>					
Risk management	\$ -	\$ -	\$ 13,747,068	\$ -	\$ 13,747,068
Facilities and fleet management	2,909,120	4,012,486	-	-	6,921,606
Information systems management	-	-	-	3,115,564	3,115,564
Miscellaneous revenues	38,200	179	1,272	173,768	213,419
<b>Total operating revenues</b>	<b>2,947,320</b>	<b>4,012,665</b>	<b>13,748,340</b>	<b>3,289,332</b>	<b>23,997,657</b>
<b>Operating Expenses</b>					
Claims	-	-	10,503,059	-	10,503,059
Contractual services	800,607	116,504	418,446	447,212	1,782,769
Personnel services	900,107	932,765	497,494	1,426,641	3,757,007
Repairs and maintenance	512,350	1,807,941	-	1,569,882	3,890,173
Supplies	162,316	821,469	7,520	253,200	1,244,505
Depreciation	27,375	555,371	-	76,776	659,522
<b>Total operating expenses</b>	<b>2,402,755</b>	<b>4,234,050</b>	<b>11,426,519</b>	<b>3,773,711</b>	<b>21,837,035</b>
Operating income (loss)	544,565	(221,385)	2,321,821	(484,379)	2,160,622
<b>Nonoperating revenues (expenses)</b>					
Investment income	84,746	106,462	207,949	67,258	466,415
Other income	-	-	145,293	-	145,293
Gain (loss) on disposal of assets	1,444	55,481	-	8,971	65,896
<b>Total nonoperating revenues (expenses)</b>	<b>86,190</b>	<b>161,943</b>	<b>353,242</b>	<b>76,229</b>	<b>677,604</b>
Income (loss) before transfers	630,755	(59,442)	2,675,063	(408,150)	2,838,226
<b>Transfers</b>					
Transfers in	-	-	-	260,492	260,492
Transfers out	(212,000)	(1,128,706)	(12,900)	(176,480)	(1,530,086)
<b>Total transfers - net</b>	<b>(212,000)</b>	<b>(1,128,706)</b>	<b>(12,900)</b>	<b>84,012</b>	<b>(1,269,594)</b>
Change in net position	418,755	(1,188,148)	2,662,163	(324,138)	1,568,632
<b>Net position - beginning of year</b>	<b>1,427,226</b>	<b>4,929,671</b>	<b>4,280,479</b>	<b>1,428,142</b>	<b>12,065,518</b>
<b>Net position - end of year</b>	<b>\$ 1,845,981</b>	<b>\$ 3,741,523</b>	<b>\$ 6,942,642</b>	<b>\$ 1,104,004</b>	<b>\$ 13,634,150</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
*For the Year Ended September 30, 2019*

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service
<b>Cash flows from operating activities:</b>					
Receipts from interfund services provided	\$ 2,909,409	\$ 4,025,982	\$ 13,746,951	\$ 3,121,074	\$ 23,803,416
Other operating revenue	38,200	179	1,272	173,768	213,419
Payments to suppliers	(1,476,250)	(2,842,495)	(10,802,636)	(2,140,586)	(17,261,967)
Payments to employees	(896,912)	(941,790)	(493,662)	(1,378,620)	(3,710,984)
<b>Net cash provided by (used for) operating activities</b>	<b>574,447</b>	<b>241,876</b>	<b>2,451,925</b>	<b>(224,364)</b>	<b>3,043,884</b>
<b>Cash flows from noncapital financing activities:</b>					
Transfers from other funds	-	-	-	260,492	260,492
Transfers to other funds	(212,000)	(1,128,706)	(12,900)	(176,480)	(1,530,086)
<b>Net cash provided by (used for) noncapital and related financing activities</b>	<b>(212,000)</b>	<b>(1,128,706)</b>	<b>(12,900)</b>	<b>84,012</b>	<b>(1,269,594)</b>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(11,419)	(44,411)	-	(66,778)	(122,608)
Insurance recovery proceeds	-	-	145,293	-	145,293
Proceeds from sale of capital assets	1,444	25,872	-	8,971	36,287
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(9,975)</b>	<b>(18,539)</b>	<b>145,293</b>	<b>(57,807)</b>	<b>58,972</b>
<b>Cash flows from investing activities:</b>					
Sale (purchase) of investments	(194,992)	705,682	(1,124,369)	111,938	(501,741)
Interest and dividends received	82,744	104,902	202,216	65,937	455,799
<b>Net cash provided by (used for) investing activities</b>	<b>(112,248)</b>	<b>810,584</b>	<b>(922,153)</b>	<b>177,875</b>	<b>(45,942)</b>
Net increase (decrease) in cash and cash equivalents	240,224	(94,785)	1,662,165	(20,284)	1,787,320
<b>Cash and cash equivalents, beginning of year</b>	<b>890,769</b>	<b>1,171,456</b>	<b>1,920,491</b>	<b>790,769</b>	<b>4,773,485</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,130,993</b>	<b>\$ 1,076,671</b>	<b>\$ 3,582,656</b>	<b>\$ 770,485</b>	<b>\$ 6,560,805</b>
<b>Reconciliation of Cash and Cash Equivalents to Combining Statement of Net Position - Internal Service Funds</b>					
Cash and cash equivalents - current	\$ 1,130,993	\$ 985,724	\$ 1,667,667	\$ 753,436	\$ 4,537,820
Cash and cash equivalents - noncurrent	-	90,947	1,914,989	17,049	2,022,985
<b>Total cash and cash equivalents</b>	<b>\$ 1,130,993</b>	<b>\$ 1,076,671</b>	<b>\$ 3,582,656</b>	<b>\$ 770,485</b>	<b>\$ 6,560,805</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 544,565	\$ (221,385)	\$ 2,321,821	\$ (484,379)	\$ 2,160,622
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>					
Depreciation expense	27,375	555,371	-	76,776	659,522
(Increase) decrease in accounts receivable	-	-	(117)	(7,382)	(7,499)
(Increase) decrease in prepaid items	-	4,708	-	29,795	34,503
(Increase) decrease in inventories	289	13,496	-	-	13,785
(Increase) decrease in OPEB deferred outflows	(5,973)	(4,062)	(3,277)	(8,225)	(21,537)
(Increase) decrease in pension deferred outflows	(308,787)	(209,189)	(169,247)	(425,569)	(1,112,792)
Increase (decrease) in accounts payable	(1,073)	(101,679)	126,389	99,598	123,235
Increase (decrease) in other current liabilities	96	390	-	315	801
Increase (decrease) in compensated absences	(31,108)	(33,140)	(15,129)	1,105	(78,272)
Increase (decrease) in unearned revenues	-	-	-	12,892	12,892
Increase (decrease) in other post employment benefits	(16,632)	(11,308)	(9,124)	(22,904)	(59,968)
Increase (decrease) in net pension liability	371,704	252,759	203,906	511,889	1,340,258
Increase (decrease) in OPEB deferred inflows	6,446	4,384	3,536	8,877	23,243
Increase (decrease) in pension deferred inflows	(12,455)	(8,469)	(6,833)	(17,152)	(44,909)
<b>Total adjustments</b>	<b>29,882</b>	<b>463,261</b>	<b>130,104</b>	<b>260,015</b>	<b>883,262</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 574,447</b>	<b>\$ 241,876</b>	<b>\$ 2,451,925</b>	<b>\$ (224,364)</b>	<b>\$ 3,043,884</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**

Page 1 of 2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL - UTILITY FUND**

*For the Year Ended September 30, 2019*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Water sales & charges				
Water sales	\$ 22,563,509	\$ 20,132,499	\$ 20,833,591	\$ 701,092
Water taps	34,515	34,515	46,380	11,865
Water inspection fees	24,882	24,000	69,515	45,515
Sub-total	<u>22,622,906</u>	<u>20,191,014</u>	<u>20,949,486</u>	<u>758,472</u>
Sewer sales & charges				
Sewer sales	11,469,477	11,639,218	11,642,863	3,645
Sewer taps	10,600	12,600	12,200	(400)
Sewer inspection fees	24,000	24,000	32,660	8,660
Sub-total	<u>11,504,077</u>	<u>11,675,818</u>	<u>11,687,723</u>	<u>11,905</u>
Miscellaneous				
Interest income	103,500	144,000	169,319	25,319
Service charges	153,500	134,500	136,548	2,048
Late charges	420,000	420,000	418,931	(1,069)
Miscellaneous	36,034	36,034	67,678	31,644
Joint use reimbursement - Watauga	60,000	175,940	175,940	-
Subdivision meter revenue	56,193	64,193	61,855	(2,338)
Interfund Loan Repayments	-	-	1,634,673	1,634,673
Sub-total	<u>829,227</u>	<u>974,667</u>	<u>2,664,944</u>	<u>1,690,277</u>
Appropriation of fund balance				
Previous year encumbrances	408,249	2,024,936	129,210	(1,895,726)
Sub-total	<u>408,249</u>	<u>2,024,936</u>	<u>129,210</u>	<u>(1,895,726)</u>
<b>Total Revenues</b>	<u>\$ 35,364,459</u>	<u>\$ 34,866,435</u>	<u>\$ 35,431,363</u>	<u>\$ 564,928</u>
<b>Expenses</b>				
Operating				
Administration	\$ 346,147	\$ 346,322	\$ 342,149	\$ 4,173
Development	914,673	929,860	912,295	17,565
Right of way maintenance	271,118	266,053	249,325	16,728
Sub-total	<u>1,531,938</u>	<u>1,542,235</u>	<u>1,503,769</u>	<u>38,466</u>
Water services				
Water operations	4,798,521	4,849,366	4,612,600	236,766
Purchase of water FTW	4,448,150	4,638,043	3,796,889	841,154
Purchase of water TRA	6,353,955	5,359,031	5,850,057	(491,026)
Sub-total	<u>15,600,626</u>	<u>14,846,440</u>	<u>14,259,546</u>	<u>586,894</u>
Sewer services				
Sewer operations	1,489,643	1,498,954	1,447,546	51,408
Sewer treatment FTW	1,326,214	1,551,288	1,652,607	(101,319)
Sewer treatment TRA	4,813,368	4,779,181	4,789,894	(10,713)
Sub-total	<u>7,629,225</u>	<u>7,829,423</u>	<u>7,890,047</u>	<u>(60,624)</u>



**CITY OF NORTH RICHLAND HILLS, TEXAS***Page 2 of 2***SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET (NON-GAAP BASIS) AND ACTUAL - UTILITY FUND***For the Year Ended September 30, 2019*

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Expenses (continued)</b>				
Finance/Utility Collections:				
Meter reading	\$ 532,122	\$ 528,179	\$ 519,535	\$ 8,644
Utility billing/customer service	995,968	1,035,026	1,013,629	21,397
Utility collection services	246,057	241,742	238,481	3,261
Accounting services	429,282	432,268	422,529	9,739
Budget & research	229,883	229,882	227,407	2,475
Sub-total	<u>2,433,312</u>	<u>2,467,097</u>	<u>2,421,581</u>	<u>45,516</u>
Building services	1,822,929	1,822,929	1,822,929	-
Non-departmental	<u>302,286</u>	<u>371,258</u>	<u>105,327</u>	<u>265,931</u>
Sub-total Departments	<u>29,320,316</u>	<u>28,879,382</u>	<u>28,003,199</u>	<u>876,183</u>
Other & Reserves				
Debt service	1,391,236	1,416,335	1,449,739	(33,404)
Franchise fee	1,020,989	938,800	937,584	1,216
Indirect costs	2,304,572	2,304,572	2,304,572	-
Payment in lieu of taxes	415,689	415,689	415,689	-
Transfer from utility cip reserve to information services fund	175,000	175,000	175,000	-
Reserve for capital	<u>736,657</u>	<u>736,657</u>	<u>736,657</u>	<u>-</u>
Total other & reserves	<u>6,044,143</u>	<u>5,987,053</u>	<u>6,019,241</u>	<u>(32,188)</u>
<b>Total expenses</b>	<u>35,364,459</u>	<u>34,866,435</u>	<u>34,022,440</u>	<u>843,995</u>
<b>Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,408,923</u>	<u>\$ 1,408,923</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - AQUATIC PARK**  
**For the Year Ended September 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Operating:				
Admissions	\$ 3,295,000	\$ 2,955,078	\$ 3,018,538	\$ 63,460
Food and beverage	870,700	804,476	802,567	(1,909)
Merchandise	154,000	147,000	122,230	(24,770)
Rentals	185,000	176,400	129,071	(47,329)
Aquatic classes/special events	-	-	(3,125)	(3,125)
Sub-total	<u>4,504,700</u>	<u>4,082,954</u>	<u>4,069,281</u>	<u>(13,673)</u>
Other revenues:				
Interest income	16,309	20,632	20,572	(60)
Other	<u>47,500</u>	<u>47,500</u>	<u>33,704</u>	<u>(13,796)</u>
Sub-total	<u>63,809</u>	<u>68,132</u>	<u>54,276</u>	<u>(13,856)</u>
Sub-total revenues	<u>4,568,509</u>	<u>4,151,086</u>	<u>4,123,557</u>	<u>(27,529)</u>
Appropriation of fund balance	-	32,507	32,507	-
<b>Total Revenues</b>	<u>\$ 4,568,509</u>	<u>\$ 4,183,593</u>	<u>\$ 4,156,064</u>	<u>\$ (27,529)</u>
<b>Expenses</b>				
Operating:				
General services & utilities	\$ 847,256	\$ 682,030	\$ 652,875	\$ 29,155
Public grounds/aquatics/maintenance	1,121,077	1,120,988	1,171,384	(50,396)
Business & office administration	548,376	550,602	508,504	42,098
Gift shop/concessions	596,780	597,097	592,503	4,594
Sales/special events/admissions	<u>274,508</u>	<u>274,807</u>	<u>264,502</u>	<u>10,305</u>
Sub-total	<u>3,387,997</u>	<u>3,225,524</u>	<u>3,189,768</u>	<u>35,756</u>
Other and Reserves:				
Debt service	779,516	807,979	811,508	(3,529)
Bond refunding	174,963	-	-	-
Transfer for capital projects	100,000	100,000	100,000	-
Reserve for:				
Infrastructure & major repairs	73,651	-	-	-
Non-departmental	<u>52,382</u>	<u>50,090</u>	<u>59,663</u>	<u>(9,573)</u>
Total Other & reserves	<u>1,180,512</u>	<u>958,069</u>	<u>971,171</u>	<u>(13,102)</u>
<b>Total expenses</b>	<u>4,568,509</u>	<u>4,183,593</u>	<u>4,160,939</u>	<u>22,654</u>
<b>Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,875)</u>	<u>\$ (4,875)</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - GOLF**  
**For the Year Ended September 30, 2019**

