



Comprehensive Annual Financial Report

Year ended September 30, 2020

***Fiscal Year
2019-20***

City of North Richland Hills, Texas

www.nrhtx.com

Created by: Jennifer Castellanos

About the Cover

North Richland Hills' new City Hall opened for business March 2016. The majority of City departments are housed at this location along with the city's Public Safety operations and Municipal Court. Construction of the new City Hall was approved by North Richland Hills voters in 2012.

Designed by: Budget & Research Department
Layout by: 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, 2020**

City Officials

Oscar Trevino
Mayor

Scott Turnage
Place 6
Mayor Pro Tem

Tito Rodriguez
Deputy Mayor Pro Tem
Place 1

Mason Orr
Associate Mayor Pro Tem
Place 4

Rita Wright Oujesky
Place 2

Suzy Compton
Place 3

Mike Benton
Place 5

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 of Infrastructure & Capital
Projects

Mark Mills
Director of Finance

(*) Tim Welch resigned from City Council in December 2020. Kelvin Deupree was appointed by the City Council to fill the unexpired portion of his term on January 11, 2021.

Prepared by: Finance Department

NORTH RICHLAND HILLS

City of Choice

ACKNOWLEDGEMENTS

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

Karen Manila
Assistant City Manager

Mark Mills, CGFO
Director of Finance

Financial Reporting Staff
Glenn Mizell, CMA, PMP, CGFO, Assistant Director
Amanda Brown, Accountant II
Andrew MacNeal, CGFO, Accountant II
Amanda Townsend, Grants Specialist
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

TABLE OF CONTENTS

Year Ended September 30, 2020

	Page
Introductory Section	
Letter of Transmittal	i
Organization Chart	vii
Principal Officials	viii
GFOA Certificate of Achievement	ix
Financial Section	
Report of Independent Auditors	3
Management's Discussion and Analysis	7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	22
Statement of Activities	24
Fund Financial Statements:	
Balance Sheet - Governmental Funds	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Statement of Net Position - Proprietary Funds	34
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	36
Statement of Cash Flows - Proprietary Funds	37
Statement of Fiduciary Net Position - Fiduciary Fund	38
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	39
Notes to Basic Financial Statements	41
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios - TMRS	83
Schedule of Pension Contributions - TMRS	84
Schedule of Changes in Net OPEB Liability and Related Ratios	85
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual:	
General Fund	86
Parks and Recreation Development Corporation Fund	87
Notes to Required Supplementary Information	88

CITY OF NORTH RICHLAND HILLS, TEXAS

TABLE OF CONTENTS (continued)

Year Ended September 30, 2020

	<u>Page</u>
Financial Section (continued)	
Other Supplementary Information:	
Non-major Governmental Funds:	
Combining Balance Sheet	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	97
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual:	
General Debt Service Fund	100
Promotional Fund	101
Donations Fund	102
Special Investigations Fund	103
Drainage Utility Fund	104
Crime Control District Fund	105
Traffic Safety Fund	106
Gas Development Fund	107
Internal Service Funds:	
Combining Statement of Net Position	110
Combining Statement of Revenues, Expenses and Changes in Net Position	111
Combining Statement of Cash Flows	112
Proprietary Funds:	
Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Basis) and Actual	
Utility Fund	113
Aquatic Park	115
Golf	116
Facilities and Construction	117
Fleet Services	118
Self Insurance Fund	119
Information Technology	120

CITY OF NORTH RICHLAND HILLS, TEXAS

TABLE OF CONTENTS (continued)

Year Ended September 30, 2020

	<u>Table</u>	<u>Page</u>
Statistical Section		
Financial Trends:		
Net Position by Component	1	124
Changes in Net Position	2	126
Fund Balances of Governmental Funds	3	130
Changes in Fund Balances of Governmental Funds	4	131
Revenue Capacity:		
Appraised and Taxable Value of Property	5	133
Property Tax Rates - Direct and Overlapping Governments	6	134
Principal Property Taxpayers	7	135
Property Tax Levies and Collections	8	137
Debt Capacity:		
Ratios of Outstanding Debt by Type	9	138
Direct and Estimated Overlapping Governmental Activities Debt	10	139
Computation of Legal Debt Margin	11	141
Pledged Revenue Coverage	12	142
Demographic and Economic Information:		
Demographic and Economic Statistics	13	143
Principal Employers	14	145
Full-time Equivalent City Government Employees by Function/Program	15	146
Operating Information:		
Operating Indicators by Function/Program	16	148
Capital Asset Statistics by Function/Program	17	150
Glossary		154



Introductory Section





March 8, 2021

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, 2020.

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, 2020, 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, 2020, 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 approximately 71,500 for 2020. 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 85 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 71,500 people and is likely to reach 80,000 residents by 2030. Since 2010, the City has grown by 12.41% in total population, adding over 8,100 residents.

Amidst the global pandemic, fiscal year 2020 saw continued growth in taxable sales, taxable property values and new home starts. Compared to the previous fiscal year, taxable sales grew by 7.7%, a \$79 million increase. This growth was due to a strong mix of essential retail businesses alongside the increase in online retail sales, both of which benefitted from social distancing. Taxable sales are expected to nominally increase in Fiscal Year 2021 as non-essential businesses rebound under fewer restrictions while conditions improve. Taxable property value grew for the 8th straight year, this time over \$181.4 million, reaching approximately \$6.4 billion in net taxable value. Finally, the City continues steady residential growth, permitting 250 new single-family homes with an average value of over \$375,000 and over 800 platted or shovel ready single-family lots in the pipeline. 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. While many professionals began to work from home due to the pandemic, the City was able to welcome 11 different office-based businesses adding 226 professional jobs and absorbing 101,948 square feet of space. These new additions contributed to a further reduction of the City’s office vacancy rate from 12% to 11% in 2020 (historical high was 18% in 2017). Since the pandemic’s start, suburban office demand has increased due to a desire for lower density workplaces and closer in proximity to professionals now working from home.

The City continues to experience quality commercial development and revitalization thanks to high standards and the ability to adapt and reinvent itself. The pandemic did affect local retail and service-based industry growth. While the City welcomed 84 new businesses, it only resulted in a net increase of 10 businesses. Moreover, there was a net decrease of 19,000 square feet of occupied space due to the relocation of a 62,000 square foot Hobby Lobby to an adjacent community.

Noteworthy, the 52-acre redevelopment project called City Point was not slowed by the pandemic. When complete, the \$187 million mixed-use development will include 70,000 square feet of commercial space, roughly 370 single-family homes and approximately 450 multi-family residences. Construction of the public improvements began on time in 2020 with vertical construction (buildings) set to begin in late 2021, which will take 5 to 7 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. As mentioned in the previous section, the City Point mixed use development, surrounding the City Hall complex, broke ground in 2020 with completion anticipated by 2028.

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. The last remaining \$3.86 million from the 2003 authorization was issued in late 2020 and there are no amounts authorized that are unissued.

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 continued 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, NRH₂O, 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

The City's previous bank depository contract with JP Morgan Chase Bank, N.A. expired in 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 2020 was 1.71%, and the weighted average maturity ("WAM") was 29 days. The average yield on all other investments for fiscal year 2020 (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 657 days, which represents a 26-day decrease over last year's WAM of 683 days.

At fiscal year-end approximately 85% of the portfolio was invested beyond one year, 8% was invested for one year or less, and the remaining 7% 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 \$10,386,756 in the aggregate for a 12-month period beginning on January 1, 2020. 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. As of the current fiscal year, there were 190 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.

City's Response to the COVID-19 Pandemic

In February 2020 the President declared a national health emergency which necessitated a response that no one had anticipated. With over 70,000 residents to consider and care for, the Public Safety department logged over 350,000 hours related to responding to the health emergency. This included working with nursing homes and senior living communities to assess their needs, review all of the changing protocols, and assisting them obtaining much needed PPE. The City provided a location for drive-through COVID-19 testing provided by the State of Texas. The Library offered curbside to go and virtual activities to ensure residents and students have access to books and materials. Library staff utilized the Maker Spot area to create face shields that were provided to first responders. The

Economic Development department assisted over 180 City businesses to obtain \$1.8 million in grants through the Small Business Assistance Program, more than any other city in Tarrant County outside of Arlington and Fort Worth.