	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Green fees	\$ 1,002,000	\$ 959,997	\$ 961,897	\$ 1,900
Pro shop	308,000	276,000	381,537	105,537
Driving range	75,000	75,000	198,445	123,445
Carts	391,000	384,000	341,221	(42,779)
Food & beverage	787,000	831,596	677,845	(153,751)
General & administrative	-	-	77	77
Other revenues:	38,454	39,768	29,756	(10,012)
<b>Total Revenues</b>	<u>2,601,454</u>	<u>2,566,361</u>	<u>2,590,778</u>	<u>24,417</u>
<b>Expenses</b>				
Operating				
Pro shop	166,710	145,350	114,161	31,189
Pro shop: cost of goods sold	143,000	149,000	156,730	(7,730)
Driving range	18,200	17,750	21,660	(3,910)
Golf carts	224,030	237,984	254,804	(16,820)
Course maintenance	632,200	577,921	605,841	(27,920)
Food & beverage	304,202	290,792	252,943	37,849
Food & beverage: cost of goods sold	206,064	211,598	207,015	4,583
Sales & membership	56,764	-	-	-
General & administrative	287,755	360,017	358,806	1,211
Clubhouse	97,434	91,534	82,811	8,723
Management fees	144,714	144,712	145,111	(399)
Capital	154,000	115,654	117,328	(1,674)
Sub-total	<u>2,435,073</u>	<u>2,342,312</u>	<u>2,317,210</u>	<u>25,102</u>
Other and Reserves				
Debt service	62,743	62,530	62,443	87
Reserve for Equipment/CIP	103,638	161,519	202,273	(40,754)
Total Other & reserves	<u>166,381</u>	<u>224,049</u>	<u>264,716</u>	<u>(40,667)</u>
<b>Total expenses</b>	<u>2,601,454</u>	<u>2,566,361</u>	<u>2,581,926</u>	<u>(15,565)</u>
<b>Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,852</u>	<u>\$ 8,852</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - FACILITIES AND CONSTRUCTION**  
**For the Year Ended September 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Charges for service				
Transfer from				
General fund	\$ 812,101	\$ 812,101	\$ 812,101	\$ -
Parks development fund	274,090	274,090	274,090	-
Utility fund	1,822,929	1,822,929	1,822,929	-
Sub-total	<u>2,909,120</u>	<u>2,909,120</u>	<u>2,909,120</u>	<u>-</u>
Other revenues				
Interest income	23,000	33,000	39,998	6,998
Rent from rental properties	39,600	39,600	38,200	(1,400)
Other income	-	-	1,444	1,444
Sub-total	<u>62,600</u>	<u>72,600</u>	<u>79,642</u>	<u>7,042</u>
Sub-total revenues	<u>2,971,720</u>	<u>2,981,720</u>	<u>2,988,762</u>	<u>7,042</u>
Appropriation of fund balance:				
Building services fund reserves	<u>13,620</u>	<u>101,740</u>	<u>-</u>	<u>(101,740)</u>
<b>Total Revenues</b>	<u>\$ 2,985,340</u>	<u>\$ 3,083,460</u>	<u>\$ 2,988,762</u>	<u>\$ (94,698)</u>
<b>Expenses</b>				
Operating:				
General services	\$ 356,927	\$ 419,917	\$ 257,501	\$ 162,416
Building services	2,359,714	2,298,078	1,984,656	313,422
Rental property program	36,120	36,120	25,993	10,127
Transfer to capital budget	212,000	310,000	309,872	128
Sub-total	<u>2,964,761</u>	<u>3,064,115</u>	<u>2,578,022</u>	<u>486,093</u>
Other and Reserves:				
Other	20,579	19,345	17,581	(1,764)
Total Other & reserves	<u>20,579</u>	<u>19,345</u>	<u>17,581</u>	<u>(1,764)</u>
<b>Total expenses</b>	<u>2,985,340</u>	<u>3,083,460</u>	<u>2,595,603</u>	<u>484,329</u>
<b>Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393,159</u>	<u>\$ 389,631</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - FLEET SERVICES**  
**For the Year Ended September 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Charges for service:				
Transfer from :				
General fund	\$ 1,389,677	\$ 1,389,677	\$ 1,389,677	\$ -
Utility fund	1,967,647	1,967,647	1,967,647	-
Utility CIP/utility customers	288,678	288,678	288,678	-
Crime control district	170,426	170,426	170,426	-
Parks development fund	171,939	171,939	171,939	-
Other funds	24,119	24,119	24,119	-
Sub-total	<u>4,012,486</u>	<u>4,012,486</u>	<u>4,012,486</u>	<u>-</u>
Other revenues:				
Interest income	30,000	42,000	44,452	2,452
Sale of city property	50,000	20,000	55,480	35,480
Other income	3,300	-	180	180
Sub-total	<u>83,300</u>	<u>62,000</u>	<u>100,112</u>	<u>38,112</u>
Sub-total revenues	<u>4,095,786</u>	<u>4,074,486</u>	<u>4,112,598</u>	<u>38,112</u>
Appropriation of fund balance:				
Equipment services fund reserves	495,527	495,527	146,677	(348,850)
Prior year encumbrances	-	634,450	634,450	-
<b>Total Revenues</b>	<u>\$ 4,591,313</u>	<u>\$ 5,204,463</u>	<u>\$ 4,893,725</u>	<u>\$ (310,738)</u>
<b>Expenses</b>				
General services	\$ 275,794	\$ 275,794	\$ 276,444	\$ (650)
Equipment services operations	1,618,490	1,742,539	1,560,112	182,427
Fire fleet maintenance	330,907	360,058	272,526	87,532
Equipment purchases	411,125	508,498	506,471	2,027
Fire vehicles/equipment	14,750	91,300	81,635	9,665
Police vehicles/equipment	774,375	1,079,056	1,050,848	28,208
Sub-total	<u>3,425,441</u>	<u>4,057,245</u>	<u>3,748,036</u>	<u>309,209</u>
Other and Reserves:				
Debt service	537,302	519,706	519,706	-
Other	628,570	627,512	625,983	1,529
Total Other & reserves	<u>1,165,872</u>	<u>1,147,218</u>	<u>1,145,689</u>	<u>1,529</u>
<b>Total expenses</b>	<u>4,591,313</u>	<u>5,204,463</u>	<u>4,893,725</u>	<u>310,738</u>
<b>Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - SELF INSURANCE FUND**  
**For the Year Ended September 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Allocations				
Health/medical	\$ 12,527,102	\$ 12,527,102	\$ 12,509,452	\$ (17,650)
Administration allocation	1,104,811	1,104,811	1,110,141	5,330
Other insurance	753,227	753,227	758,584	5,357
Sub-total	<u>14,385,140</u>	<u>14,385,140</u>	<u>14,378,177</u>	<u>(6,963)</u>
Other revenues				
Interest income	39,430	81,473	98,968	17,495
Other income	133,500	145,613	146,565	952
Expenditure reimbursement	<u>400,000</u>	<u>600,000</u>	<u>479,032</u>	<u>(120,968)</u>
Sub-total	<u>572,930</u>	<u>827,086</u>	<u>724,565</u>	<u>(102,521)</u>
Sub-total revenues	<u>14,958,070</u>	<u>15,212,226</u>	<u>15,102,742</u>	<u>(109,484)</u>
Appropriation of fund balance	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
<b>Total Revenues</b>	<u>\$ 15,058,070</u>	<u>\$ 15,312,226</u>	<u>\$ 15,102,742</u>	<u>\$ (209,484)</u>
<b>Expenses</b>				
Health/medical	\$ 12,526,510	\$ 11,805,510	\$ 10,788,101	\$ 1,017,409
Worker's compensation	593,500	593,500	208,884	384,616
Personnel expenses	495,012	495,012	486,331	8,681
Other insurance	644,228	644,228	676,485	(32,257)
Other expenses	133,500	145,688	144,842	846
Life insurance premium	<u>109,000</u>	<u>130,000</u>	<u>128,184</u>	<u>1,816</u>
Sub-total	<u>14,501,750</u>	<u>13,813,938</u>	<u>12,432,827</u>	<u>1,381,111</u>
Other and Reserves:				
Retiree health care fund reserve	<u>556,320</u>	<u>1,498,288</u>	<u>112,900</u>	<u>1,385,388</u>
<b>Total expenses</b>	<u>15,058,070</u>	<u>15,312,226</u>	<u>12,545,727</u>	<u>2,766,499</u>
<b>Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,557,015</u>	<u>\$ 2,557,015</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL - INFORMATION TECHNOLOGY**  
**Year Ended September 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Telecommunications:				
Transfer from :				
General fund	\$ 369,544	\$ 369,544	\$ 369,544	\$ -
Park fund	37,493	37,493	37,493	-
Crime control district	32,472	32,952	36,532	3,580
Utility fund	93,965	93,965	93,965	-
Other funds	71,067	71,067	67,487	(3,580)
Sub-total	<u>604,541</u>	<u>605,021</u>	<u>605,021</u>	<u>-</u>
Computers:				
Transfer from :				
General fund	1,093,677	1,093,677	1,093,677	-
Park fund	118,506	118,506	118,506	-
Crime control district	199,175	199,175	204,632	5,457
Utility fund	771,562	771,562	771,562	-
Other funds	327,623	327,623	322,166	(5,457)
Sub-total	<u>2,510,543</u>	<u>2,510,543</u>	<u>2,510,543</u>	<u>-</u>
Other revenues:				
Interest income	17,000	29,167	29,789	622
Transmitter lease	152,958	152,958	173,761	20,803
Other income	-	-	8,972	8,972
Transfer from general fund	85,492	85,492	85,492	-
Transfer from utility fund	175,000	175,000	175,000	-
Sub-total	<u>430,450</u>	<u>442,617</u>	<u>473,014</u>	<u>30,397</u>
Sub-total revenues	<u>3,545,534</u>	<u>3,558,181</u>	<u>3,588,578</u>	<u>30,397</u>
Appropriation of fund balance				
Prior year encumbrances	<u>96,287</u>	<u>434,589</u>	<u>259,424</u>	<u>(175,165)</u>
<b>Total Revenues</b>	<u>\$ 3,641,821</u>	<u>\$ 3,992,770</u>	<u>\$ 3,848,002</u>	<u>\$ (144,768)</u>
<b>Expenses</b>				
General services	\$ 281,324	\$ 281,324	\$ 405,448	\$ (124,124)
Major computer systems	343,255	313,747	302,826	10,921
Microcomputer systems	781,059	806,551	766,655	39,896
Telecommunications	478,087	550,817	445,401	105,416
Data network	856,422	885,905	859,765	26,140
GIS system	184,536	184,536	177,690	6,846
Public safety	701,515	782,403	703,438	78,965
Sub-total	<u>3,626,198</u>	<u>3,805,283</u>	<u>3,661,223</u>	<u>144,060</u>
Other and Reserves				
Other	13,123	11,007	10,299	708
Reserve for system improvements	2,500	176,480	176,480	-
Total Other & reserves	<u>15,623</u>	<u>187,487</u>	<u>186,779</u>	<u>708</u>
<b>Total expenses</b>	<u>3,641,821</u>	<u>3,992,770</u>	<u>3,848,002</u>	<u>144,768</u>
<b>Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
*For the Year Ended September 30, 2019*

**A. General Debt Service Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	\$ 376,747
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition	<u>12,172</u>
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund -- General Debt Service	<u>\$ 388,919</u>

**B. Promotional Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	\$ 64,973
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Promotional Fund	\$ 64,973

**C. Donations Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	\$ (499)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(42,555)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition	<u>11,520</u>
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Donations Fund	<u>\$ (31,534)</u>



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION (continued)**  
**For the Year Ended September 30, 2019**

**D. Special Investigation Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	\$ 83,596
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition	<u>5,827</u>
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Special Investigation Fund	<u>\$ 89,423</u>

**E. Drainage Utility Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	\$ 455,043
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition	<u>8,635</u>
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Drainage Utility Fund	<u>\$ 463,678</u>

**F. Crime Control District Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	\$ -
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition	1,245
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.	30,119
The City budgets specific "Reserves" or "Contributions to Reserves" as expenditures or as an outflow but in GAAP statements it is not an expenditure.	<u>(131,903)</u>
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Crime Control District Fund	<u>\$ (100,539)</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION (continued)**  
**For the Year Ended September 30, 2019**

**G. Traffic Safety Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	\$ 60,344
Increase (decrease) in investment fair value changes and interest unavailable are not considered a for budgetary recognition	<u>15,643</u>
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Traffic Safety Fund	<u>\$ 75,987</u>

**H. Utility Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	\$ 1,408,923
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	4,470,895
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	166,897
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(1,958,680)
Certain expenses related to construction are included in the GAAP Statement and are not reported in the budgetary basis schedule.	152,379
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	(425,107)
Outflows of resources that represent debt service payments and related amortized costs for budgetary purposes are recognized as expense in budget basis statements	(4,042,268)
Inflows of resources that represent accrued revenue and not cash receipts are not recognized as revenues in budget basis statements.	<u>(865,907)</u>
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Utility Fund	<u>\$ (1,092,868)</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION (continued)**  
**For the Year Ended September 30, 2019**

**I. Aquatic Park Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	\$ (4,875)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(436,233)
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	933,526
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Compensating Balances.	19,961
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage.	(17,713)
Outflows of resources that represent debt service principal payments for budgetary purposes are recognized expense in budget basis statements	(452,020)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	<u>(31,002)</u>
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Aquatic Park	<u>\$ 11,644</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION (continued)**  
**For the Year Ended September 30, 2019**

**J. Golf Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	\$ 8,852
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(379,008)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	12,372
Outflows of resources that represent debt service principal payments for budgetary purposes are recognized expense in budget basis statements	128,433
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition.	<u>314,810</u>
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Golf Fund	<u>\$ 85,459</u>

**K. Facilities and Construction Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	\$ 393,159
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(27,375)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	(1,541)
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage.	11,419
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition.	<u>43,093</u>
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Facilities and Construction Fund	<u>\$ 418,755</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION (continued)**  
**For the Year Ended September 30, 2019**

**L. Fleet Services Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	\$ -
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(555,371)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	10,938
Increase (decrease) in investment fair value changes are not considered a resource/inflows for budgetary recognition	62,013
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(783,040)
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage	<u>77,312</u>
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Fleet Fund	<u>\$ (1,188,148)</u>

**M. Self Insurance Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	\$ 2,557,015
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	(2,781)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	<u>107,929</u>
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Self Insurance Fund	<u>\$ 2,662,163</u>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION (continued)**  
**For the Year Ended September 30, 2019**

**N. Information Technology Fund Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	\$ -
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(76,776)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	37,471
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	(46,068)
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage	32,611
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	<u>(271,376)</u>
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net	<u>\$ (324,138)</u>

## Statistical Section





The NRH water and sewer utility provides services to over 21,000 residential and business customers. The water provided by the city consistently meets or exceeds all state and federal drinking water requirements. The City of North Richland Hills purchases its drinking water, as well as sewer treatment services, from the City of Fort Worth and the Trinity River Authority as a wholesale customer. The Public Works Department Utility Division is responsible for maintenance of the city's water and sewer infrastructure.



## **Statistical Section**

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

# CITY OF NORTH RICHLAND HILLS, TEXAS

## NET POSITION BY COMPONENT

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

Table 1

Page 1 of 2

	Fiscal Year				
	2019	2018	2017	2016	2015
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 221,090,589	\$ 214,081,749	\$ 208,508,926	\$ 199,625,197	\$ 196,388,094
Restricted	20,825,594	16,138,949	11,257,910	4,005,996	3,451,280
Unrestricted	1,428,088	(4,852,295)	15,716,225	28,160,118	30,601,993
<b>Total governmental activities net position</b>	<u>\$ 243,344,271</u>	<u>\$ 225,368,403</u>	<u>\$ 235,483,061</u>	<u>\$ 231,791,311</u>	<u>\$ 230,441,367</u>
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 73,399,637	\$ 74,787,942	\$ 52,999,815	\$ 54,387,271	\$ 57,335,778
Restricted	5,119,704	4,260,462	3,764,244	3,507,899	4,153,891
Unrestricted	8,872,010	8,737,576	9,421,299	13,365,978	17,209,164
<b>Total business-type net position</b>	<u>\$ 87,391,351</u>	<u>\$ 87,785,980</u>	<u>\$ 66,185,358</u>	<u>\$ 71,261,148</u>	<u>\$ 78,698,833</u>
<b>Primary Government</b>					
Net investment in capital assets	\$ 294,490,226	\$ 288,869,691	\$ 261,508,741	\$ 254,012,468	\$ 253,723,872
Restricted	25,945,298	20,399,411	15,022,154	7,513,895	7,605,171
Unrestricted	10,300,098	3,885,281	25,137,524	41,526,096	47,811,157
<b>Total primary government net position</b>	<u>\$ 330,735,622</u>	<u>\$ 313,154,383</u>	<u>\$ 301,668,419</u>	<u>\$ 303,052,459</u>	<u>\$ 309,140,200</u>

# CITY OF NORTH RICHLAND HILLS, TEXAS

## NET POSITION BY COMPONENT

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

Table 1

Page 2 of 2

	Fiscal Year				
	2014	2013	2012	2011	2010
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 196,926,762	\$ 205,397,867	\$ 205,162,006	\$ 178,349,544	\$ 164,973,337
Restricted	4,115,704	4,634,803	4,253,430	3,368,190	3,715,127
Unrestricted	39,299,589	26,228,262	23,572,411	37,099,102	35,253,260
<b>Total governmental activities net position</b>	<b>\$ 240,342,055</b>	<b>\$ 236,260,932</b>	<b>\$ 232,987,847</b>	<b>\$ 218,816,836</b>	<b>\$ 203,941,724</b>
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 58,375,965	\$ 62,044,064	\$ 62,615,382	\$ 65,810,811	\$ 61,160,189
Restricted	3,788,127	3,762,460	2,710,553	2,600,187	2,610,287
Unrestricted	22,414,369	20,753,387	22,957,383	21,455,781	21,724,799
<b>Total business-type net position</b>	<b>\$ 84,578,461</b>	<b>\$ 86,559,911</b>	<b>\$ 88,283,318</b>	<b>\$ 89,866,779</b>	<b>\$ 85,495,275</b>
<b>Primary Government</b>					
Net investment in capital assets	\$ 255,302,727	\$ 267,441,931	\$ 267,777,388	\$ 244,160,355	\$ 226,133,526
Restricted	7,903,831	8,397,263	6,963,983	5,968,377	6,325,414
Unrestricted	61,713,958	46,981,649	46,529,794	58,554,883	56,978,059
<b>Total primary government net position</b>	<b>\$ 324,920,516</b>	<b>\$ 322,820,843</b>	<b>\$ 321,271,165</b>	<b>\$ 308,683,615</b>	<b>\$ 289,436,999</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
**Page 1 of 4**

	<b>Fiscal Year</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Expenses</b>					
<b>Governmental Activities:</b>					
General government	\$ 14,795,971	\$ 7,726,396	\$ 10,056,228	\$ 17,381,050	\$ 11,393,967
Public safety	34,641,711	10,115,202	36,900,873	36,372,485	31,515,975
Culture and recreation	12,988,181	7,985,984	13,477,176	12,638,389	12,542,034
Public works	8,100,775	10,465,375	11,362,841	9,569,723	8,958,913
Interest and other fees	3,452,789	3,562,127	3,743,076	4,016,128	4,488,461
<b>Total governmental activities expenses</b>	<b>73,979,427</b>	<b>39,855,084</b>	<b>75,540,194</b>	<b>79,977,775</b>	<b>68,899,350</b>
<b>Business-Type Activities:</b>					
Utility	33,543,900	32,041,219	31,655,646	31,490,416	30,228,765
Aquatic park	4,556,251	4,044,801	4,863,609	5,006,324	4,354,652
Golf course	2,521,179	2,562,080	2,554,338	2,465,475	2,394,132
<b>Total business-type activities expenses</b>	<b>40,621,330</b>	<b>38,648,100</b>	<b>39,073,593</b>	<b>38,962,215</b>	<b>36,977,549</b>
<b>Total primary government expenses</b>	<b>\$ 114,600,757</b>	<b>\$ 78,503,184</b>	<b>\$ 114,613,787</b>	<b>\$ 118,939,990</b>	<b>\$ 105,876,899</b>
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
<b>Charges for services:</b>					
General government	\$ 5,311,802	\$ 4,835,477	\$ 5,904,994	\$ 4,158,829	\$ 5,145,175
Public safety	3,122,234	2,757,133	2,443,763	3,486,887	3,894,194
Culture and recreation	4,179,364	3,487,459	3,274,056	3,246,982	3,104,181
Public works	1,206,002	1,100,243	1,118,102	979,812	1,063,766
Operating grants and contributions	8,356,606	7,086,384	4,910,865	3,336,301	2,966,484
Capital grants and contributions	787,186	225,013	1,647,847	4,575,258	478,587
<b>Total governmental activities program revenues</b>	<b>22,963,194</b>	<b>19,491,709</b>	<b>19,299,627</b>	<b>19,784,069</b>	<b>16,652,387</b>
<b>Business-Type Activities</b>					
<b>Charges for services:</b>					
Utility	34,803,804	37,145,864	31,983,377	30,544,439	29,826,840
Aquatic park	4,072,406	3,759,312	4,117,435	4,005,048	4,237,734
Golf course	2,560,903	2,361,058	2,543,641	2,552,175	2,335,223
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>41,437,113</b>	<b>43,266,234</b>	<b>38,644,453</b>	<b>37,101,662</b>	<b>36,399,797</b>
<b>Total primary government program revenues</b>	<b>\$ 64,400,307</b>	<b>\$ 62,757,943</b>	<b>\$ 57,944,080</b>	<b>\$ 56,885,731</b>	<b>\$ 53,052,184</b>
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (51,016,233)	\$ (20,363,375)	\$ (56,240,567)	\$ (60,193,706)	\$ (52,246,963)
Business-type activities	815,783	4,618,134	(429,140)	(1,860,553)	(577,752)
<b>Total primary government net expense</b>	<b>\$ (50,200,450)</b>	<b>\$ (15,745,241)</b>	<b>\$ (56,669,707)</b>	<b>\$ (62,054,259)</b>	<b>\$ (52,824,715)</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
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	Fiscal Year				
	2014	2013	2012	2011	2010
<b>Expenses</b>					
<b>Governmental Activities:</b>					
General government	\$ 11,226,130	\$ 10,656,322	\$ 10,399,845	\$ 9,886,731	\$ 14,653,747
Public safety	31,035,115	30,611,650	28,881,714	28,512,136	26,172,292
Culture and recreation	11,931,205	11,633,882	11,679,786	9,352,354	9,468,346
Public works	8,962,500	8,398,711	7,794,339	7,679,001	8,388,531
Interest and other fees	3,915,632	3,673,780	3,453,283	2,108,277	1,761,128
<b>Total governmental activities expenses</b>	<b>67,070,582</b>	<b>64,974,345</b>	<b>62,208,967</b>	<b>57,538,499</b>	<b>60,444,044</b>
<b>Business-Type Activities:</b>					
Utility	28,066,386	27,623,220	26,642,141	27,981,025	27,313,424
Aquatic park	4,542,966	4,749,688	4,753,949	4,507,561	4,188,892
Golf course	2,433,004	2,566,632	2,429,973	2,227,315	2,236,113
<b>Total business-type activities expenses</b>	<b>35,042,356</b>	<b>34,939,540</b>	<b>33,826,063</b>	<b>34,715,901</b>	<b>33,738,429</b>
<b>Total primary government expenses</b>	<b>\$ 102,112,938</b>	<b>\$ 99,913,885</b>	<b>\$ 96,035,030</b>	<b>\$ 92,254,400</b>	<b>\$ 94,182,473</b>
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
<b>Charges for services:</b>					
General government	\$ 5,521,811	\$ 5,497,050	\$ 5,490,245	\$ 5,466,876	\$ 8,619,557
Public safety	3,655,306	4,204,508	3,426,008	2,668,111	2,918,356
Culture and recreation	3,100,292	3,001,249	2,381,024	858,241	909,267
Public works	1,136,920	937,102	932,819	857,809	839,309
Operating grants and contributions	2,826,280	2,545,158	1,833,138	879,524	964,914
Capital grants and contributions	2,676,372	2,938,951	7,401,996	17,644,326	6,806,586
<b>Total governmental activities program revenues</b>	<b>18,916,981</b>	<b>19,124,018</b>	<b>21,465,230</b>	<b>28,374,887</b>	<b>21,057,989</b>
<b>Business-Type Activities</b>					
<b>Charges for services:</b>					
Utility	30,483,178	30,160,950	28,445,746	28,921,168	24,324,685
Aquatic park	4,019,970	4,377,388	4,548,828	4,587,899	4,090,087
Golf course	2,314,514	2,371,010	2,443,865	2,324,118	2,264,256
Operating grants and contributions	84,842	138,831	80,660	-	-
Capital grants and contributions	-	7,291	50,744	4,643,096	271,624
<b>Total business-type activities program revenues</b>	<b>36,902,504</b>	<b>37,055,470</b>	<b>35,569,843</b>	<b>40,476,281</b>	<b>30,950,652</b>
<b>Total primary government program revenues</b>	<b>\$ 55,819,485</b>	<b>\$ 56,179,488</b>	<b>\$ 57,035,073</b>	<b>\$ 68,851,168</b>	<b>\$ 52,008,641</b>
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (48,153,601)	\$ (45,850,327)	\$ (40,743,737)	\$ (29,163,612)	\$ (39,386,055)
Business-type activities	1,860,148	2,115,930	1,743,780	5,760,380	(2,787,777)
<b>Total primary government net expense</b>	<b>\$ (46,293,453)</b>	<b>\$ (43,734,397)</b>	<b>\$ (38,999,957)</b>	<b>\$ (23,403,232)</b>	<b>\$ (42,173,832)</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**CHANGES IN NET POSITION**  
*Last Ten Fiscal Years*  
*(Accrual Basis of Accounting)*

*Table 2*  
*Page 3 of 4*

	<b>Fiscal Year</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>General Revenues and Other Changes in Net Position</b>					
<b>Governmental Activities:</b>					
<b>Taxes:</b>					
Property taxes	\$ 34,416,931	\$ 32,519,445	\$ 29,852,651	\$ 27,060,196	\$ 26,099,238
Sales tax	20,438,448	20,519,795	19,838,314	19,324,022	18,571,502
Mixed beverage	154,095	145,495	145,222	139,062	138,100
Franchise and other taxes	4,315,995	4,093,150	4,015,982	4,437,141	4,502,303
Occupancy	279,026	301,835	278,764	275,072	232,793
Unrestricted investment earnings	2,670,106	396,058	285,287	522,485	514,062
Miscellaneous	3,101,123	3,237,668	637,784	4,077,647	188,123
Transfers	3,616,377	2,685,453	4,878,313	5,708,025	3,973,821
<b>Total governmental activities</b>	<b>68,992,101</b>	<b>63,898,899</b>	<b>59,932,317</b>	<b>61,543,650</b>	<b>54,219,942</b>
<b>Business-Type Activities:</b>					
Unrestricted investment earnings	670,582	63,542	74,378	127,777	119,568
Miscellaneous	1,735,383	2,153,798	157,285	3,116	35,052
Transfers	(3,616,377)	(2,685,453)	(4,878,313)	(5,708,025)	(3,973,821)
<b>Total business-type activities</b>	<b>(1,210,412)</b>	<b>(468,113)</b>	<b>(4,646,650)</b>	<b>(5,577,132)</b>	<b>(3,819,201)</b>
<b>Total primary government</b>	<b>\$ 67,781,689</b>	<b>\$ 63,430,786</b>	<b>\$ 55,285,667</b>	<b>\$ 55,966,518</b>	<b>\$ 50,400,741</b>
 <b>Changes in Net Position:</b>					
Governmental activities	\$ 17,975,868	\$ 43,535,524	\$ 3,691,750	\$ 1,349,944	\$ 1,972,979
Business-type activities	(394,629)	4,150,021	(5,075,790)	(7,437,685)	(4,396,953)
<b>Total primary government</b>	<b>\$ 17,581,239</b>	<b>\$ 47,685,545</b>	<b>\$ (1,384,040)</b>	<b>\$ (6,087,741)</b>	<b>\$ (2,423,974)</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**CHANGES IN NET POSITION**  
*Last Ten Fiscal Years*  
*(Accrual Basis of Accounting)*

*Table 2*  
*Page 4 of 4*

	<b>Fiscal Year</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>General Revenues and Other Changes in Net Position</b>					
<b>Governmental Activities:</b>					
<b>Taxes:</b>					
Property taxes	\$ 24,903,041	\$ 24,126,068	\$ 22,222,620	\$ 19,339,750	\$ 19,909,976
Sales tax	18,007,872	17,359,807	16,974,086	16,645,412	16,428,281
Mixed beverage	129,512	117,223	101,724	128,007	118,253
Franchise and other taxes	4,332,756	4,166,579	4,269,229	4,329,500	3,956,663
Occupancy	206,930	221,003	210,324	238,410	240,387
Unrestricted investment earnings	320,460	258,705	300,928	495,386	588,866
Miscellaneous	142,074	205,445	288,093	1,271,555	553,412
Transfers	4,162,160	3,674,512	3,384,630	1,590,704	2,690,024
<b>Total governmental activities</b>	<b>52,204,805</b>	<b>50,129,342</b>	<b>47,751,634</b>	<b>44,038,724</b>	<b>44,485,862</b>
<b>Business-Type Activities:</b>					
Unrestricted investment earnings	20,007	80,950	50,479	171,125	236,674
Miscellaneous	300,555	5,380	6,909	30,703	53,524
Transfers	(4,162,160)	(3,674,512)	(3,384,630)	(1,590,704)	(2,690,024)
<b>Total business-type activities</b>	<b>(3,841,598)</b>	<b>(3,588,182)</b>	<b>(3,327,242)</b>	<b>(1,388,876)</b>	<b>(2,399,826)</b>
<b>Total primary government</b>	<b>\$ 48,363,207</b>	<b>\$ 46,541,160</b>	<b>\$ 44,424,392</b>	<b>\$ 42,649,848</b>	<b>\$ 42,086,036</b>
<b>Changes in Net Position:</b>					
Governmental activities	\$ 4,051,204	\$ 4,279,015	\$ 7,007,897	\$ 14,875,112	\$ 5,099,807
Business-type activities	(1,981,450)	(1,472,252)	(1,583,462)	4,371,504	(5,187,603)
<b>Total primary government</b>	<b>\$ 2,069,754</b>	<b>\$ 2,806,763</b>	<b>\$ 5,424,435</b>	<b>\$ 19,246,616</b>	<b>\$ (87,796)</b>

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
*Last Nine Fiscal Years*  
*(Modified Accrual Basis of Accounting)*

*Table 3*  
*Page 1 of 2*

	Fiscal Year			
	2019	2018	2017	2016
<b>General fund</b>				
Nondisposable	\$ 155,829	\$ 155,629	\$ 235,578	\$ 134,812
Restricted	1,345,276	1,128,109	986,704	572,174
Assigned	282,553	285,135	114,058	705,694
Unassigned	13,899,240	11,959,306	10,683,474	8,117,775
<b>Total General fund</b>	<u>15,682,898</u>	<u>13,528,179</u>	<u>12,019,814</u>	<u>9,530,455</u>
<b>All other governmental funds</b>				
Nondisposable	90,038	15,408	35,791	51,958
Restricted	38,419,489	33,168,349	30,949,263	29,505,140
Committed	4,733,528	2,251,461	2,130,744	2,067,819
Assigned	7,262,781	8,318,816	19,884,686	22,476,772
Unassigned	-	-	-	-
<b>Total all other governmental funds</b>	<u>50,505,836</u>	<u>43,754,034</u>	<u>53,000,484</u>	<u>54,101,689</u>
<b>Total all governmental funds</b>	<u>\$66,188,734</u>	<u>\$57,282,213</u>	<u>\$ 65,020,298</u>	<u>\$ 63,632,144</u>

Notes: GASB 54 Fund Balance reporting was implemented in 2011.