The City undertook several cost saving measures designed to mitigate the anticipated loss in revenue from the business activity shutdowns caused by the pandemic. The City also received \$3,738,900 in CARES Act funding from the Federal Government through Tarrant County. The result of these actions were readily shown in the financial performance of the General Fund which reduced a planned use of reserves from \$1,912,678 to \$21,987.

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 City 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. Due to the COVID-19 pandemic, the results of the 2019 CAFR have yet to be received but we expect to receive our thirty-sixth consecutive award. 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.

The City also received an award in 2020 for the Fiscal Year 2020 operating budget. The Distinguished Budget Presentation award was granted to the City for the 30th 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.

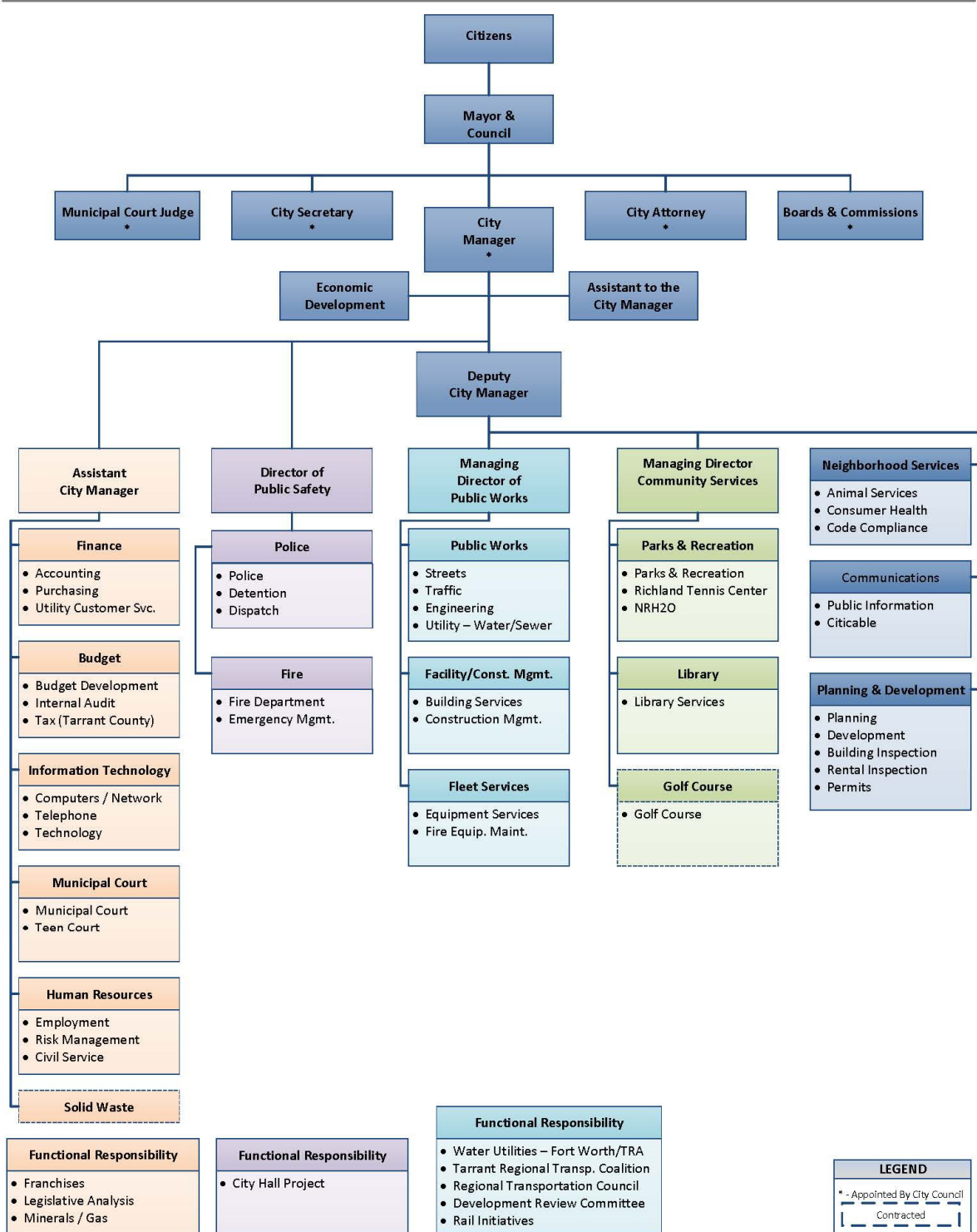
In closing, the continued leadership and support of the Mayor, City Council, and City Manager in planning and conducting the financial operation of the City is sincerely appreciated.

Respectfully submitted,



Mark C. Mills
Director of Finance

ORGANIZATION CHART



CITY OF NORTH RICHLAND HILLS, TEXAS

PRINCIPAL OFFICIALS

September 30, 2020

MAYOR

MAYOR PRO TEM, COUNCIL MEMBER, PLACE 6

DEPUTY MAYOR PRO TEM, COUNCIL MEMBER, PLACE 1

ASSOCIATE MAYOR PRO TEM, COUNCIL MEMBER, PLACE 4

COUNCIL MEMBER, PLACE 2

COUNCIL MEMBER, PLACE 3

COUNCIL MEMBER, PLACE 5

COUNCIL MEMBER, PLACE 7

OSCAR TREVINO

SCOTT TURNAGE

TITO RODRIGUEZ

MASON ORR

RITA WRIGHT OUJESKY

SUZY COMPTON

MIKE BENTON

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

(*) Tim Welch resigned from City Council in December 2020. Kelvin Deupree was appointed by the City Council to fill the unexpired portion of his term on January 11, 2021.

Due to the COVID-19 pandemic, the results of the 2019 CAFR Award Certificate submission have yet to be received but we expect to receive our thirty-sixth consecutive award.



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, 2020, 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, 2020, 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, pension information, other post-employment benefit information, and certain budget to actual schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 3, 2021, 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 3, 2021



CITY OF NORTH RICHLAND HILLS, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2020

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, 2020 by over \$345.4 million (net position).
- The City's total net position increased by \$14.6 million in fiscal year 2020 from the beginning net position of \$330.7 million. Additional details of this change may be found beginning on page 24 (Statement of Activities).
- As of September 30, 2020, the City's governmental funds reported combined fund balances of \$88,176,318, which represents an increase of \$22.0 million in comparison to the prior fiscal year's ending balance.
- Approximately 26.6% of total governmental fund balance, or \$23,483,836, 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 \$17,386,675 or 34.2% of General Fund actual expenditures, including transfers out, for 2020. This unassigned balance represents 34.7% of the Fiscal Year 2021 adopted budget.
- The City's total debt increased by approximately \$14.2 million during the fiscal year 2020. This is due to scheduled principal payments of \$12.4 million, issuance of \$30.8 million in bonds and COs, and the refunding of \$4.3 million in bonds and certificates of obligation.

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the Year Ended September 30, 2020

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, 2020

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 five 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. The General Fund, General Capital Projects Fund, General Debt Service Fund, Parks and Recreation Development Fund, and the Tax Increment Finance District No. 2 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. Financial statements for the governmental funds can be found on pages 26 - 33 of this report.