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
*Last Nine Fiscal Years*  
*(Modified Accrual Basis of Accounting)*

*Table 3*  
*Page 2 of 2*

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>General fund</b>					
Nonspendable	\$ 341,273	\$ 450,459	\$ 669,275	\$ 707,569	\$ 926,707
Restricted	567,522	476,163	1,123,587	868,715	653,526
Assigned	929,092	3,811,011	3,963,333	3,759,566	1,848,329
Unassigned	9,457,571	9,070,595	9,186,072	8,992,908	9,838,310
<b>Total General fund</b>	<u>11,295,458</u>	<u>13,808,228</u>	<u>14,942,267</u>	<u>14,328,758</u>	<u>13,266,872</u>
<b>All other governmental funds</b>					
Nonspendable	33,195	50,288	27,002	47,202	30,308
Restricted	44,653,934	74,611,779	63,631,314	60,696,117	30,997,610
Committed	1,565,680	1,070,103	4,161,319	3,622,301	6,221,018
Assigned	19,075,193	10,674,838	17,280,746	16,333,423	6,480,459
Unassigned	(406,809)	-	-	-	-
<b>Total all other governmental funds</b>	<u>64,921,193</u>	<u>86,407,008</u>	<u>85,100,381</u>	<u>80,699,043</u>	<u>43,729,395</u>
<b>Total all governmental funds</b>	<u>\$ 76,216,651</u>	<u>\$ 100,215,236</u>	<u>\$ 100,042,648</u>	<u>\$ 95,027,801</u>	<u>\$ 56,996,267</u>

Notes: GASB 54 Fund Balance reporting was implemented in 2011.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 4**  
**Page 1 of 2**

	Fiscal Year				
	2019	2018	2017	2016	2015
<b>Revenues</b>					
Taxes	\$ 59,608,600	\$ 57,455,121	\$ 54,092,627	\$ 51,253,936	\$ 49,541,169
Licenses and permits	2,550,598	2,150,745	2,326,087	2,534,768	1,520,086
Charges for services	7,446,486	7,086,865	6,120,805	6,027,624	5,904,848
Gas utility leases and royalties	519,830	555,185	454,264	263,932	664,788
Fines	2,088,401	1,973,660	2,212,430	1,892,511	2,222,995
Civil citations	-	-	1,088,773	1,322,940	1,226,567
Contributions	281,178	428,977	362,139	1,795,872	277,972
Special assessments	4,199	8,764	775	3,755	12,095
Investment income	2,203,691	385,620	304,456	475,680	437,668
Intergovernmental	5,195,951	6,892,700	6,194,623	6,121,987	4,305,248
Forfeitures	114,246	86,783	92,346	112,118	67,598
Developer contributions	-	-	-	-	-
Miscellaneous	1,858,022	333,603	354,955	366,569	263,251
<b>Total Revenues</b>	<b>81,871,202</b>	<b>77,358,023</b>	<b>73,604,280</b>	<b>72,171,692</b>	<b>66,444,285</b>
<b>Expenditures</b>					
General government	10,497,502	10,259,209	10,447,419	9,965,076	9,299,236
Public safety	35,480,280	34,610,632	33,044,578	31,277,423	30,050,383
Culture and recreation	10,514,871	10,335,379	10,186,032	9,634,940	9,534,702
Public works	3,258,397	3,193,928	3,153,832	3,088,996	3,024,822
Capital outlay	13,463,999	19,572,041	15,089,154	27,524,601	55,831,018
Debt Service:					
Principal retirement	10,630,000	10,745,000	10,515,000	11,187,728	9,999,376
Interest and fiscal charges	3,586,252	3,941,465	4,165,468	4,327,617	4,506,910
Bond issuance costs	216,920	-	-	-	-
<b>Total Expenditures</b>	<b>87,648,221</b>	<b>92,657,654</b>	<b>86,601,483</b>	<b>97,006,381</b>	<b>122,246,447</b>
Excess of revenues over (under) expenditures	(5,777,019)	(15,299,631)	(12,997,203)	(24,834,689)	(55,802,162)
<b>Other Financing Sources (Uses)</b>					
Issuance of debt	8,490,000	-	7,545,000	1,850,000	22,215,000
Issuance of refunding debt	4,865,000	-	1,695,000	2,006,810	10,416,576
Premium on issuance of debt	738,173	-	362,160	97,212	3,265,946
Payment to refunded bond escrow agent	(5,380,743)	-	(1,682,019)	(2,025,720)	(10,416,576)
Proceeds from sale of assets	484,003	2,712,686	505,650	3,977,054	136,558
Transfers in	14,220,231	12,180,950	14,617,046	19,233,421	12,337,451
Transfers (out)	(8,733,124)	(7,332,100)	(8,657,479)	(12,888,595)	(6,151,378)
<b>Total other financing sources (uses)</b>	<b>14,683,540</b>	<b>7,561,536</b>	<b>14,385,358</b>	<b>12,250,182</b>	<b>31,803,577</b>
Net change in fund balances	\$ 8,906,521	\$ (7,738,095)	\$ 1,388,155	\$ (12,584,507)	\$ (23,998,585)
Debt service as a percentage of noncapital expenditures	19.5%	19.8%	20.4%	20.8%	20.9%

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 4**  
**Page 2 of 2**

	Fiscal Year				
	2014	2013	2012	2011	2010
<b>Revenues</b>					
Taxes	\$ 47,625,477	\$ 45,990,682	\$ 43,777,983	\$ 40,681,079	\$ 40,842,538
Licenses and permits	1,632,278	1,764,004	1,543,875	1,375,742	1,148,594
Charges for services	6,681,429	6,800,050	6,715,031	6,076,625	7,588,891
Gas utility leases and royalties	1,187,340	-	-	-	-
Fines	1,990,953	2,424,064	2,421,696	2,665,135	2,631,813
Civil citations	990,714	923,282	778,393	674,745	726,274
Contributions	199,825	140,385	176,740	187,813	192,501
Special assessments	-	10,116	200	8,748	-
Investment income	319,622	177,178	415,326	383,453	538,193
Intergovernmental	5,072,166	4,467,635	5,732,323	9,070,672	3,188,918
Forfeitures	107,275	323,285	138,604	183,295	232,054
Developer contributions	600,000	-	-	-	-
Miscellaneous	388,858	1,318,985	1,363,579	445,214	1,876,282
<b>Total Revenues</b>	<b>66,795,937</b>	<b>64,339,666</b>	<b>63,063,750</b>	<b>61,752,521</b>	<b>58,966,058</b>
<b>Expenditures</b>					
General government	10,155,142	10,673,511	10,829,793	10,311,297	10,435,250
Public safety	29,022,814	28,317,163	26,959,990	25,934,692	24,697,961
Culture and recreation	9,231,503	9,290,204	9,163,107	7,453,931	7,344,261
Public works	2,924,516	3,563,149	3,601,659	2,416,186	2,518,081
Capital outlay	30,729,875	10,208,747	15,945,071	15,475,441	14,301,095
Debt Service:					
Principal retirement	8,578,960	8,523,434	8,846,947	8,187,696	7,115,319
Interest and fiscal charges	3,924,385	3,659,348	3,092,172	2,194,444	2,161,325
Interest and fiscal charges	-	-	-	-	-
<b>Total Expenditures</b>	<b>94,567,195</b>	<b>74,235,556</b>	<b>78,438,739</b>	<b>71,973,687</b>	<b>68,573,292</b>
Excess of revenues over (under) expenditures	(27,771,258)	(9,895,890)	(15,374,989)	(10,221,166)	(9,607,234)
<b>Other Financing Sources (Uses)</b>					
Issuance of debt	24,360,000	9,845,000	26,224,251	7,315,000	9,186,475
Issuance of refunding debt	3,936,985	-	3,699,388	-	-
Premium on issuance of debt	310,000	300,486	546,164	358,270	42,075
Payment to refunded bond escrow agent	(3,936,985)	-	(3,809,076)	-	-
Proceeds from sale of assets	19,500	799,045	3,145,280	806,479	34,678
Transfers in	16,597,422	7,782,662	8,705,604	5,659,688	8,158,092
Transfers (out)	(13,343,076)	(3,816,456)	(4,842,779)	(4,304,576)	(7,540,830)
<b>Total other financing sources (uses)</b>	<b>27,943,846</b>	<b>14,910,737</b>	<b>33,668,832</b>	<b>9,834,861</b>	<b>9,880,490</b>
Net change in fund balances	\$ 172,588	\$ 5,014,847	\$ 18,293,843	\$ (386,305)	\$ 273,256
Debt service as a percentage of noncapital expenditures	18.9%	19.0%	19.2%	18.4%	17.1%

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**APPRAISED AND TAXABLE VALUE OF PROPERTY**  
*Last Ten Fiscal Years*

*Table 5*

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Appraised Residential Property</b>	<b>Appraised Commercial Property</b>	<b>Appraised Industrial Property</b>	<b>Appraised Other Property <sup>1</sup></b>	<b>Personal Property</b>	<b>Estimate for ARB &amp; Incomplete</b>	<b>Less Tax Exempt Property</b>	<b>Estimated Net Taxable Value</b>	<b>Total Direct Tax Rate</b>
2010	2009	\$ 2,647,640,376	\$ 1,208,449,067	\$ 16,397,636	\$ 16,439,434	\$ 311,291,262	\$ 268,882,950	\$ 718,673,173	\$ 3,750,427,552	0.57000
2011	2010	2,761,524,503	1,290,764,397	23,749,165	13,867,550	302,449,010	89,691,395	879,728,309	3,602,317,711	0.57000
2012	2011	2,771,215,853	1,314,489,854	24,818,749	21,212,859	302,955,622	131,117,657	947,626,573	3,618,184,021	0.57000
2013	2012	2,785,739,578	1,381,473,075	24,346,385	47,706,246	312,039,668	84,494,809	903,068,001	3,732,731,760	0.61000
2014	2013	2,868,511,402	1,441,819,516	25,428,750	40,136,107	311,311,919	90,219,997	936,363,242	3,841,064,449	0.61000
2015	2014	3,051,185,373	1,493,156,269	27,110,792	49,727,661	324,807,300	66,663,269	956,622,434	4,056,028,230	0.61000
2016	2015	3,117,914,468	1,538,511,112	19,220,094	46,060,377	326,962,414	173,753,349	1,072,233,887	4,150,187,927	0.61000
2017	2016	3,540,397,856	1,721,550,137	26,729,937	27,615,504	312,681,455	263,198,321	1,292,478,020	4,599,695,190	0.61000
2018	2017	3,993,343,172	1,956,678,814	26,686,683	24,263,442	357,297,914	224,247,353	1,418,958,570	5,163,558,808	0.59000
2019	2018	4,355,697,880	2,116,508,756	27,218,496	35,225,850	392,810,455	138,916,899	1,415,773,177	5,650,605,159	0.58500

Source: 2007-2015 - July 25th Tarrant Appraisal District Certified Tax Roll and City budget  
2016 - December Tarrant Appraisal District Certified Tax Roll and City budget

<sup>1</sup> This category includes properties under protest with the appraisal review board and properties classified as incomplete by Tarrant Appraisal District at the time NRH City Council approves the Tax Rolls for the budget year. The net taxable values are those approved by City Council by resolution.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
*(per \$100 assessed value)*  
*Last Ten Fiscal Years*

**Table 6**

Fiscal Year	City of North Richland Hills			Junior college <sup>1</sup>	Birdville school district <sup>1</sup>	Hospital <sup>1</sup>	County <sup>1</sup>	Total
	General fund <sup>2</sup>	Debt service fund <sup>2</sup>	Total <sup>2</sup>					
2010	0.35412	0.21588	0.57000	0.13767	1.40500	0.22790	0.26400	2.60457
2011	0.37022	0.19978	0.57000	0.13764	1.42500	0.22790	0.26400	2.62454
2012	0.35642	0.21358	0.57000	0.14897	1.43500	0.22790	0.26400	2.64587
2013	0.35108	0.25892	0.61000	0.14897	1.43500	0.22790	0.26400	2.68587
2014	0.34904	0.26096	0.61000	0.14950	1.43500	0.22790	0.26400	2.68640
2015	0.35058	0.25942	0.61000	0.14950	1.43500	0.22790	0.26400	2.68640
2016	0.36473	0.24527	0.61000	0.14950	1.45390	0.22790	0.26400	2.70530
2017	0.34808	0.26192	0.61000	0.14473	1.45390	0.22790	0.25400	2.69053
2018	0.32864	0.26136	0.59000	0.14006	1.45390	0.22443	0.24400	2.65239
2019	0.32709	0.25791	0.58500	0.13607	1.45390	0.22443	0.23400	2.63340