- 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 Utility Fund, Aquatic Park, and the Golf Course are all considered major funds. Financial statements for the enterprise funds can be found on pages 34 - 37 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 41 - 79 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 \$345,376,664 as of September 30, 2020. Analyzing the net position of governmental and business-type activities separately, governmental activities total net position was \$255,853,663 and business-type activities total net position was \$89,523,001. 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, 2020

Statement of Net Position – The largest portion of the City's net position (93.2%) 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, 2020 and 2019. 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, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 107,707	\$ 88,265	\$ 38,691	\$ 33,644	\$ 146,398	\$ 121,909
Capital assets, net	332,495	330,924	90,070	87,463	422,565	418,387
Total Assets	440,202	419,189	128,761	121,107	568,963	540,296
Total deferred outflows of resources	7,294	16,028	752	2,815	8,046	18,843
Long-term liabilities	157,744	170,775	30,876	28,310	188,620	199,085
Other liabilities	17,775	18,656	7,521	7,321	25,296	25,977
Total liabilities	175,519	189,431	38,397	35,631	213,916	225,062
Total deferred inflows of resources	16,123	2,442	1,593	899	17,716	3,341
Net Position:						
Net investments in capital assets	250,864	239,570	71,095	73,400	321,959	312,970
Restricted	23,229	20,825	6,189	5,120	29,418	25,945
Unrestricted	(18,239)	(17,051)	12,239	8,872	(6,000)	(8,179)
Total net position	\$ 255,854	\$ 243,344	\$ 89,523	\$ 87,392	\$ 345,377	\$ 330,736

Statement of Activities - Governmental activities increased the City's net position by \$12.5 million in fiscal year 2020, and business-type activities increased net position by \$2.1 million. The following table presents the condensed government-wide statement of activities for the years ended September 30, 2020 and 2019.

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the Year Ended September 30, 2020

Changes in Net Position
Amounts shown in thousands (\$000's)
Years Ended September 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 11,294	\$ 13,820	\$ 40,255	\$ 41,437	\$ 51,549	\$ 55,257
Operating grants and contributions	9,706	8,357	-	-	9,706	8,357
Capital grants and contributions	553	787	-	-	553	787
General revenues:						
Property tax	34,619	34,417	-	-	34,619	34,417
Sales tax	22,014	20,439	-	-	22,014	20,439
Mixed beverage	125	154	-	-	125	154
Franchise taxes	3,818	4,316	-	-	3,818	4,316
Occupancy taxes	254	279	-	-	254	279
Unrestricted investment earnings	2,032	2,670	523	671	2,555	3,341
Miscellaneous	2,380	3,101	1,426	1,735	3,806	4,836
Total revenue	86,795	88,340	42,204	43,843	128,999	132,183
Expenses:						
General government	18,403	14,796	-	-	18,403	14,796
Public safety	30,185	34,642	-	-	30,185	34,642
Culture and recreation	12,151	12,988	-	-	12,151	12,988
Public works	7,988	8,101	-	-	7,988	8,101
Interest and other fees	4,873	3,453	-	-	4,873	3,453
Utility	-	-	35,405	33,544	35,405	33,544
Aquatic park	-	-	3,216	4,556	3,216	4,556
Golf course	-	-	2,136	2,521	2,136	2,521
Total expenses	73,600	73,980	40,757	40,621	114,357	114,601
Increase (decrease) in net position before transfers	13,195	14,360	1,447	3,222	14,642	17,582
Transfers between governmental and business-type activities	(685)	3,616	685	(3,616)	-	-
Net Increase (decrease) in net position	12,510	17,976	2,132	(394)	14,642	17,582
Net position - beginning of year	243,344	225,368	87,391	87,786	330,735	313,154
Net position - end of year	\$ 255,854	\$ 243,344	\$ 89,523	\$ 87,392	\$ 345,377	\$ 330,736

Governmental activities - In comparison to fiscal year 2019, overall assets for Governmental Activities increased \$21.0 million or 5.0% in 2020. Capital assets, net of depreciation, increased \$1.6 million or 0.5% in 2020. This activity was related to capital improvement projects, specifically improvements to streets, roadways, and equipment replacements. Outstanding debt liabilities decreased by \$9.1 million or 8.9% in 2020. The decrease was due to principal repayments for debt held in the governmental funds.

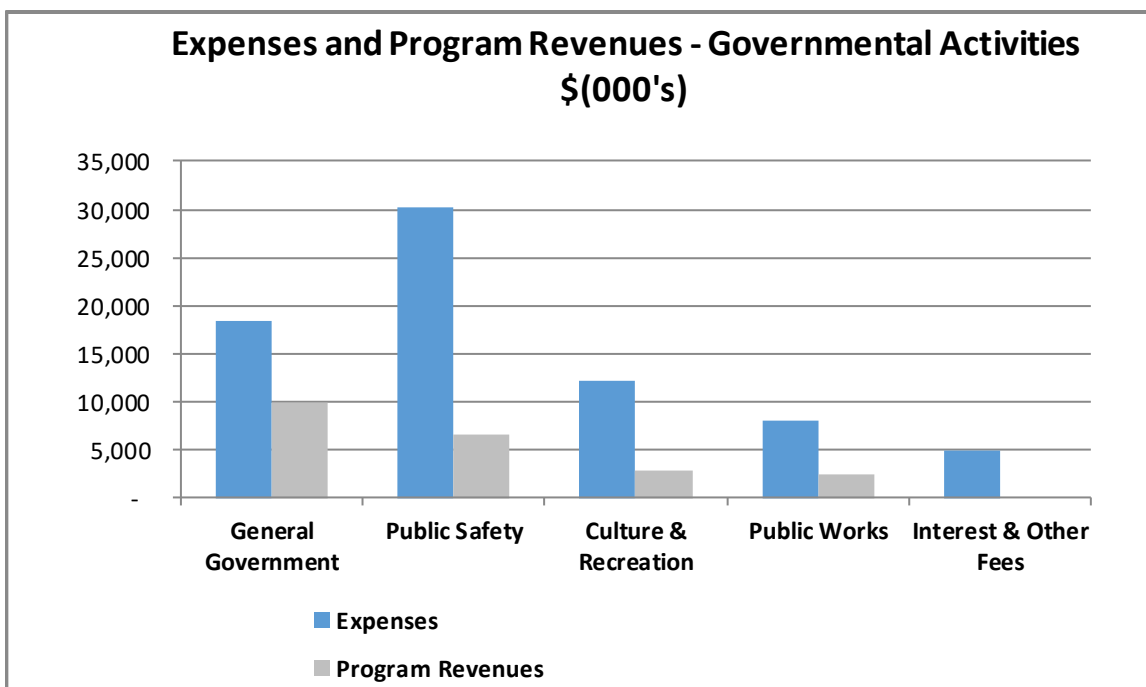
Governmental activities increased the City's net position by approximately \$12.5 million in fiscal year 2020. The City had an increase in tax revenues of \$1.2 million during 2020. Property taxes increased \$0.2 million, sales tax increased by \$1.6 million, and franchise taxes decreased by \$0.5 million. In fiscal year 2020 the City experienced significant growth in its taxable base of 9.5% and added \$80 million in new construction value. The tax rate was lowered from \$0.585 to \$0.572, to help reduce the overall property tax burden. Sales taxes increased 7.7% due in large part to gains in online sales, which were bolstered by changes brought about by the Supreme Court's Wayfair decision.

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the Year Ended September 30, 2020

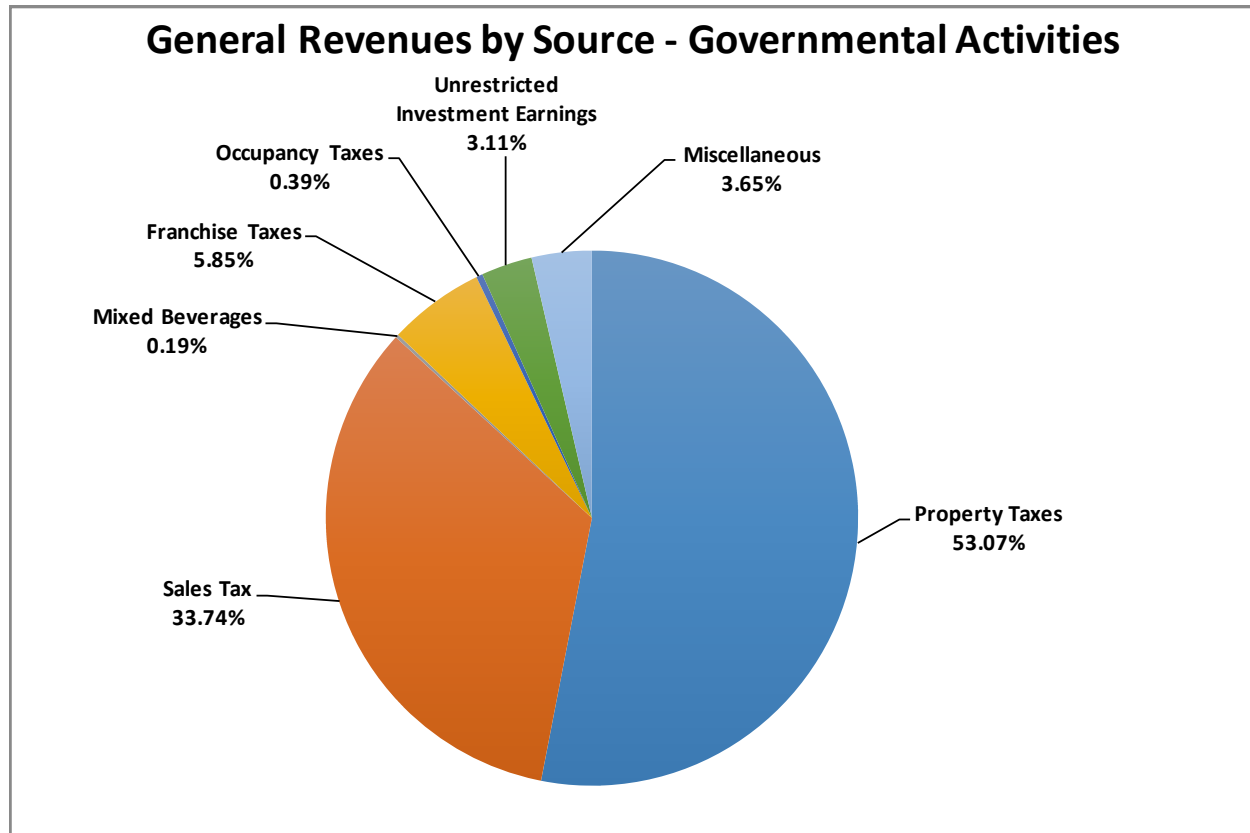
The City faced extraordinary challenges during 2020 from the COVID-19 pandemic as significant impacts were seen on the day to day lives of our residents, businesses, and city operations. The COVID-19 pandemic dominated a significant portion of City resources and had a direct impact on the City's budget as staff worked to respond to the crisis. Fortunately due in part to the stability the City saw in property tax and sales tax collections in the General Fund, which comprise roughly 61% of all revenue in the General Fund, the City's year-end position was much stronger than anticipated at the start of the COVID-19 pandemic.

Charges for services decreased approximately \$2.5 million or 18.3% in fiscal year 2020. Operating Grants and Contributions increased approximately \$1.3 million or 16.1% in fiscal year 2020. This increase was expected due to the continuation of significant grant funding in the area of General Government, Public Safety and Public Works. Capital Grants and Contributions decreased approximately \$0.2 million or 29.7% in fiscal year 2020. Significant projects included the North Texas Anti-Gang Center, the closeout of the reconstruction of Rufe Snow Drive, and the realignment of Smithfield/Davis intersection.

Governmental activities saw a total decrease in expenses totaling approximately \$0.4 million or approximately 0.5% below 2019 levels. This is attributable to the City's response to the COVID-19 pandemic which necessitated a change in planned expenses for parks, police, neighborhood services and municipal court. Many functions were held remotely while many events were scaled back or cancelled in an attempt to control the spread of the virus. Depreciation expense rose \$1.6 million or 0.4%, on net fixed assets of \$332.5 million. Debt service interest and other fees increased by approximately 41.1%. Refer to the fund level financial analysis section for further details.



CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the Year Ended September 30, 2020

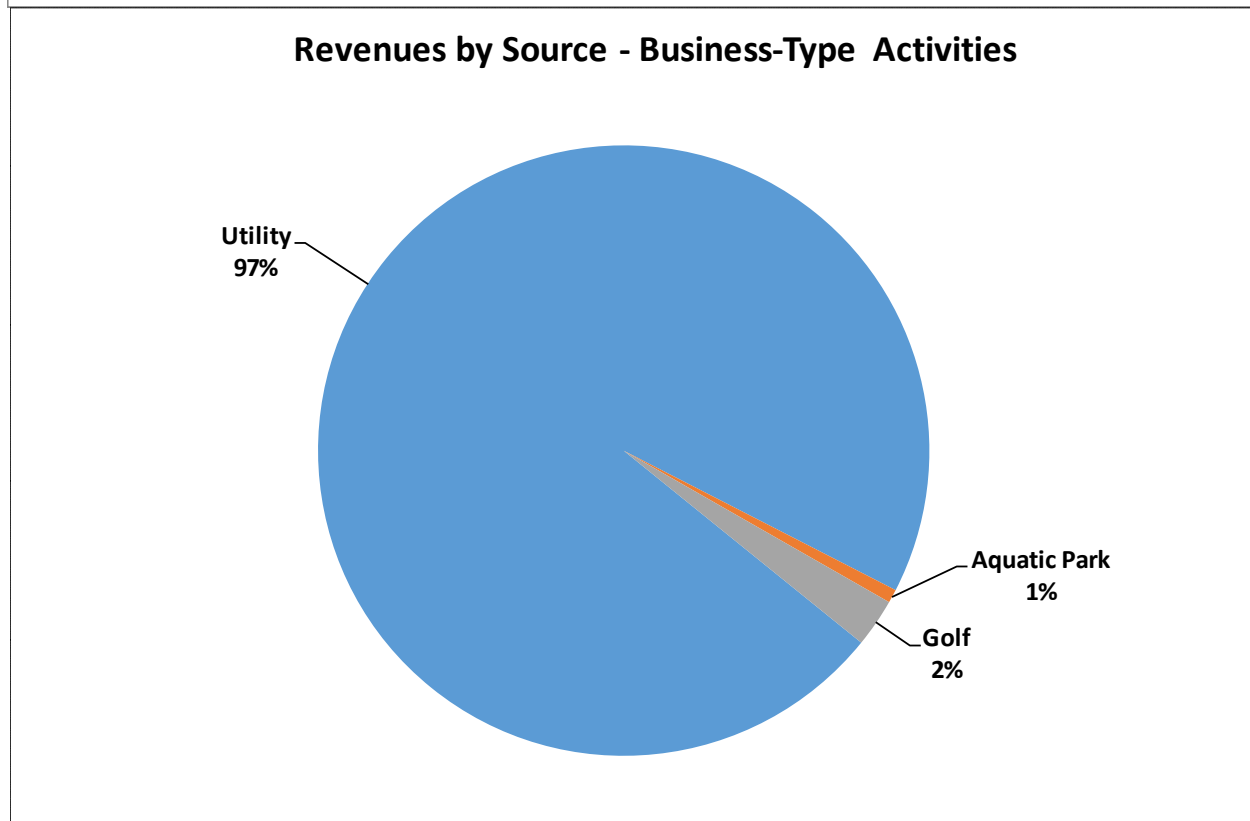
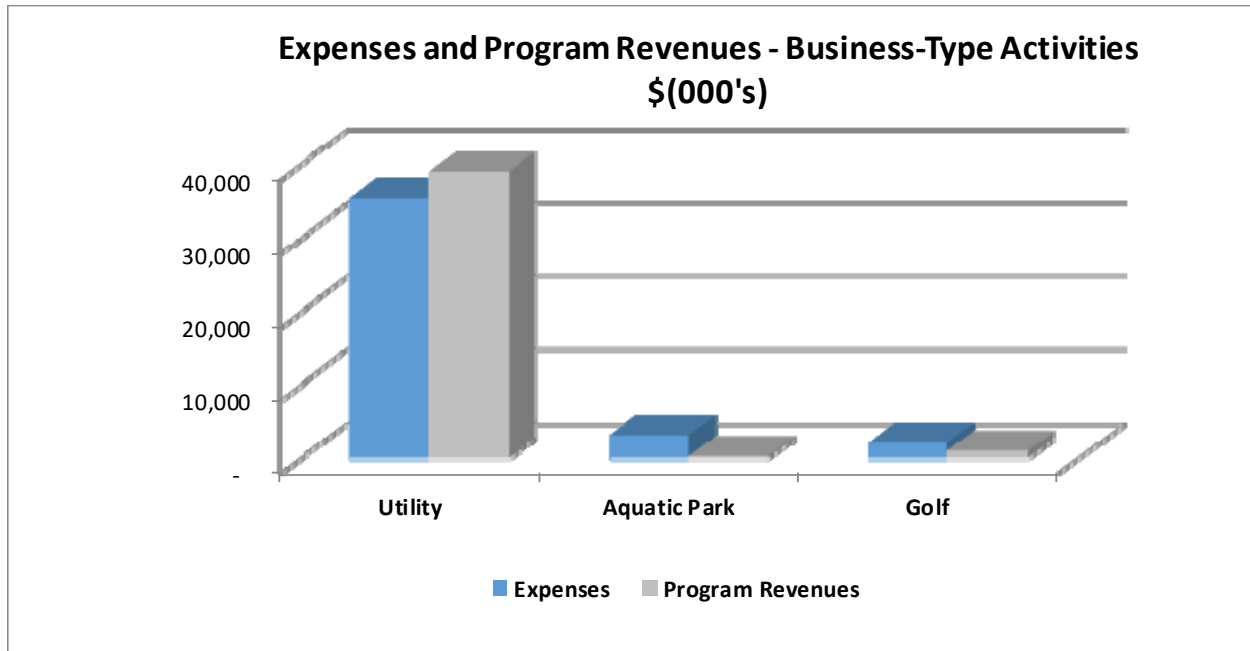