Sources: <sup>1</sup> Tarrant County

<sup>2</sup> City records

**CITY OF NORTH RICHLAND HILLS, TEXAS**
**PRINCIPAL PROPERTY TAXPAYERS**
*Current Year and Nine Years Ago*
**Table 7**

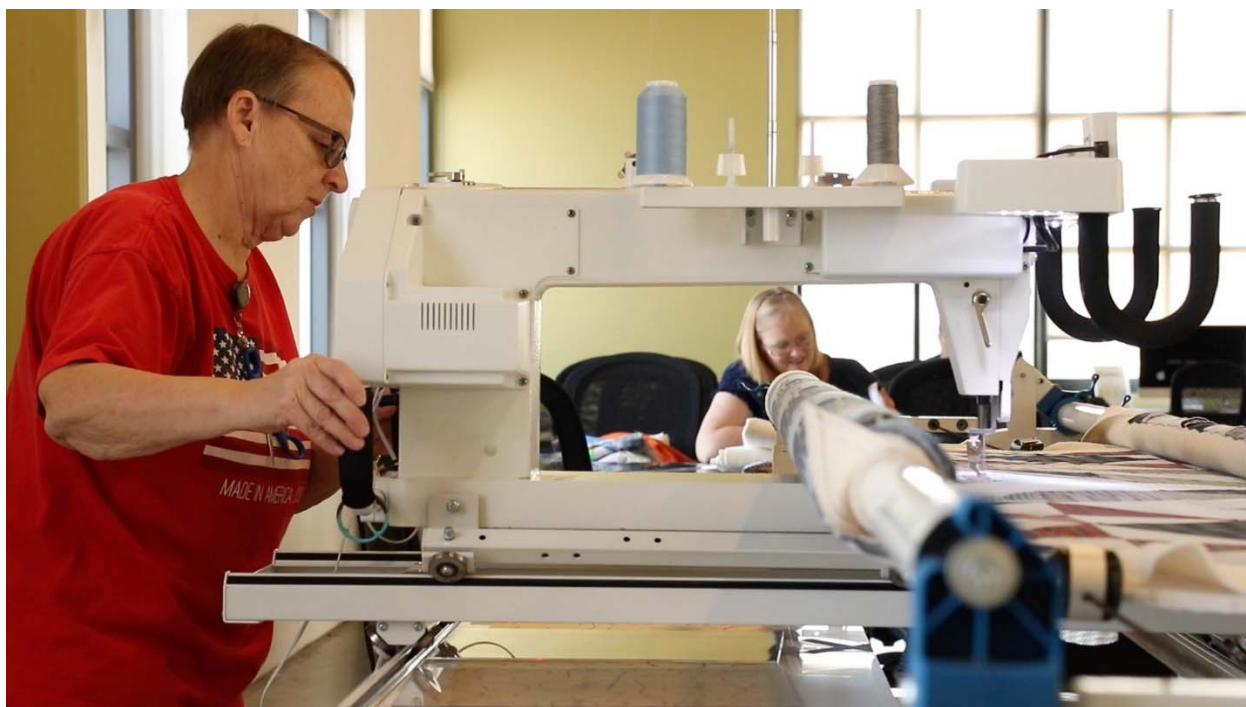
<b>Year ended September 30, 2019</b>			
<b>Taxpayer</b>	<b>Type of Business</b>	<b>2018 Assessed Valuation*</b>	<b>% of Total Assessed Valuation</b>
Star Delano LLC/Star Meadows LLC	Multi Family	\$ 77,821,920	1.38%
Company One, LLC	Real Estate	68,600,000	1.21%
Aragon 2014/8500 Harwood LLC	Multi Family	64,600,000	1.14%
Dolce Living Hometown LLC	Multi Family	49,800,000	0.88%
Devon Square LLC	Multi Family	43,440,000	0.77%
Columbia N Hills Hosp Sub	Healthcare Provider	40,035,198	0.71%
Wal-Mart	Retail	39,007,294	0.69%
Rockport NRH LLC	Multi Family	34,095,690	0.60%
AR-Hightower LP Etal	Multi Family	33,200,000	0.59%
VR Venue Limited Partnership	Multi Family	30,300,000	0.54%
		<u>\$ 480,900,102</u>	<u>8.51%</u>

<b>Year ended September 30, 2010</b>			
<b>Taxpayer</b>	<b>Type of Business</b>	<b>2009 Assessed Valuation*</b>	<b>% of Total Assessed Valuation</b>
Kimberly Clark/Tecnol, Inc.	Manufacturer	\$ 38,004,174	1.78%
Wal-Mart	Retail	34,526,100	1.62%
Foods Brands America, Inc.	Food Manufacturer	29,576,921	1.38%
Home Depot, Inc.	Retail	26,454,650	1.24%
Alliance Park Portfolio, LLC	Commercial/Real Estate	24,421,833	1.14%
Texas Utilities Electric Co.	Utility Co.	23,076,425	1.08%
Five Star Ford/Pack Properties	Automotive Dealership	22,655,923	1.06%
Northeast Crossing LP	Commercial/Real Estate	21,476,284	1.01%
Richland Centre, Inc.	Property Developer	19,358,274	0.91%
Meadows NRH Associates LP	Real Estate	19,312,366	0.90%
		<u>\$ 258,862,950</u>	<u>12.12%</u>

\* Source: Tarrant Appraisal District



The Maker Spot is a 4,500 sq. ft. makerspace on the second floor of the NRH Library. The Maker Spot is a community workspace where Library cardholders can come to create, explore, collaborate and innovate. The Maker Spot, opened in 2015, was funded by a Special Projects grant from the Texas State Library and Archives and the Institute for Museum and Library Services.



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
*Last Ten Fiscal Years*

*Table 8*

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Tax Rate</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collections (Refunds) in Subsequent Years</b>	<b>Total Collections to Date</b>	
				<b>Amount</b>	<b>Percent of Levy</b>	<b>Amount</b>	<b>Amount</b>	<b>Percent of Levy</b>
2010	2009	\$ 0.57000	\$ 21,377,437	\$ 21,115,928	98.78%	\$ 234,576	\$ 21,350,504	99.87%
2011	2010	0.57000	20,533,211	20,281,233	98.77%	225,450	20,506,683	99.87%
2012	2011	0.57000	20,623,649	20,370,425	98.77%	227,165	20,597,590	99.87%
2013	2012	0.61000	22,769,664	22,175,814	97.39%	545,618	22,721,432	99.79%
2014	2013	0.61000	23,430,493	22,797,806	97.30%	581,300	23,379,106	99.78%
2015	2014	0.61000	24,472,461	23,954,022	97.88%	473,771	24,427,793	99.82%
2016	2015	0.61000	25,342,035	24,810,326	97.90%	473,039	25,283,365	99.77%
2017	2016	0.61000	28,102,997	27,221,718	96.86%	834,632	28,056,350	99.83%
2018	2017	0.59000	30,455,592	29,254,234	96.06%	1,123,646	30,377,880	99.74%
2019	2018	0.58500	32,788,890	31,270,097	95.37%	-	31,270,097	95.37%



**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
*Last Ten Fiscal Years*

*Table 9*  
*Page 1 of 2*

(dollars in thousands, except per capita)

<b>General Bonded Debt</b>					
<b>Fiscal Year</b>	<b>Estimated Population <sup>1</sup></b>	<b>Net Taxable Value <sup>2</sup></b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Loans Payable</b>
2010	\$ 66,400	\$ 3,750,428	\$ 41,725	\$ 8,255	\$ 1,625
2011	63,420	3,602,318	41,800	9,575	1,242
2012	63,420	3,618,184	65,283	33,330	840
2013	63,420	3,732,732	70,179	30,910	311
2014	65,690	3,841,064	81,512	36,050	-
2015	66,300	4,056,028	83,354	50,105	-
2016	69,204	4,150,188	77,625	46,330	-
2017	69,768	4,599,695	71,478	49,485	-
2018	69,600	5,163,559	64,925	44,825	-
2019	71,269	5,650,605	60,131	47,395	-

<b>Other Gov't Activities Debt</b>					
<b>Fiscal Year</b>	<b>Sales Tax Revenue bonds</b>	<b>Business-Type Activities</b>			
		<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Capital Leases</b>	<b>Total Business-type Activities</b>
2010	\$ 3,600	\$ 1,890	\$ 11,285	\$ -	\$ 13,175
2011	2,640	1,432	12,610	-	14,042
2012	1,645	2,346	16,415	388	19,149
2013	615	1,885	15,300	317	17,502
2014	210	1,815	15,280	245	17,340
2015	105	2,012	13,670	163	15,845
2016	-	3,452	14,980	92	18,524
2017	-	3,190	13,605	253	17,048
2018	-	2,737	12,455	175	15,367
2019	-	4,784	14,665	77	19,526

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

<sup>1</sup> See Table 13 for additional population statistics.

<sup>2</sup> See Table 5 for additional information on net taxable value.

<sup>3</sup> Includes general bonded debt, other governmental activities debt, and business-type activities debt, net of premiums and discounts.

**CITY OF NORTH RICHLAND HILLS, TEXAS**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

*Last Ten Fiscal Years*

*Table 9*

*Page 2 of 2*

<b>Fiscal Year</b>	<b>Total General Bonded Debt</b>	<b>Percentage of Net Taxable Value</b>	<b>General Bonded Debt Per Capita <sup>1</sup></b>
2010	\$ 51,605	1.38%	\$ 777
2011	52,617	1.46%	830
2012	99,453	2.75%	1,568
2013	101,400	2.72%	1,599
2014	117,562	3.06%	1,790
2015	133,459	3.29%	2,013
2016	123,955	2.99%	1,791
2017	120,963	2.63%	1,734
2018	109,750	2.13%	1,577
2019	107,526	1.90%	1,509

<b>Fiscal Year</b>	<b>Total Primary Government <sup>3</sup></b>	<b>Percentage of Net Taxable Value</b>	<b>Total Bonded Debt Per Capita <sup>1</sup></b>	<b>Percentage of Per Capita Income <sup>1</sup></b>
2010	\$ 68,380	1.82%	\$ 1,030	3.45%
2011	69,298	1.92%	1,093	3.46%
2012	120,246	3.32%	1,896	6.08%
2013	119,517	3.20%	1,885	5.87%
2014	135,112	3.52%	2,057	6.47%
2015	149,409	3.68%	2,254	7.00%
2016	142,479	3.43%	2,059	6.33%
2017	138,011	3.00%	1,978	5.73%
2018	125,117	2.42%	1,798	5.16%
2019	127,052	2.25%	1,783	4.91%

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

<sup>1</sup> See Table 13 for additional population statistics.

<sup>2</sup> See Table 5 for additional information on net taxable value.

<sup>3</sup> Includes general bonded debt, other governmental activities debt, and business-type activities debt.  
net of premiums and discounts.



The North Richland Hills Parks & Recreation Facilities Development Corporation Capital Improvement Program is funded through a voter approved half-cent sales tax authorized to fund the development of parks and recreational facilities for the community. The Corporation was established following voter approval in January 1992.

Since its inception in 1992, many accomplishments have been achieved. 902 acres of park land have been acquired, offering the following parks and recreational services to our citizens:

- 20 miles of multi-use trails creating a complete network of trails throughout the City
- 7 community parks
- 13 neighborhood parks
- 9 linear parks
- Richland Tennis Center
- NRH<sub>2</sub>O Family Water Park
- Tipps Canine Hollow Dog Park
- Davis Emerald Pocket Park
- Stormy Plaza
- NRH Senior Center
- Common Ground NRH Community Garden

The 7 member Board of Directors is appointed by City Council and comprised of 4 City Council members and 3 citizen members.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**DIRECT AND ESTIMATED OVERLAPPING**  
**GOVERNMENTAL ACTIVITIES DEBT**  
*Last Ten Fiscal Years*

*Table 10*

<b>Taxing Jurisdiction</b>	<b>Net Bonded Outstanding Debt</b>	<b>Overlapping</b>	
		<b>Percentage Applicable <sup>2</sup></b>	<b>City Share of Overlapping Debt</b>
City of North Richland Hills	\$ 107,525,853 <sup>1</sup>	100.00%	\$ 107,525,853
Birdville ISD	397,327,084	48.34%	192,067,912
Hurst-Euless-Bedford ISD	383,550,000	0.06%	230,130
Keller ISD	649,855,320	3.86%	25,084,415
Tarrant County	266,375,000	3.04%	8,097,800
Tarrant County Hospital District	17,735,000	3.04%	539,144
<b>Total Overlapping Debt</b>			<b>\$ 226,019,401</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 333,545,254</b>

Source: Municipal Advisory Council of Texas

<sup>1</sup> Includes self-supporting governmental activities debt.

<sup>2</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values.

Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF NORTH RICHLAND HILLS, TEXAS****COMPUTATION OF LEGAL DEBT MARGIN***Last Ten Fiscal Years**Table 11*

<b>Fiscal Year</b>	<b>Estimated Net Taxable Value</b>	<b>Debt Limit</b>	<b>Total Debt Service</b>	<b>Legal Debt Margin</b>	<b>Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit</b>
2010	\$ 3,750,427,552	\$56,256,413	\$8,149,644	\$48,106,769	14.49%
2011	3,602,317,712	54,034,766	9,263,791	44,770,975	17.14%
2012	3,618,184,021	54,272,760	7,567,382	46,705,378	13.94%
2013	3,732,731,760	55,990,976	8,768,411	47,222,565	15.66%
2014	3,841,064,449	57,615,967	9,565,203	48,050,764	16.60%
2015	4,056,028,230	60,840,423	11,196,142	49,644,281	18.40%
2016	4,150,187,927	62,252,819	12,709,626	49,543,193	20.42%
2017	4,599,695,190	68,995,428	11,668,135	57,327,293	16.91%
2018	5,163,558,808	77,453,382	16,751,884	60,701,498	21.63%
2019	5,650,605,159	84,759,077	16,849,964	67,909,113	19.88%

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**PLEDGED REVENUE COVERAGE**  
*Last Ten Fiscal Years*

*Table 12*

<b>Park and Recreation Facilities Development Bonds</b>								
<b>Fiscal Year</b>	<b>Sales Tax Revenues</b>	<b>Less: Current Expenditures</b>	<b>Net Revenue Available</b>	<b>Debt Service</b>			<b>Total <sup>1</sup></b>	<b>Coverage</b>
2010	\$ 4,211,692	\$ 3,027,159	\$ 1,184,533	\$ 960,000	\$ 167,000		\$1,127,000	1.05
2011	4,179,388	3,284,467	894,921	995,000	123,349		1,118,349	0.80
2012	4,241,341	5,580,061	(1,338,720) <sup>2</sup>	1,030,000	80,075		1,110,075	(1.21)
2013	4,343,358	5,729,298 <sup>3</sup>	(1,385,940) <sup>2</sup>	405,000	31,315		436,315	(3.18)
2014	4,506,169	5,559,713 <sup>3</sup>	(1,053,544) <sup>2</sup>	355,000	117,243		472,243	(2.23)
2015	4,648,841	5,703,671 <sup>3</sup>	(1,054,830) <sup>2</sup>	455,000	109,153		564,153	(1.87)
2016	4,837,974	5,896,984 <sup>3</sup>	(1,059,010) <sup>2</sup>	240,000	89,055		329,055	(3.22)
2017	4,964,710	6,235,946 <sup>3</sup>	(1,271,236) <sup>2</sup>	240,000	80,393		320,393	(3.97)
2018	5,140,554	6,328,312	(1,187,758) <sup>2</sup>	430,000	197,685		627,685	(1.89)
2019	5,113,739	6,502,089	(1,388,350) <sup>2</sup>	350,000	174,555		524,555	(2.65)

<sup>1</sup> Includes interest and fiscal agent charges.

<sup>2</sup> Bond covenant for sales tax revenue bonds mandates sufficient fund balance to cover average debt service payments unpaid. Negative coverage indicates that fund balance reserves are being used to cover debt service requirements. The City has sufficient fund balance coverage to pay all debt service due.

<sup>3</sup> Excludes capital outlay.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
*Last Ten Fiscal Years*

*Table 13*

<b>Fiscal Year</b>	<b>Estimated Population <sup>2</sup></b>	<b>Median Income <sup>6</sup></b>	<b>Per Capita Income <sup>6</sup></b>	<b>Median Age <sup>6</sup></b>	<b>Education Level <sup>6, 7</sup></b>	<b>School Enrollment <sup>1, 5</sup></b>	<b>Unemployment Rate <sup>3</sup></b>
2010	66,400	\$ 68,082	\$ 29,882	35.6	91%	11,431	6.9%
2011	63,420 <sup>4</sup>	63,594	31,615	38.0	91%	11,615	7.3%
2012	63,420	78,911	31,175	38.2	91%	10,843	6.3%
2013	63,420	82,051	32,079	38.4	91%	10,883	5.5%
2014	65,690	81,100	31,766	38.5	95%	10,795	4.9%
2015	66,300	66,475	32,176	38.6	92%	11,452	3.3%
2016	69,204	65,121	32,549	38.9	92%	11,206	3.8%
2017	69,768	66,884	34,520	39.1	92%	10,970	3.8%
2018	69,600	67,812	34,839	39.2	93%	10,917	3.4%
2019	71,269	71,338	36,296	39.5	92%	11,070	3.0%

Data Sources:

<sup>1</sup>Birdville Independent School District

<sup>2</sup>City estimates

<sup>3</sup>Texas Employment Commission

<sup>4</sup>Population was adjusted based on census.

<sup>5</sup>Includes North Richland Hills students only

<sup>6</sup>ESRI Business Information Solutions, Inc.

<sup>7</sup>Reported as a percentage of residents with a high school diploma or greater



The annual NRH Holiday Magic Christmas Tree Lighting & Family Festival is held each December with activities including visits from Santa and Mrs. Claus, children's activities, craft vendors, performances on the community stage, and a holiday-themed fireworks show.



**CITY OF NORTH RICHLAND HILLS, TEXAS****PRINCIPAL EMPLOYERS***Current Year and Nine Years Ago***Table 14****Year ended September 30, 2019**

<b>Employer</b>	<b>Employees <sup>3</sup></b>	<b>Rank</b>	<b>Percentage of Total City Employment *</b>
Santander Consumer USA, Inc.	1,650	1	4.20%
Wal-Mart Supercenters	790	2	2.00%
Birdville ISD <sup>1</sup>	769	3	1.96%
Medical City North Hills	785	4	2.00%
City of North Richland Hills	550	5	1.40%
Tarrant County College - NE Campus <sup>2</sup>	527	6	1.34%
Tyson Prepared Foods	380	7	0.97%
Health Markets	452	8	1.15%
Stericycle	400	9	1.02%
XPO Logistics	260	10	0.66%
	<u>6,563</u>		<u>16.70%</u>

**Year ended September 30, 2010**

<b>Employer</b>	<b>Employees <sup>3</sup></b>	<b>Rank</b>	<b>Percentage of Total City Employment *</b>
Birdville ISD <sup>1</sup>	875	1	4.04%
North Hills Hospital	767	2	3.54%
Kimberly Clark/Tecnol Division	713	3	3.29%
TCJC - NE Campus <sup>2</sup>	615	4	2.84%
Mega Life & Health Insurance	600	5	2.77%
City of North Richland Hills	574	6	2.65%
Wal-Mart	550	7	2.54%
H & M Food Systems	432	8	1.99%
Sam's Club	275	9	1.27%
Five Star Ford	264	10	1.22%
	<u>5,665</u>		<u>26.15%</u>

<sup>1</sup>Number denotes employees working in schools in the City of North Richland Hills.<sup>2</sup>Split with Hurst.<sup>3</sup>Actual number of employees employed at time of reporting.

\* Source: City records

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT**  
**EMPLOYEES BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

*Table 15*  
*Page 1 of 2*

<b>Function</b>	<b>Full-time Equivalent Employees as of September 30,</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>General government</b>					
Administration	7.00	7.00	6.00	5.00	5.00
Public information	3.00	3.00	3.00	4.00	4.00
Judicial	15.00	15.00	15.00	15.00	15.00
Finance	22.50	22.50	22.00	23.00	23.00
Nondepartmental	1.00	1.00	1.00	1.00	1.00
Human resources	1.00	1.00	1.00	1.00	1.00
Planning and inspections	12.30	12.30	12.30	10.30	10.30
Neighborhood services	21.78	21.78	19.73	19.73	19.73
Budget and research	3.00	3.00	3.00	3.00	3.00
Public relations	3.50	3.50	3.50	3.50	3.50
Total general government	<u>90.08</u>	<u>90.08</u>	<u>86.53</u>	<u>85.53</u>	<u>85.53</u>
<b>Public safety</b>					
Police	200.86	195.86	203.13	193.88	191.88
Fire	100.00	94.00	94.00	94.00	91.00
Total public safety	<u>300.86</u>	<u>289.86</u>	<u>297.13</u>	<u>287.88</u>	<u>282.88</u>
<b>Culture and recreation</b>					
Parks and recreation	150.24	148.25	161.95	163.48	162.10
Library	27.74	27.74	27.53	28.03	27.11
Economic development	3.00	3.00	3.00	3.00	3.00
Total culture and recreation	<u>180.98</u>	<u>178.99</u>	<u>192.48</u>	<u>194.51</u>	<u>192.21</u>
<b>Public works</b>	<u>79.70</u>	<u>79.70</u>	<u>69.43</u>	<u>79.18</u>	<u>78.18</u>
<b>Internal services</b>					
Building services	16.38	13.88	13.63	15.63	15.63
Equipment services	12.00	13.00	13.00	13.00	13.00
Self-insurance	5.00	5.00	5.00	5.00	5.00
Information services	12.00	12.00	12.00	12.00	12.00
Total internal services	<u>45.38</u>	<u>43.88</u>	<u>43.63</u>	<u>45.63</u>	<u>45.63</u>
<b>Total full-time equivalents</b>	<u>697.00</u>	<u>682.51</u>	<u>689.20</u>	<u>692.73</u>	<u>684.43</u>

Source: City operating budget

<sup>1</sup>Consolidated services with Haltom City, City of Richland Hills and City of Watauga for Communication and Detention Centers.

<sup>2</sup>Increase due to new staff members for the Recreations Center.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT**  
**EMPLOYEES BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

*Table 15*  
*Page 2 of 2*

<b>Function</b>	<b>Full-time Equivalent Employees as of September 30,</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>General government</b>					
Administration	4.70	4.70	4.70	4.70	3.70
Public information	4.00	4.00	4.00	4.00	5.00
Judicial	15.00	15.00	15.00	15.00	15.50
Finance	23.00	22.00	23.00	23.00	23.00
Nondepartmental	1.00	1.00	1.00	1.00	1.00
Human resources	1.00	1.00	1.00	1.00	1.00
Planning and inspections	10.30	10.30	8.30	8.30	9.30
Neighborhood services	18.75	18.75	18.75	18.75	18.75
Budget and research	3.00	3.00	3.00	3.00	3.00
Public relations	3.75	3.75	3.75	3.75	6.75
Total general government	84.50	83.50	82.50	82.50	87.00
<b>Public safety</b>					
Police	189.88	187.88	186.88 <sup>1</sup>	165.20	164.22
Fire	91.00	91.00	90.00	88.00	91.00
Total public safety	280.88	278.88	276.88	253.20	255.22
<b>Culture and recreation</b>					
Parks and recreation	162.70 <sup>2</sup>	160.25 <sup>2</sup>	145.55	121.53	118.76
Library	27.11	27.11	27.11	28.58	28.16
Economic development	3.00	4.00	3.00	3.00	3.00
Total culture and recreation	192.81	191.36	175.66	153.11	149.92
<b>Public works</b>	78.18	79.68	77.68	77.68	78.68
<b>Internal services</b>					
Building services	15.73	15.23	16.23	16.23	16.36
Equipment services	13.00	13.00	13.00	13.00	13.50
Self-insurance	5.10	5.10	5.10	5.10	5.10
Information services	12.00	12.00	11.00	11.00	11.00
Total internal services	45.83	45.33	45.33	45.33	45.96
<b>Total full-time equivalents</b>	682.20	678.75	658.05	611.82	616.78

Source: City operating budget

<sup>1</sup>Consolidated services with Haltom City, City of Richland Hills and City of Watauga for Communication and Detention Centers.

<sup>2</sup>Increase due to new staff members for the Recreations Center.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

**Table 16**  
**Page 1 of 2**

Function	Fiscal Year				
	2019	2018	2017	2016	2015
<b>General Government</b>					
Planning and inspections					
Construction					
Commercial units	29	21	31	20	65
Commercial value	\$49,609,337	\$67,800,454	\$53,156,352	\$13,603,082	\$11,481,833
Residential units	211	234	233	238	122
Residential value	\$70,298,392	\$80,589,505	\$81,180,734	\$75,615,139	\$36,838,614
<b>Public safety</b>					
Police					
Law violations <sup>1</sup>	2,333	2,697	2,772	2,595	3,144
Part one offenses	1,655	1,830	1,662	1,560	1,868
Traffic violations	17,953	7,721	18,404	17,566	21,305
Calls for service	39,448 <sup>12</sup>	123,112	120,098	111,984	112,313
Case clearance %	54%	47%	52%	23%	28%
Fire					
Total responses	8,234	8,354	8,205	7,932	7,475
Fire responses	2,549	2,691	2,567	2,402	2,221
EMS responses	5,685	5,663	5,638	5,530	5,254
% responses < 5 minutes	67%	66%	56%	64%	74%
Total inspections	2,958	3,201	2,549	3,143 <sup>11</sup>	1,232
<b>Culture and recreation</b>					
Parks and recreation					
Water park admissions	185,971	184,064	202,515	221,101	227,525
Golf rounds played	46,915	42,953	49,147	47,873	43,250
Library					
Number of volumes	162,460	164,482	179,303	174,156	214,867
Annual circulation	728,605	778,166	764,520	814,070	939,022
Annual loans per capita	10.72	11.18	10.96	11.76	14.16
<b>Public Works</b>					
Water					
Avg daily consumption <sup>2</sup>	1,101,439	1,247,915	1,153,565	1,160,247	1,165,254
Peak daily consumption <sup>2</sup>	2,345,187	2,614,572	2,096,524	2,614,973	2,582,620
Streets					
Street overlay - miles	4	7	6	4	4
Concrete pavement repair - sq. ft.	4,324	5,166	13,921	14,052	3,113
Pothole repair - sq. ft.	8,521	4,800	3,018	4,767	4,467
Street cut - sq. ft.	68,430	93,310	147,676	162,607	153,559
Sign fabrication	1,158	1,599	1,332	1,215	1,179

Source: City Records

<sup>1</sup>Excludes traffic violations.

<sup>2</sup>Cubic feet.

<sup>3</sup>Remodels included in error.

<sup>4</sup>FY 2009-2010 calculated on a Fiscal Year basis and additional call types now being tracked.

<sup>5</sup>Reported from the National Incident-Based Reporting System annual report.

<sup>6</sup>Decline in response time is due to in-town traffic increasing because of the Hwy 820 expansion causing a longer drive time.

<sup>7</sup>Reinspections are down due to corrected violations.

<sup>8</sup>Inspection numbers unavailable for the year due to changes in the computer record management system and procedures.

<sup>9</sup>Conversion to new computer record management system incomplete therefore Company Inspections are unavailable.

<sup>10</sup>Decrease due to the installation of the Fibre Crete this year.

<sup>11</sup>Increase in inspections is due to it being the first year that the record keeping has been fully migrated/implemented/online and pushed out to the companies as well as working out issues with the iPads and Firehouse software (RMS system) program.

<sup>12</sup>Decreased due to an inaccurate reflection in previous years.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

**Table 16**  
**Page 2 of 2**

Function	Fiscal Year				
	2014	2013	2012	2011	2010
<b>General Government</b>					
Planning and inspections					
Construction					
Commercial units	35	25	91 <sup>3</sup>	24	47
Commercial value	\$14,309,733	\$15,498,935	\$ 7,533,480 <sup>3</sup>	\$ 3,489,824	\$ 4,578,000
Residential units	321	189	168	122	66
Residential value	\$27,754,692	\$46,472,244	\$42,138,527	\$27,218,868	\$ 14,289,559
<b>Public safety</b>					
Police					
Law violations <sup>1</sup>	3,014	3,215	3,463	3,574 <sup>5</sup>	4,071
Part one offenses	1,644	1,960	1,791	2,075 <sup>5</sup>	3,452
Traffic violations	17,052	22,215	22,155	20,733	24,747
Calls for service	107,393	114,269	115,644	137,243	137,645 <sup>4</sup>
Case clearance %	23%	58%	26%	42%	40%
Fire					
Total responses	7,276	7,189	7,064	6,850	6,555
Fire responses	2,412	2,275	2,235	1,762	1,371
EMS responses	4,864	4,914	4,829	5,088	5,184
% responses < 5 minutes	70%	58%	70%	51% <sup>6</sup>	73%
Total inspections	1,201 <sup>9</sup>	768 <sup>9</sup>	- <sup>8</sup>	2,005 <sup>7</sup>	2,169
<b>Culture and recreation</b>					
Parks and recreation					
Water park admissions	219,077	242,490	272,336	270,845	242,554
Golf rounds played	45,339	48,229	50,524	51,264	47,594
Library					
Number of volumes	202,103	204,302	206,840	200,982	196,042
Annual circulation	854,452	771,994	947,883	840,667	828,889
Annual loans per capita	13.01	12.17	14.95	13.26	12.48
<b>Public Works</b>					
Water					
Avg daily consumption <sup>2</sup>	1,219,696	1,278,326	1,306,524	1,521,220	1,205,104
Peak daily consumption <sup>2</sup>	2,441,043	2,624,198	2,938,102	3,091,043	2,627,674
Streets					
Street overlay - miles	4	1	4	6	4
Concrete pavement repair - sq. ft.	6,258	6,488	5,322	9,372	16,163
Pothole repair - sq. ft.	2,677	2,152	4,577	3,974	6,786
Street cut - sq. ft.	163,910 <sup>10</sup>	86,160 <sup>10</sup>	176,844	162,577	193,400
Sign fabrication	850	973	852	935	953

Source: City Records

<sup>1</sup>Excludes traffic violations.

<sup>2</sup>Cubic feet.

<sup>3</sup>Remodels included in error.

<sup>4</sup>FY 2009-2010 calculated on a Fiscal Year basis and additional call types now being tracked.

<sup>5</sup>Reported from the National Incident-Based Reporting System annual report.

<sup>6</sup>Decline in response time is due to in-town traffic increasing because of the Hwy 820 expansion causing a longer drive time.

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<sup>11</sup>Increase in inspections is due to it being the first year that the record keeping has been fully migrated/implemented/online and pushed out to the companies as well as working out issues with the iPads and Firehouse software (RMS system) program.

<sup>12</sup>Decreased due to an inaccurate reflection in previous years.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

*Table 17*  
*Page 1 of 2*

Function	Fiscal Year				
	2019	2018	2017	2016	2015
<b>Public safety</b>					
Police Protection					
Stations	1	1	1	1	1
Fire					
Stations	5	5	5	5	4
Fire hydrants	2,304	2,279	2,256	2,251	2,219
<b>Culture and recreation</b>					
Parks and recreation					
Parks and recreation	39	39	39	34	33
Park acreage	899	899	899	735	734
Playgrounds	22	22	22	22	22
Trails - miles	31	31	31	31	30
Golf courses	1	1	1	1	1
Recreations centers	1	1	1	1	1
Athletic fields	53	53	53	53	53
Senior centers	1	1	1	1	1
Library					
Libraries	1	1	1	1	1
<b>Public Works</b>					
Water mains - miles	372	372	371	370	367
Water connections	22,707	22,492	22,233	21,988	21,329
Wastewater lines - miles	255	257	256	255	252 <sup>2</sup>
Wastewater connections	20,958	20,711	20,430	20,212	19,919
Storm drain - miles	140	139	139	139	139
Streets - miles	246	244	241	241	238
Street lights	2,977	2,948	2,550	2,545	2,545

Source: City Records

<sup>1</sup>New Senior Center in NRH Centre combined/closed Dan Echols and Bursey Road Senior Citizens Centers

<sup>2</sup>Department's system inventory report was calculated by outside source.