Business-type activities – Business-type activities resulted in an increase to the City’s total net position of \$2.1 million in 2020. Overall the Utility operations (before non-operating revenues (expenses) and transfers to governmental activities) resulted in an increase in operating income of approximately \$5.3 million. Transfers out of the Utility Fund into General Funds totaling \$4.4 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 \$2,806,188. Golf course experienced a decrease in net position (before non-operating revenues (expenses) and transfers to governmental activities) of \$946,873. The overall increase in net position for Business-type activities was driven by the Utility fund which increased \$1.0 million, inclusive of transfers out.

Aquatic Park and Golf course operations are funded by consumers who patronize each facility. Due to the operational restrictions resulting from the COVID-19 pandemic, the Aquatic Park was open for 13 days during FY 2020, whereas a normal season is approximately 105 days. Operational restrictions affected all entertainment venues in the area and annual pass holders for 2020 will have their passes honored in 2021. The Golf Course was not affected to the same extent by the pandemic as it was already on reduced operations due to a capital project to reconstruct the golf course as well as refurbish the clubhouse. At least 12 of the 18 holes on the course were out of circulation for 7-9 months of FY 2020.

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the Year Ended September 30, 2020

The Utility Fund experienced higher sales in the summer heat, which together with a rate increase in effect November 2019, helped generate increase revenues. 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, 2020

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, 2020, the City's governmental funds reported combined fund balances of \$88,176,318, an increase of \$21,987,584 in comparison with prior year. Unassigned fund balance of \$17,386,675 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 (\$138,314), 2) legally required to be maintained intact or to be used for a particular purpose (\$61,485,769), 3) committed for particular purposes (\$3,068,399), or 4) assigned for particular purposes (\$6,097,161).

The General Fund is the chief operating fund of the City. For fiscal year 2020, the General Fund unassigned fund balance was \$17,386,675 – an increase of \$3,487,435. Unassigned fund balance represents approximately 37.2% of total General Fund expenditures for 2020, while total fund balance represents 41.4%. The General Fund balance increase was due primarily to operational savings recognized at year-end. Higher than anticipated revenue, in particular Sales Taxes collected, Licenses and Permit revenue related to development, and funding received via the CARES Act contributed to the increase.

The General Capital Projects fund increased governmental fund balance by approximately \$10.6 million. During fiscal year 2020, the City issued \$8.4 million in bonds payable for capital projects. Of the fund's \$10.3 million in expenditures, a significant portion can be attributed to the close out activities associated with the new City Hall project, as well as improvements in the public street network including, Rufe Snow & Mid-Cities improvements, and Davis & Mid-Cities improvements

General Debt Service fund increased governmental fund balance by \$112,437. The increase is associated with retirement of debt through principal and interest payments for 2020. 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 \$33,610. Part of that increase belongs to the NRH Centre, which experienced an increase to fund balance of \$196,485 from activity.

The TIF #2 Capital Projects Fund increased governmental fund balance by \$232,535, resulting in an ending fund balance of \$11,974,697 as of September 30, 2020. The increase was due to investment income received during 2020.

The TIF #2 Debt Service Fund increased governmental fund balance by \$2,183,484, resulting in an ending fund balance of \$12,434,895 as of September 30, 2020. The increase was due to property tax collections from participating entities and investment income received during 2020.

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, 2020

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 \$1,624,025. Other Appropriations increased \$1,624,025. Modifications were made to specific revenue projections, based on known activities and observed collection trends throughout the fiscal year.

Final budget compared to actual results. Revenue sources saw negative variances in three categories - property taxes (\$170,421 or -0.85%), franchise taxes (\$6,128 or -0.13%) and charges for services (\$32,606 or -1.3%). A positive revenue variance of \$289,414 in Licenses and Permits resulted from the continued activity in new development / remodels. Other categories were revised upward and actual collections exceeded projections. Within expenditures and other uses for the fiscal year, transfers out were under budget by \$143,469 as a planned transfer to Crime Control District was not required.

Revenues	Estimated Revenues	Actual Revenues	Difference
Property taxes	\$ 19,847,315	\$ 19,676,894	\$ (170,421)
Sales taxes	10,568,043	11,019,420	451,377
Franchise taxes	4,819,618	4,813,490	(6,128)
Fines and forfeitures	1,725,604	1,840,749	115,145
Licenses and permits	2,586,291	2,875,705	289,414
Charges for services	2,582,460	2,549,854	(32,606)
Intergovernmental	5,256,140	9,013,707	3,757,567
Miscellaneous	2,188,423	2,382,080	193,657

Expenditures and Other Uses	Estimated Appropriations	Actual Expenditures	Difference
Transfers out	\$ 3,741,191	\$ 4,084,824	\$ (343,633)
Economic development incentives	133,992	190,472	(56,480)

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the Year Ended September 30, 2020

Capital Asset and Debt Administration

Capital assets - At the end of fiscal year 2020, the City had \$422.6 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 as of September 30, 2020 and 2019.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and land improvements	\$ 78,484	\$ 78,484	\$ 2,579	\$ 2,579	\$ 81,063	\$ 81,063
Works of art	310	310	-	-	310	310
Buildings & improvements	92,215	95,165	450	466	92,665	95,631
Other improvements	132,915	136,161	15,011	12,631	147,926	148,792
Utility plant	-	-	66,099	68,755	66,099	68,755
Machinery and equipment	19,195	15,798	1,487	1,460	20,682	17,258
Assets held for sale	15	15	-	-	15	15
Construction in progress	9,361	4,991	4,444	1,572	13,805	6,563
Total capital assets	<u>\$ 332,495</u>	<u>\$ 330,924</u>	<u>\$ 90,070</u>	<u>\$ 87,463</u>	<u>\$ 422,565</u>	<u>\$ 418,387</u>

This year's major additions included:

Description	Amount
Various Land and Land Improvements	\$ 3,333,846
Various Water/Sewer Replacement & Improvements	285,863
Various Street Improvements	1,590,011
Computer, Machinery, and Equipment	185,242
Various Drainage Improvement	315,582
Various Vehicles	2,021,414

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 \$50,813,745 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, 2020

Debt - At September 30, 2020 and 2019, the City had the following debt outstanding:

Outstanding Debt
Amounts shown in thousands (000's)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 53,150	\$ 53,885	\$ 3,590	\$ 3,910	\$ 56,740	\$ 57,795
Certificates of obligation	45,910	47,385	20,095	14,685	66,005	62,070
General obligation bonds -						
Private placement	835	1,115	140	160	975	1,275
Special assessment bonds	11,580	-	-	-	11,580	-
Capital lease	-	-	308	77	308	77
Totals	\$ 111,475	\$ 102,385	\$ 24,133	\$ 18,832	\$ 135,608	\$ 121,217

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 2020, the City’s property tax rate is \$0.5720 per \$100 assessed valuation. The current ratio of tax-supported debt to assessed value of all taxable property is 1.71%. 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 Statement No. 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, 2020 of \$20,778,800, which is 55.8% of the City’s annual covered payroll of \$37,205,542 for the 2019 calendar year.