**CITY OF NORTH RICHLAND HILLS, TEXAS**  
**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

*Table 17*  
*Page 2 of 2*

Function	Fiscal Year				
	2014	2013	2012	2011	2010
<b>Public safety</b>					
Police Protection					
Stations	1	1	1	1	1
Fire					
Stations	4	4	4	4	4
Fire hydrants	2,202	2,162	2,127	2,125	2,139
<b>Culture and recreation</b>					
Parks and recreation					
Parks and recreation	33	33	33	33	32
Park acreage	734	709	709	709	708
Playgrounds	22	20	20	20	20
Trails - miles	30	21	21	21	20
Golf courses	1	1	1	1	1
Recreations centers	1	1	1	1	1
Athletic fields	53	53	53	53	53
Senior centers	1	1	1 <sup>1</sup>	2	2
Library					
Libraries	1	1	1	1	1
<b>Public Works</b>					
Water mains - miles	356	355	351	346	356
Water connections	21,141	20,936	20,792	20,522	20,420
Wastewater lines - miles	293	292	290	288	288
Wastewater connections	19,761	19,603	19,469	19,240	19,141
Storm drain - miles	139	139	139	139	139
Streets - miles	238	238	238	238	237
Street lights	2,545	2,545	2,545	2,540	2,531

Source: City Records

<sup>1</sup>New Senior Center in NRH Centre combined/closed Dan Echols and Bursey Road Senior Citizens Centers

<sup>2</sup>Department's system inventory report was calculated by outside source.



The North Richland Hills City Hall opened in May 2016. The 182,000 square foot for the new facility includes about 89,000 square feet for Public Safety operations, about 78,500 square feet for City Hall and about 14,500 square feet for Municipal Court. Prior to the opening of City Hall, city services were housed in six buildings on three different campuses.



# Glossary



The Smithfield TEXRail station is one of two stations in North Richland Hills offering commuter-rail service to Fort Worth and the Dallas-Fort Worth International Airport.



Alamo Drafthouse Cinema opened in April 2019 providing the area with entertainment options galore.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### **GLOSSARY**

#### **ACCOUNT**

A term used to identify an individual asset, liability, expenditure control, revenue control, encumbrance control, or fund balance.

#### **ACCOUNT PAYABLE**

A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

#### **ACCOUNT RECEIVABLE**

An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government.

#### **ACCOUNTING SYSTEM**

The total set of records and procedures, which are used to record, classify, and report information on the financial status and operations of an entity.

#### **ACCRUAL ACCOUNTING**

A basis of accounting in which revenues are recognized in the period in which they are earned and become measurable, and expenses are recognized in the period incurred instead of when cash is actually received or spent.

#### **ACCRUED INTEREST**

Interest that has been earned and recorded, but has not been received.

#### **ACTUARIAL**

Relating to actuaries or their work of compiling and analyzing statistical calculations to assess risk in insurance, finance and other industries and professions.

#### **AD VALOREM TAX** (See also *PROPERTY TAX*.)

A tax based on value of land and improvements (property tax).

#### **AGENDA**

A formal listing of items to be discussed during a public meeting. Agendas for public meetings are posted 72 hours in advance, in compliance with the Open Meetings Act.

#### **AMORTIZE**

To amortize is to allocate the cost of an intangible asset over a period of time.

#### **ANNUITY**

A fixed sum of money paid to someone each year, typically for the rest of their life.

#### **APPROPRIATION**

An authorization granted by City Council to make expenditures and to incur obligations for specific purpose. Usually limited in amount and as to the time when it may be expended.

#### **ARBITRAGE**

With respect to the issuance of municipal securities, arbitrage usually refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding taxable securities. Federal income tax laws generally restrict the ability to earn positive arbitrage in connection with tax-exempt bonds.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **ASSESSED VALUATION**

A valuation set upon real estate or other property by government as a basis for levying taxes. (See also *TAXABLE VALUE*.)

#### **ASSETS**

Property owned by a government, which has economic value, especially which could be converted to cash.

#### **AUDIT**

In general, an official inspection of an individual's or organization's accounts by an independent body. The City's charter requires an annual audit of the books of accounts, financial records, and transactions of all administrative departments of the City by an independent certified public accountant. In practice, that means the City contracts with an independent certified public accountant to audit the year-end financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

#### **AUDIT COMMITTEE**

The Audit Committee is responsible for recommending to the City Council an independent auditor as needed, reviewing the audit of the City's basic financial statements prior to submission to the City Council, and assisting the independent auditor and city staff with the presentation of the audit to the City Council. The Audit Committee is composed of members of the City Council as well as the City Manager and the City's Director of Finance.

#### **BALANCE SHEET**

A statement purporting to present the financial position of an entity by disclosing the value of its assets, liabilities, and equities as of a specified date.

#### **BALANCED BUDGET**

A budget in which total recurring expenditures for any fiscal year do not exceed total recurring revenues for that same fiscal year.

#### **BASE LEVEL SERVICES**

Funding required to meet current service level.

#### **BASIC FINANCIAL STATEMENTS**

The basic financial statements are comprised of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and the related notes to the financial statements, and are subjected to an annual audit by an independent certified public accountant. The basic financial statements are included in the Comprehensive Annual Financial Report along with unaudited information, including introductory information, required supplementary information, other supplementary information, and statistical information.

#### **BASIS OF ACCOUNTING**

Refers to when revenues and expenditures are recognized in the accounts and reported in the financial records of the City, regardless of the measurement focus applied. Accounting records for governmental fund types are maintained on a modified accrual basis of accounting, with revenue being recorded when available and measurable, and expenditures being recorded when services or goods are received and the liabilities are incurred.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **BASIS OF BUDGETING** (See also *MODIFIED ACCRUAL*.)

The City's basis for budgeting is the modified accrual basis for governmental funds, including the General Fund. Budgeting for proprietary funds, which includes the Enterprise Fund, is essentially on the full accrual basis. Encumbrances are recognized by both governmental and proprietary funds since encumbrances represent a commitment of funding for goods and services.

#### **BEGINNING BALANCE**

The residual non-restricted funds brought forward from the previous fiscal year (ending balance).

#### **BONDS**

Debt instruments that require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate or formula for determining the interest rate.

#### **BOND DEBT**

That portion of indebtedness represented by outstanding bonds.

#### **BOND PROPOSITION**

A recommendation to issue debt and a proposal as to the best use of the bonds.

#### **BUDGET**

A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The term is also sometime used to denote the officially approved expenditure ceiling under which a government and its departments operate.

#### **BUDGET AMENDMENT**

A revision of the adopted budget that, when approved, replaces the original provision and increases or decreases the budget appropriation.

#### **BUDGET CALENDAR**

The schedule of key dates that a government follows in preparation and adoption of the budget.

#### **BUDGET ENHANCEMENT**

A request to enhance current service level beyond current funding.

#### **BUDGET ORDINANCE**

Governmental action which appropriates revenues and fund balances for specified purposes, functions, or activities for a budget period.

#### **BUDGET PERIOD**

The period for which a budget is proposed or a budget ordinance is adopted.

#### **BUDGETARY CONTROL**

The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within limitations of available appropriation and available revenues.

#### **BUDGETED FUNDS**

Funds for which annual budgets are legally adopted, as opposed to non-budgeted funds for which annual budgets are not legally adopted. Budgeted funds are typically supported by tax revenues, charges for services, fees, fines, and/or penalties, while non-budgeted funds are typically supported by transfers from other funds, grant revenue, donations, or regulated fees such as municipal court fees.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **BUSINESS-TYPE ACTIVITIES**

Business-type activities include any activity engaged in the primary purpose of making a profit. Business-type activities are financed in whole or in part by fees charged to external users for goods or services and are generally reported in Enterprise Funds.

#### **CAFR**

CAFR is an acronym for **Comprehensive Annual Financial Report**. (See also *COMPREHENSIVE ANNUAL FINANCIAL REPORT*.)

#### **CAPITAL IMPROVEMENT**

The addition of a permanent structural change or the restoration of some aspect of a property that will either enhance the property's overall value, increase its useful life or adapt it to new uses.

#### **CAPITAL IMPROVEMENT PLAN**

A comprehensive plan that projects the capital needs of a community. Generally, it is a cyclical process that estimates the needs for a set number of years. Capital Improvements Plans are essential for sound infrastructure and financial planning.

#### **CAPITAL ASSET**

An item costing more than \$10,000 and having a useful life of more than four years.

#### **CAPITAL EXPENDITURE**

Also called a CAPITAL OUTLAY — An expenditure to acquire a capital asset.

#### **CAPITAL PROJECTS FUND**

Is used to account for the expenditures of resources accumulated from the sale of bonds and related interest earnings for capital improvement projects.

#### **CASH BASIS**

A method of accounting in which revenues and expenses are recognized and recorded when received, not necessarily when earned.

#### **CASH EQUIVALENTS**

Cash equivalents are investments securities that are for short-term investing, and they have high credit quality and are highly liquid. Cash equivalents, also known as "cash and equivalents," are one of the three main asset classes, along with stocks and bonds. These securities have a low-risk, low-return profile and include U.S. government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

#### **CHART OF ACCOUNTS**

The classification system used by the City to organize the accounting for various funds.

#### **CHARTER**

A written instrument setting forth principles and laws of government within boundaries of the City.

#### **CIP**

CIP is an acronym for **Capital Improvement Plan**. (See also *CAPITAL IMPROVEMENT PLAN*.)

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **CITY COUNCIL**

The legislative body that governs the City.

#### **CITY COUNCIL PRIORITIES**

A five-year planning horizon focusing on safety, infrastructure and facilities, residential and recreational, budget and finance, and commercial redevelopment.

#### **CITY MANAGER**

An appointed official who directs the administration of the City.

#### **CITIZEN**

An inhabitant of the City.

#### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Comprehensive Annual Financial Report (CAFR) is a set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board.

#### **COMPREHENSIVE PLAN**

A Comprehensive Plan is to anticipate and guide future development trends in a manner that will provide a community with a balance of land uses that promote a superior quality of life.

#### **CONSUMER PRICE INDEX**

The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living; the CPI is one of the most frequently used statistics for identifying periods of inflation or deflation. The CPI is calculated by the U.S. Bureau of Labor Statistics.

#### **CONTINGENCY**

Funds set aside in a reserve account for major expenditures or for emergencies.

#### **COUNTERPARTY**

A counterparty is the other party that participates in a financial transaction, and every transaction must have a counterparty for the transaction to go through.

#### **CPI**

CPI is an acronym for **Consumer Price Index**. (See also *CONSUMER PRICE INDEX*.)

#### **CREDIT RISK**

Credit risk is the probable risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations.

#### **CURRENT ASSETS**

Cash and other assets expected to be converted to cash, sold, or consumed within in a year or in the operating cycle.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **CURRENT FINANCIAL RESOURCES MEASUREMENT**

Current financial resources measurement focus is where the financial statements report the near-term (current) inflows, outflows, and balances of expendable financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operation of governmental funds.

#### **CURRENT LIABILITIES**

Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

#### **CUSTODIAL CREDIT RISK**

In the case of deposits, this is the risk that the event of a bank failure, the City's deposits may not be returned to it. 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 in the position of an outside party.

#### **DEBT SERVICE**

The amount of money required for interest and principal payments on an outstanding debt in any given year.

#### **DEBT SERVICE FUND**

Also called a SINKING FUND - A fund established to account for the accumulation of resources for the payment of principal and interest on long term debt.

#### **DEBT RATE**

The City's property tax rate has two components, the **general rate** which generates property tax revenues used to fund operations and the **debt rate** which generates property tax revenues used to fund the repayment of debt. (See also *PROPERTY TAX RATE*.)

#### **DEFERRED INFLOW OF RESOURCES**

Deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period.

#### **DEFERRED OUTFLOW OF RESOURCES**

Deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. For example, prepaid items and deferred charges.

#### **DEFICIT**

The excess of expenditures over revenues during an accounting period; or in the case of Enterprise Funds, the excess of expense over income during an accounting period.

#### **DELINQUENT TAXES**

Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached.

#### **DEPRECIATION**

A non-cash expense that reduces the value of an asset as a result of wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence.

#### **DIRECTOR OF FINANCE DEPARTMENT**

The officer of the City that has primary responsibility for managing the City's finances, including financial planning, management of financial risks, record-keeping, and financial reporting.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **DISCOUNT RATE**

The interest rate you need to earn on a given amount of money today to end up with a given amount of money in the future.

#### **EFFECTIVE TAX RATE**

The tax rate required to generate the same amount of revenue as in the preceding year on the same properties.

#### **ENCLAVE**

A portion of territory within or surrounded by a larger territory.

#### **ECONOMIC RESOURCES**

Economic resources are the goods or services available to the City used to produce valuable consumer products. The classic economic resources include land, labor and capital.

#### **ECONOMIC RESOURCES MEASUREMENT FOCUS**

Economic resources measurement focus is where a set of financial statements reports all inflows, outflows, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and trust funds, as well as for government-wide financial reporting.

#### **ENCUMBRANCE**

Obligations in the form of purchase orders, contracts, or other commitments that are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or actual liability is set up, at which point they become expenditures.

#### **ENDING BALANCE**

The dollars remaining after current expenditures for operations and debt service are subtracted from the sum of the beginning fund balance and current resources. Portions of the fund balance may be reserved for various purposes, such as contingencies or encumbrances.

#### **ENTERPRISE FUND**

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

#### **EXPENDITURES**

Decreases in net financial resources. They include current operating expenses that require the current or future use of net current assets, debt service, and capital outlay.

#### **FEES**

Charges for services.

#### **FEMA**

FEMA is an acronym for **Federal Emergency Management Agency**.

#### **FIDUCIARY**

A fiduciary is a person who holds a legal or ethical relationship of trust with one or more other parties (person or group of persons). Typically, a fiduciary prudently takes care of money or other assets for another person.



## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **FINANCIAL STATEMENTS**

Written records that convey the business activities and the financial performance of the City.

#### **FISCAL FORECAST**

A management tool that presents estimated information based on past, current, and projected financial conditions. This will help identify future revenue and expenditure trends that may have an immediate or long-term influence on government policies, strategic goals, or community services.

#### **FISCAL YEAR**

A twelve-month period of time to which the annual budget applies, and at the end of which, the City determines its financial position and results of operation. The fiscal year for the City of North Richland Hills runs from October 1 to September 30 of the following year.

#### **FIXED ASSETS**

Assets of long-term character intended to continue to be held or used. Examples are land, buildings, and improvements such as machinery and equipment.

#### **FIXED COST**

Costs which do not change with increases or decreases in the amount of services provided, such as rent.

#### **FRANCHISE**

A special privilege granted by a government, permitting the continued use of public property, such as City streets, and usually involving the elements of monopoly and regulation.

#### **FTE**

FTE is an acronym for **Full-Time Equivalent**. (See also *FULL TIME EQUIVALENT*.)

#### **FULL TIME EQUIVALENT**

A unit that indicates the workload of a single full-time worker. The concept is used to convert the hours worked by part-time employees into the hours worked by full-time employees. For example, someone who works a half-day would be 0.5 full time equivalents. The City budgets authorized employment positions using full time equivalents. For example, there might be a part-time library assistant position budgeted as 0.5 FTE, which would be the equivalent of one-half of a full-time employee.

#### **FUND**

A fiscal and accounting entity with a self-balancing set of accounts. A fund records cash and other financial resources, all related liabilities, residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

#### **FUND BALANCE**

The balance of net financial resources that is spendable or available. Portions of the fund balance may be reserved for various purposes, such as contingencies or encumbrances.

#### **FUND BALANCE POLICY**

A policy requiring a minimum fund balance to be kept in reserve. Fund balances over the policy requirements may be appropriated in the budget.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **FUND FINANCIAL STATEMENTS**

For governmental and proprietary funds, special and extraordinary items are reported separately at the bottom of the statement of revenues, expenditures and changes in fund balances or the statement of revenues, expenses and changes in net position, respectively.

#### **FUNDING SOURCE**

Specifically identified dollars allocated to meet budgeted requirements.

#### **FY (as in FY 2019)**

FY is an acronym for **Fiscal Year**. See *FISCAL YEAR*.

#### **GAAP**

GAAP is an acronym for **Generally Accepted Accounting Principles**. (See also *GENERALLY ACCEPTED ACCOUNTING PRINCIPLES*.)

#### **GENERAL FIXED ASSETS**

Capital assets that are not assets of any particular fund, but of the government unit as a whole. Most often these assets arise from the expenditure of the financial resources of governmental funds (as opposed to proprietary funds).

#### **GENERAL FUND**

A fund established to account for all financial resources except those required to be accounted for in another fund. Examples of General Fund departments include Parks, Facilities and Recreation, Fire Department, Library, Finance and Municipal Court, Streets and Drainage, Development Services, and Police Department.

#### **GENERAL OBLIGATION BONDS (G.O. BONDS)**

Bonds secured by the full faith and credit of the issuer. General obligation bonds issued by local units of government are secured by a pledge of the issuer's ad valorem taxing power. They are usually issued to pay for general capital improvements such as parks and streets.

#### **GENERAL RATE**

The City's property tax rate has two components, the **General Rate** which generates property tax revenues used to fund operations and the **Debt Rate** which generates property tax revenues used to fund the repayment of debt. The General Rate is sometimes referred to as the Maintenance and Operations Rate, or M&O Rate. (See also *PROPERTY TAX RATE*.)

#### **GENERAL REVENUE**

Funds acquired through business and property taxation. Monies that may be utilized for any purposes as received at the state and local levels of government.

#### **GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

The uniform minimum standards of, and guidelines to, financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define the accepted accounting practices at a particular time. They include both broad guidelines of general application and detailed practices and procedures. GAAP provide a standard by which to measure financial presentations.

#### **GEOGRAPHIC INFORMATION SYSTEM**

A system is designed to capture, store, manipulate, analyze, manage, and present all types of spatial or geographical data allowing one to visualize, question, analyze, and interpret data to understand relationships, patterns, and trends.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **GIS**

GIS is an acronym for **Geographic Information System**. (See also *GEOGRAPHIC INFORMATION SYSTEM*.)

#### **GOVERNEMENT-WIDE FINANCIAL STATEMENTS**

Government-wide financial statements report information about the government as a whole without displaying individual funds or fund types.

#### **GOVERNMENTAL ACCOUNTING**

The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of government.

#### **GOVERNMENTAL ACCOUNTING STANDARD BOARD (GASB)**

The governing body that sets accounting standards specifically for governmental entities at the state and local level.

#### **GOVERNMENTAL ACTIVITIES**

Governmental activities are general government activities and are financed primarily through taxes. Governmental activities generally are reported in governmental funds. All general capital assets and general long-term liabilities are part of governmental activities as well. Common examples of governmental activities include general administration, public safety, education, streets and roads, and health and sanitation.

#### **GOVERNMENTAL FINANCE OFFICERS ASSOCIATION (GFOA)**

Professional association of state/provincial and local finance officers in the United States and Canada dedicated to the sound management of government financial resources.

#### **GOVERNMENTAL FUNDS**

Funds generally used to account for tax-supported activities. There are five different types of governmental funds: general funds, special revenue funds, debt service funds, capital projects funds, and permanent funds.

#### **GRANT**

A contribution by one government unit or funding source to another unit. The contribution is usually made to aid in a specified function (for example, education), but it is sometimes also for general purposes.

#### **HOME RULE CHARTER**

Texas cities operate under two different categories of local government: 1) General Law; and Home Rule. Texas law grants General Law cities limited specific authority. Cities under 5,000 in population are required to be General Law cities. Cities over 5,000 in population can adopt a Home Rule Charter which defines the structure, power, duties, and authority of the local government. Rather than looking to state statutes to determine what they may do, as General Law cities must do, Home Rule cities look to their local charters to determine what they may do. A Home Rule city may generally take any action that is not prohibited by the Texas Constitution or statutes as long as the authority is granted in the charter of the city. Home Rule is essentially the privilege of citizens at the grass roots level to manage their own affairs with minimal interference from the State.

#### **INCOME**

A term used in proprietary fund-type accounting to represent (1) revenues or (2) the excess of revenues over expenses.

#### **INFRASTRUCTURE**

Immovable fixed assets having value only to the governmental unit. Common examples of infrastructure include roads, sidewalks, bridges, and streetlights.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **INTERGOVERNMENTAL REVENUE**

Revenue received from another governmental unit for a specific purpose.

#### **INTEREST RATE RISK**

Interest rate risk is the risk that arises for bond owners from fluctuating interest rates. How much interest rate risk a bond has depends on how sensitive its price is to interest rate changes in the market. The sensitivity depends on two things, the bond's time to maturity, and the coupon rate of the bond.

#### **INTERESTED PARTY**

People or organizations who may be affected by a situation.

#### **INTERNAL CONTROLS**

Processes designed to assure achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, loss prevention, and compliance with laws, regulations, and policies.

#### **INVESTMENTS**

Securities and real estate held for production of revenue in the form of interest, dividend, rental, or lease payments. The term does not include fixed assets used in governmental operations.

#### **LEASE/PURCHASE**

A financing tool utilized to fund large capital outlays where the city may not have cash immediately available for purchase. This arrangement allows the city to use the item while payments are being made.

#### **LED**

LED is an acronym for **Light Emitting Diode**. (See also *LIGHT EMITTING DIODE*.)

#### **LETTER OF TRANSMITTAL**

A cover letter from the City's Director of Finance that accompanies the comprehensive annual financial report.

#### **LEVY**

To impose taxes or special assessments.  
governmental unit.

The total of taxes or special assessments imposed by a

#### **LIABILITIES**

Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed, or refunded at some future date.

#### **LIGHT EMITTING DIODE**

A two-lead semiconductor light source. Light emitting diodes (LEDs) emit light through the process of electroluminescence when suitable voltage is applied. LEDs have many advantages over traditional incandescent light sources including lower energy consumption, longer lifetime, improved physical robustness, smaller size, and faster switching. LEDs are now used in applications as diverse as aviation lighting, automotive headlamps, advertising, general lighting, traffic signals, street lighting, and camera flashes.

#### **LOCAL GOVERNMENT INVESTMENT POOL**

A local government investment pool (LGIP), is a state or local government pool offered to public entities for the investment of public funds. These pools are important investments tools, offering safety with a competitive yield.

#### **LONG-TERM DEBT**

Debt with a maturity of more than one year.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **LONG-TERM LIABILITIES**

Long-term liabilities are financial obligations of a company that become due more than one year.

#### **LINE ITEM BUDGET**

A budget format in which departmental outlays are grouped according to the items that will be purchased with one item or group of items on each line.

#### **MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**

The portion of the City's Comprehensive Annual Report in which management addresses the company's performance over the previous twelve months.

#### **MAYOR**

The elected head of the City.

#### **MODIFIED ACCRUAL**

City of North Richland Hills's governmental funds are budgeted using the modified accrual basis, with revenues recognized when they become measurable. Revenue is "measurable" when the amount of the transaction can be reasonably determined. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred and is expected to be liquidated within 60 days.

#### **MUNICIPAL FACILITIES**

City owned structures, mechanicals, and building systems

#### **NET PENSION LIABILITY**

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries

#### **NET POSITION**

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

#### **NON-BUDGETED FUNDS**

Funds for which an annual budget are not legally adopted, as opposed to budgeted funds for which annual budgets are legally adopted. Budgeted funds are typically supported by tax revenues, charges for services, fees, fines, and/or penalties, while non-budgeted funds are typically supported by transfers from other funds, grant revenue, donations, or regulated fees such as municipal court fees. The resources supporting non-budgeted funds are typically either transfers that were budgeted as expenditures at a budgeted fund or revenues that are restricted by third parties such as grant revenue, donations, or regulated fees.

#### **NON-RECURRING REVENUE**

One-time windfall revenue that is budgeted only for one fiscal year.

#### **OPEB**

OPEB is an acronym for Other Post-Employment Benefits. (See also *OTHER POSTEMPLOYMENT BENEFITS*.)

#### **OPERATING BUDGET**

Plans of current expenditures and the proposed means of financing them.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **OPERATING REVENUE**

Operating revenue is revenue generated from the City's business activities.

#### **ORDINANCE**

A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the City.

#### **OTHER POST-EMPLOYMENT BENEFITS (OPEBS)**

Other postemployment benefits (or OPEBs) is a term used in the United States to describe the benefits that an employee begins to receive at the start of their retirement. These benefits do not include the pension paid to the retired employee.

#### **OVERLAPPING DEBT**

Overlapping debt refers to the financial obligations of one political jurisdiction that also falls partly on a nearby jurisdiction. Overlapping debt is common in most states because states are divided into numerous jurisdictions for different tax purposes, such as building a new public school and building a new road.

#### **PENSION**

A regular payment made during a person's retirement from an investment fund to which that person or their employer has contributed during their working life.

#### **PLANNING AND ZONING COMMISSION**

An appointed seven-member board that makes recommendations to City Council regarding the physical development of the City, including the Comprehensive Plan that serves as the basis for the City's zoning regulations. It also reviews and approves applications for subdivision plats and replats.

#### **PROJECTION**

A forecast of future trends in the operation of financial activities done through the remainder of the fiscal year to gain a better picture of the City's finances.

#### **PROPERTY TAX**

An annual or semi-annual tax paid to one or more governmental jurisdictions based on the real and personal property's assessed valuation and the tax rate, done in compliance with the State Property Tax Code.

#### **PROPERTY TAX RATE**

The rate applied to the taxable value of property to determine the property taxes due. The City's property tax rate has two components, the **general tax rate** which generates property tax revenues used to fund operations and the **debt tax rate** which generates property tax revenues used to fund the repayment of debt. Property tax rates are commonly presented as the amount of tax levied for each \$100 of assessed valuation.

#### **PROPRIETARY FUNDS**

Funds generally used to account for a government's ongoing organizations and activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. There are two types of proprietary funds: enterprise funds (used to account for any activity for which a fee is charged to external users for goods or services); and internal service funds (used to account for the provision of goods or services by one department to other departments of a governmental unit). (See *ENTERPRISE FUND*.)

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **PUBLIC HEARING**

A public hearing may be a formal meeting for receiving testimony from the public at large on a local issue, or proposed government action. Testimony from both sides of an issue is usually recorded for public record, and a report summarizing the key points is generated.

#### **RATINGS**

Designations used by credit rating agencies to give relative indications of credit quality.

#### **REFERENDUM**

The principle or practice of referring measures proposed or passed by a legislative body, head of state, etc., to the vote of the electorate for approval or rejection (plural referenda).

#### **REFUNDING BONDS**

Bonds issued to retire bonds already outstanding.

#### **REPORT OF INDEPENDENT AUDITORS**

The report of independent auditors, published in the comprehensive annual financial report, opines on whether the City's basic financial statements comply with generally accepted accounting principles.

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information (RSI) is information that a designated accounting standard-setter (e.g., FASB, GASB) requires to accompany the basic financial statements.

#### **RESERVE**

An account used to indicate that a portion of fund equity is legally restricted for a specific purpose or not available for appropriation and subsequent spending.

#### **RESOLUTION**

A special or temporary order of a legislative body requiring less legal formality than an ordinance or statute.

#### **RESTRICTED NET POSITION**

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

#### **RESTRICTED RESOURCES**

Restricted resources refer to a reserve of money that can only be used for specific projects or purposes.

#### **UNRESTRICTED RESOURCES**

Unrestricted resources refer to a reserve of money that can be used as the City sees fit.

#### **REVENUE**

Revenue is (1) an increase in a governmental fund's net current assets from other than expenditure refunds and residual equity or (2) an increase in a proprietary fund's net total assets from other than expense refunds, capital contributions, and residual equity transfers.

#### **ROLLBACK RATE**

The highest tax rate an entity may adopt without being subject to a rollback election.

## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **SCADA**

SCADA is an acronym for **Supervisory Control and Data Acquisition**. (See also *SUPERVISORY CONTROL AND DATA ACQUISITION*.)

#### **SDBF**

SCBP is an acronym for **Supplemental Death Benefits Fund**. (See also *SUPPLEMENTAL DEATH BENEFITS FUND*.)

#### **SERVICE PLANS**

Each department within the City has a three-year plan, outlining their strategic priorities for the City.

#### **SPECIAL REVENUE FUND**

A Fund used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

#### **STEWARDSHIP**

The job of supervising or taking care of something, such as an organization or property.

#### **STRUCTURAL BALANCE**

The state at which current revenue sufficiently supports current expenditures.

#### **SUPERVISORY CONTROL AND DATA ACQUISITION**

An industrial computer system that monitors and controls a process. Supervisory control and data acquisition systems (also known as SCADA systems) are used to monitor and control a plant or equipment in industries such as telecommunications, water and waste control, energy, oil and gas refining and transportation. A SCADA system gathers information, such as where a leak on a pipeline has occurred and transfers the information back to a central site. SCADA systems frequently are used to manage processing systems that include geographically disbursed components.

#### **SUPPLEMENTAL DEATH BENEFITS FUND (SDBF)**

A cost sharing multiple-employer defined benefit group-term life insurance plan operating by the Texas Municipal Retirement System.

#### **TAX LEVY**

The total amount to be raised by general property taxes for intentions specified in the Tax Levy Ordinance.

#### **TAX RATE**

The amount of tax levied for each \$100 of assessed valuation.

#### **TAXABLE VALUE**

A valuation to which the property tax rate is applied to calculate property taxes. The Taxable value of property is generally equal to the assessed valuation less any qualifying exemptions (such as a homestead exemption).

#### **TAXES**

Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments, or charges for services rendered, such as sewer service.

#### **TBD**

TBD is an acronym for **To Be Determined**.



## **CITY OF NORTH RICHLAND HILLS, TEXAS**

### ***GLOSSARY (continued)***

#### **TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**

TMRS is a statewide retirement system that provides retirement, disability, and death benefits for employees of participating Texas cities.

#### **TMRS**

An acronym for **Texas Municipal Retirement System**. (See also *TEXAS MUNICIPAL RETIREMENT SYSTEM*.)

#### **TORT**

A wrongful act or an infringement of a right (other than under contract) leading to civil legal liability.

#### **TRANSEERS**

Authorized exchanges of cash or other resources between funds.

#### **UNASSIGNED FUND BALANCE**

In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

#### **UNRESTRICTED NET POSITION**

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

#### **YIELD**

The rate earned on an investment based on the price paid for the investment, the interest earned during the period held, and the selling price or redemption value of the investment.