Retiree health care’s net OPEB liability has been calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, to be \$33,719,651 as of September 30, 2020, a decrease of \$7,283,498 from the previous valuation.

CITY OF NORTH RICHLAND HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
For the Year Ended September 30, 2020

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 2020/2021, sales tax receipts are anticipated to be roughly equal to the 2019/2020 actual as the economy continues to deal with the effects of the pandemic. 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 3-5% growth in property values, though a greater increase is not out of the realm of possibility.

The fiscal year 2021 budget was based on a slight increase to the property tax rate from \$0.572/\$100 to \$0.5757/\$100. For fiscal year 2021, the tax rate distribution amounts for maintenance & operations and interest & sinking (per \$100 assessed value) for the City are as follows:

<u>Tax Rate Distribution Schedule</u>	<u>Tax Rate</u>	<u>Tax Rate Distribution</u>
General Fund - Maintenance & Operations	\$ 0.343611	\$ 20,035,463
Debt Service Fund - Interest & Sinking	0.232089	11,202,557
Total Distribution of tax proceeds	<u>\$ 0.575700</u>	<u>\$ 31,238,020</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

Page 1 of 2

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets			
Current Assets:			
Cash and cash equivalents	\$ 18,890,837	\$ 47,565	\$ 18,938,402
Investments	22,931,462	8,600,536	31,531,998
Receivables, net of allowances:			
Accounts	617,417	5,062,462	5,679,879
Property taxes	253,718	-	253,718
Other taxes	4,178,021	-	4,178,021
Interest receivable	16,597	4,293	20,890
Special assessments	132,657	-	132,657
Intergovernmental	1,273,992	266,729	1,540,721
Other	7,774,407	24,607	7,799,014
Prepays	426,180	41,869	468,049
Inventories, at cost	261,679	415,974	677,653
Internal balances	(7,812,457)	7,812,457	-
Total current assets	48,944,510	22,276,492	71,221,002
Noncurrent assets:			
Cash and cash equivalents	37,469,826	13,343,919	50,813,745
Investments	20,793,031	3,070,556	23,863,587
Interfund loan receivable	500,000	-	500,000
Capital assets - net:			
Land and land improvements	78,484,139	2,579,137	81,063,276
Buildings and improvements	126,451,825	3,268,726	129,720,551
Improvements other than buildings	256,062,681	32,069,497	288,132,178
Utility plant	-	146,451,415	146,451,415
Machinery and equipment	37,325,733	6,119,856	43,445,589
Artwork and historical treasures	310,208	-	310,208
Assets held for sale	14,612	-	14,612
Construction in progress	9,360,688	4,443,806	13,804,494
Accumulated depreciation	(175,514,992)	(104,862,330)	(280,377,322)
Total capital assets - net	332,494,894	90,070,107	422,565,001
Total noncurrent assets	391,257,751	106,484,582	497,742,333
Total assets	440,202,261	128,761,074	568,963,335
Deferred Outflows of Resources			
Deferred loss on refunding	415,150	121,405	536,555
Deferred outflows - OPEB	1,448,403	331,167	1,779,570
Deferred outflows - Pension	5,429,584	298,684	5,728,268
Total deferred outflows of resources	7,293,137	751,256	8,044,393

CITY OF NORTH RICHLAND HILLS, TEXAS

Page 2 of 2

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 2,596,628	\$ 1,524,522	\$ 4,121,150
Deposits and other liabilities	1,256,022	77,516	1,333,538
Customer deposits	-	3,196,459	3,196,459
Retainage payable	74,149	164,750	238,899
Compensated absences	585,591	92,563	678,154
Unearned revenue	1,683,324	394,379	2,077,703
Accrued interest payable	449,313	100,625	549,938
Bonds payable	10,925,000	1,895,000	12,820,000
Special assessment bonds	205,000	-	205,000
Capital lease payable	-	74,725	74,725
Total current liabilities	17,775,027	7,520,539	25,295,566
Noncurrent Liabilities:			
Bonds payable	94,692,054	22,826,450	117,518,504
Special assessment bonds	11,375,000	-	11,375,000
Capital lease payable	-	232,784	232,784
Compensated absences	2,898,661	360,439	3,259,100
Interfund loan payable	-	500,000	500,000
Intergovernmental payables	-	1,236,034	1,236,034
Net OPEB liability	30,479,702	3,239,949	33,719,651
Net pension liability	18,298,468	2,480,332	20,778,800
Total noncurrent liabilities	157,743,885	30,875,988	188,619,873
Total liabilities	175,518,912	38,396,527	213,915,439
Deferred Inflows of Resources			
Deferred gain on refunding	45,385	6,991	52,376
Deferred inflows - OPEB	8,465,517	945,434	9,410,951
Deferred inflows - Pension	7,611,921	640,377	8,252,298
Total deferred inflows of resources	16,122,823	1,592,802	17,715,625
Net Position			
Net investment in capital assets	250,864,326	71,094,790	321,959,116
Restricted for:			
Municipal court technology & security	796,621	-	796,621
Franchise peg fees	747,411	-	747,411
Records preservation fees	4,000	-	4,000
Parks and recreation development	3,395,295	-	3,395,295
Crime control district	1,071,336	-	1,071,336
Debt service	14,589,564	-	14,589,564
Grants	267,171	-	267,171
Promotional & economic development	1,119,636	-	1,119,636
Public safety	1,237,579	-	1,237,579
Impact fees restricted for construction	-	6,188,722	6,188,722
Unrestricted	(18,239,276)	12,239,489	(5,999,787)
Total net position	\$ 255,853,663	\$ 89,523,001	\$ 345,376,664

CITY OF NORTH RICHLAND HILLS, TEXAS

Page 1 of 2

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 18,402,693	\$ 5,099,784	\$ 4,787,353	\$ 17,509
Public safety	30,185,432	1,747,559	4,767,276	-
Culture and recreation	12,150,887	2,572,335	151,109	-
Public works	7,988,277	1,873,331	-	535,826
Interest and other fees	4,873,291	-	-	-
Total governmental activities	73,600,580	11,293,009	9,705,738	553,335
Business-Type Activities:				
Utility	35,405,045	38,934,995	-	-
Aquatic park	3,215,995	287,217	-	-
Golf course	2,136,067	1,032,999	-	-
Total business-type activities	40,757,107	40,255,211	-	-
Total primary government	\$ 114,357,687	\$ 51,548,220	\$ 9,705,738	\$ 553,335

CITY OF NORTH RICHLAND HILLS, TEXAS

Page 2 of 2

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Governmental Activities	Business-type Activities	Total
Primary Government			
Governmental Activities:			
General government	\$ (8,498,047)	\$ -	\$ (8,498,047)
Public safety	(23,670,597)	-	(23,670,597)
Culture and recreation	(9,427,443)	-	(9,427,443)
Public works	(5,579,120)	-	(5,579,120)
Interest and other fees	(4,873,291)	-	(4,873,291)
Total governmental activities	(52,048,498)	-	(52,048,498)
Business-Type Activities:			
Utility	-	3,529,950	3,529,950
Aquatic park	-	(2,928,778)	(2,928,778)
Golf course	-	(1,103,068)	(1,103,068)
Total business-type activities	-	(501,896)	(501,896)
Total primary government	(52,048,498)	(501,896)	(52,550,394)
General revenues:			
Taxes:			
Property	34,618,987	-	34,618,987
Sales	22,014,072	-	22,014,072
Mixed beverage	125,456	-	125,456
Franchise	3,818,194	-	3,818,194
Occupancy	254,203	-	254,203
Unrestricted investment earnings	2,032,166	522,875	2,555,041
Miscellaneous	2,379,746	1,425,737	3,805,483
Transfers between governmental and business-type activities	(684,934)	684,934	-
Total general revenues and transfers	64,557,890	2,633,546	67,191,436
Change in net position	12,509,392	2,131,650	14,641,042
Net position - beginning of year	243,344,271	87,391,351	330,735,622
Net position - end of year	\$ 255,853,663	\$ 89,523,001	\$ 345,376,664

CITY OF NORTH RICHLAND HILLS, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2020

Page 1 of 2

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Assets				
Cash and cash equivalents	\$ 6,885,836	\$ -	\$ -	\$ 1,867,310
Investments	10,068,804	-	-	2,026,769
Receivables, net of allowance:				
Accounts	433,554	-	-	-
Property taxes	253,718	-	-	-
Other taxes receivable	2,150,751	-	-	979,932
Interest receivable	3,572	1,820	219	746
Special assessments receivable	-	132,657	-	-
Intergovernmental receivables	359,074	-	-	-
Other receivables	107,318	6,075,000	-	32,481
Due from other funds	783,128	-	-	-
Prepaid items	4,406	8,358	-	-
Inventories, at cost	108,214	-	-	17,336
Assets limited to use:				
Cash and cash equivalents	2,225	11,154,472	793,243	1,240,491
Investments	-	5,434,290	618,260	75,316
Total assets	\$ 21,160,600	\$ 22,806,597	\$ 1,411,722	\$ 6,240,381
Liabilities				
Accounts payable	\$ 342,640	\$ 460,144	\$ -	\$ 5,812
Retainage payable	-	74,149	-	-
Accrued liabilities	350,523	-	-	38,303
Deposits and other liabilities	466,293	729,865	-	45,224
Due to other funds	-	-	-	-
Unearned revenue	95,129	-	-	128,942
Total liabilities	1,254,585	1,264,158	-	218,281
Deferred Inflows of Resources				
Unavailable revenue - ambulance fees	321,353	-	-	-
Unavailable revenue - property taxes	253,717	-	-	-
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - assessments	-	132,657	-	-
Total deferred inflows of resources	575,070	132,657	-	-
Fund Balance				
Nonspendable:				
Inventories	\$ 108,214	\$ -	\$ -	\$ 17,336
Prepays	4,406	8,358	-	-
Restricted:				
Municipal court technology & security	796,621	-	-	-
Franchise peg fees	747,411	-	-	-
Record preservation fee	4,000	-	-	-
Parks and recreation development	-	-	-	3,395,295
Crime control district	-	-	-	-
Debt service	-	-	1,411,722	-
Grants	-	-	-	-
Promotional & economic development	-	-	-	-
Public safety	-	-	-	-
Capital projects (bond funded)	-	18,197,350	-	-
Committed:				
Donations	-	-	-	-
Drainage Utility	-	-	-	-
Gas development	-	-	-	-
Assigned:				
Recreation centre	-	-	-	2,609,469
Capital projects	-	3,204,074	-	-
Purchases on order	283,618	-	-	-
Unassigned	17,386,675	-	-	-
Total fund balance	19,330,945	21,409,782	1,411,722	6,022,100
Total liabilities, deferred inflows and fund balance	\$ 21,160,600	\$ 22,806,597	\$ 1,411,722	\$ 6,240,381

CITY OF NORTH RICHLAND HILLS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2020

Page 2 of 2

	TIF #2 Capital Projects Fund	TIF #2 Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 2,279,559	\$ 11,032,705
Investments	-	-	2,510,962	14,606,535
Receivables, net of allowance:				
Accounts	-	-	183,863	617,417
Property taxes	-	-	-	253,718
Other taxes receivable	-	-	1,047,338	4,178,021
Interest receivable	1,878	2,204	2,331	12,770
Special assessments receivable	-	-	-	132,657
Intergovernmental receivables	-	-	914,918	1,273,992
Other receivables	-	-	1,529,144	7,743,943
Due from other funds	-	-	-	783,128
Prepaid items	-	-	13,327	26,091
Inventories, at cost	-	-	-	125,550
Assets limited to use:				
Cash and cash equivalents	6,679,336	6,220,651	8,780,194	34,870,612
Investments	5,293,483	6,212,040	697,404	18,330,793
Total assets	\$ 11,974,697	\$ 12,434,895	\$ 17,959,040	\$ 93,987,932
Liabilities				
Accounts payable	\$ -	\$ -	\$ 75,421	\$ 884,017
Retainage payable	-	-	-	74,149
Accrued liabilities	-	-	46,370	435,196
Deposits and other liabilities	-	-	353	1,241,735
Due to other funds	-	-	783,128	783,128
Unearned revenue	-	-	1,456,591	1,680,662
Total liabilities	-	-	2,361,863	5,098,887
Deferred Inflows of Resources				
Unavailable revenue - ambulance fees	-	-	-	321,353
Unavailable revenue - property taxes	-	-	-	253,717
Unavailable revenue - grants	-	-	5,000	5,000
Unavailable revenue - assessments	-	-	-	132,657
Total deferred inflows of resources	-	-	5,000	712,727
Fund Balance				
Nonspendable:				
Inventories	\$ -	\$ -	\$ -	\$ 125,550
Prepays	-	-	-	12,764
Restricted:				
Municipal court technology & security	-	-	-	796,621
Franchise peg fees	-	-	-	747,411
Record preservation fee	-	-	-	4,000
Parks and recreation development	-	-	-	3,395,295
Crime control district	-	-	1,071,336	1,071,336
Debt service	-	12,434,895	1,192,260	15,038,877
Grants	-	-	267,171	267,171
Promotional & economic development	-	-	1,119,636	1,119,636
Public safety	-	-	1,237,579	1,237,579
Capital projects (bond funded)	11,974,697	-	7,635,796	37,807,843
Committed:				
Donations	-	-	694,367	694,367
Drainage Utility	-	-	2,006,488	2,006,488
Gas development	-	-	367,544	367,544
Assigned:				
Recreation centre	-	-	-	2,609,469
Capital projects	-	-	-	3,204,074
Purchases on order	-	-	-	283,618
Unassigned	-	-	-	17,386,675
Total fund balance	11,974,697	12,434,895	15,592,177	88,176,318
Total liabilities, deferred inflows and fund balance	\$ 11,974,697	\$ 12,434,895	\$ 17,959,040	\$ 93,987,932



CITY OF NORTH RICHLAND HILLS, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2020

Total fund balances - governmental funds	\$ 88,176,318
--	---------------

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.	329,883,772
---	-------------

Certain receivables are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	712,727
--	---------

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.	11,022,587
---	------------

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>(173,941,741)</u>
---	----------------------

Total net position - governmental activities	<u><u>\$ 255,853,663</u></u>
--	------------------------------

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

Page 1 of 2

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development
Revenues				
Taxes	\$ 34,142,184	\$ -	\$ 11,200,798	\$ 5,509,712
Licenses and permits	2,581,001	-	-	-
Charges for services	2,312,363	14,961	-	2,148,839
Gas utility leases and royalties	-	-	-	-
Fines	1,840,751	-	-	-
Contributions	-	46,154	-	440
Investment income	488,956	308,516	36,231	96,964
Intergovernmental	6,645,819	295,000	82,853	-
Forfeitures	-	-	-	-
Miscellaneous	353,287	-	-	297,032
Total revenues	48,364,361	664,631	11,319,882	8,052,987
Expenditures				
General government	10,335,279	6,866	-	-
Public safety	29,441,281	-	-	-
Culture and recreation	3,638,421	-	-	6,050,286
Public works	3,278,404	-	-	-
Capital outlay:				
General government	-	5,853,710	-	-
Public safety	-	18,350	-	-
Culture and recreation	-	968,815	-	139,211
Public works	-	3,174,719	-	-
Debt service:				
Principal retirement	-	-	8,840,000	-
Interest and fiscal charges	-	-	3,124,656	-
Bond issuance costs	-	228,110	76,858	-
Total expenditures	46,693,385	10,250,570	12,041,514	6,189,497
Excess (deficiency) of revenues over expenditures	1,670,976	(9,585,939)	(721,632)	1,863,490
Other Financing Sources (Uses)				
Issuance of debt	-	8,425,000	-	-
Issuance of refunding debt	-	-	3,795,000	-
Issuance of special assessment bonds	-	-	-	-
Premium on issuance of debt	-	618,110	463,990	-
Payment to refunded bond escrow agent	-	-	(4,182,132)	-
Proceeds from sale of assets	37,233	20,505	-	154
Transfers in	6,033,725	11,873,020	757,211	487,102
Transfers out	(4,093,887)	(734,056)	-	(2,317,136)
Total other financing sources (uses)	1,977,071	20,202,579	834,069	(1,829,880)
Net change in fund balances	3,648,047	10,616,640	112,437	33,610
Fund balances - beginning of year	15,682,898	10,793,142	1,299,285	5,988,490
Fund balances - end of year	<u>\$ 19,330,945</u>	<u>\$ 21,409,782</u>	<u>\$ 1,411,722</u>	<u>\$ 6,022,100</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

Page 2 of 2

	TIF #2 Capital Projects Fund	TIF #2 Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ -	\$ 4,164,923	\$ 5,831,722	\$ 60,849,339
Licenses and permits	-	-	-	2,581,001
Charges for services	-	-	1,738,176	6,214,339
Gas utility leases and royalties	-	-	407,632	407,632
Fines	-	-	-	1,840,751
Contributions	-	-	217,435	264,029
Investment income	232,535	217,235	245,861	1,626,298
Intergovernmental	-	-	6,636,802	13,660,474
Forfeitures	-	-	56,939	56,939
Miscellaneous	-	-	1,711	652,030
Total revenues	232,535	4,382,158	15,136,278	88,152,832
Expenditures				
General government	-	-	273,802	10,615,947
Public safety	-	-	6,523,696	35,964,977
Culture and recreation	-	-	210,148	9,898,855
Public works	-	-	2,030,369	5,308,773
Capital outlay:				
General government	-	-	906,228	6,759,938
Public safety	-	-	388,461	406,811
Culture and recreation	-	-	-	1,108,026
Public works	-	-	353,491	3,528,210
Debt service:				
Principal retirement	-	1,755,000	-	10,595,000
Interest and fiscal charges	-	443,674	430,028	3,998,358
Bond issuance costs	-	-	968,190	1,273,158
Total expenditures	-	2,198,674	12,084,413	89,458,053
Excess (deficiency) of revenues over expenditures	232,535	2,183,484	3,051,865	(1,305,221)
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	8,425,000
Issuance of refunding debt	-	-	-	3,795,000
Issuance of special assessment bonds	-	-	11,580,000	11,580,000
Premium on issuance of debt	-	-	-	1,082,100
Payment to refunded bond escrow agent	-	-	-	(4,182,132)
Proceeds from sale of assets	-	-	-	57,892
Transfers in	-	-	1,512,125	20,663,183
Transfers out	-	-	(10,983,159)	(18,128,238)
Total other financing sources (uses)	-	-	2,108,966	23,292,805
Net change in fund balances	232,535	2,183,484	5,160,831	21,987,584
Fund balances - beginning of year	11,742,162	10,251,411	10,431,346	66,188,734
Fund balances - end of year	<u>\$ 11,974,697</u>	<u>\$ 12,434,895</u>	<u>\$ 15,592,177</u>	<u>\$ 88,176,318</u>



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
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

Net change in fund balances - total governmental funds	\$ 21,987,584
--	---------------

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.	34,759
--	--------

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase/(decrease) net position.	1,648,232
--	-----------

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.	(4,032,757)
--	-------------

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.	(732,148)
---	-----------

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.	(9,604,069)
---	-------------

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).	<u>3,207,791</u>
---	------------------

Change in net position of governmental activities	<u><u>\$ 12,509,392</u></u>
---	-----------------------------

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2020

Page 1 of 2

	Enterprise Funds			Total	Governmental
	Utility	Aquatic Park	Golf	Enterprise	Internal Service
Assets					
Current Assets:					
Cash and cash equivalents	\$ 47,565	\$ -	\$ -	\$ 47,565	\$ 7,858,132
Investments	7,763,714	582,987	253,835	8,600,536	8,324,927
Accounts receivable, net of allowances:					
Billed	5,062,462	-	-	5,062,462	-
Unbilled	-	-	-	-	-
Other	3,405	3,387	17,815	24,607	30,464
Interest receivable	3,844	309	140	4,293	3,827
Intergovernmental receivable	266,729	-	-	266,729	-
Prepaid items	11,220	-	30,649	41,869	400,089
Inventories, at cost	292,309	46,086	77,579	415,974	136,129
Total current assets	13,451,248	632,769	380,018	14,464,035	16,753,568
Noncurrent assets:					
Cash and cash equivalents	12,852,954	295,399	195,566	13,343,919	2,599,214
Investments	3,070,556	-	-	3,070,556	2,462,238
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	-	23,445,064	8,624,433	32,069,497	602,769
Utility plant in service	146,451,415	-	-	146,451,415	-
Machinery and equipment	2,673,449	780,811	2,665,596	6,119,856	10,122,801
Construction in progress	4,443,806	-	-	4,443,806	-
Accumulated depreciation	(82,365,024)	(14,936,399)	(7,560,907)	(104,862,330)	(8,168,424)
Total capital assets - net	71,279,012	12,501,211	6,289,884	90,070,107	2,611,122
Total noncurrent assets	87,202,522	12,796,610	6,485,450	106,484,582	8,172,574
Total assets	100,653,770	13,429,379	6,865,468	120,948,617	24,926,142
Deferred Outflows of Resources					
Deferred loss on refunding	68,766	42,911	9,728	121,405	-
Deferred outflows - OPEB	283,088	48,079	-	331,167	218,178
Deferred outflows - Pension	255,088	43,596	-	298,684	221,442
Total deferred outflows of resources	606,942	134,586	9,728	751,256	439,620

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2020

Page 2 of 2

	Enterprise Funds			Total	Governmental
	Utility	Aquatic Park	Golf	Enterprise	Activities Internal Service
Liabilities					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 1,224,714	\$ 104,982	\$ 143,526	\$ 1,473,222	\$ 1,278,315
Deposits and other liabilities	274,516	3,221	15,829	293,566	13,387
Customer deposits	3,196,459	-	-	3,196,459	-
Compensated absences	86,194	6,369	-	92,563	62,671
Unearned revenue	-	310,533	83,846	394,379	2,662
Accrued interest payable	63,698	23,367	13,560	100,625	-
Bonds payable	1,125,000	550,000	220,000	1,895,000	-
Capital lease payable	-	-	74,725	74,725	-
Total current liabilities	5,970,581	998,472	551,486	7,520,539	1,357,035
Noncurrent Liabilities:					
Bonds payable	14,254,976	5,050,285	3,521,189	22,826,450	-
Capital lease payable	-	-	232,784	232,784	-
Compensated absences	274,915	85,524	-	360,439	235,591
Interfund loan payable	-	500,000	-	500,000	-
Intergovernmental payables	1,236,034	-	-	1,236,034	-
Net OPEB liability	2,752,582	487,367	-	3,239,949	2,375,235
Net pension liability	2,145,243	335,089	-	2,480,332	1,553,268
Total noncurrent liabilities	20,663,750	6,458,265	3,753,973	30,875,988	4,164,094
Total liabilities	26,634,331	7,456,737	4,305,459	38,396,527	5,521,129
Deferred Inflows of Resources					
Deferred gain on refunding	-	6,991	-	6,991	-
Deferred inflows - OPEB	813,399	132,035	-	945,434	548,858
Deferred inflows - Pension	547,460	92,917	-	640,377	460,731
Total deferred inflows of resources	1,360,859	231,943	-	1,592,802	1,009,589
Net Position					
Net investment in capital assets	61,592,701	7,127,962	2,374,127	71,094,790	2,611,122
Impact fees restricted for construction	6,188,722	-	-	6,188,722	-
Unrestricted net position (deficit)	5,484,099	(1,252,677)	195,610	4,427,032	16,223,922
Total net position (deficit)	\$ 73,265,522	\$ 5,875,285	\$ 2,569,737	81,710,544	\$ 18,835,044

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.

Net Position of business type activities	7,812,457
	<u>\$ 89,523,001</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended September 30, 2020

	Enterprise Funds				Governmental Activities
	Utility	Aquatic Park	Golf	Total Enterprise	Internal Service
Operating Revenues					
Charges for services:					
Water and sewer service	\$ 37,717,774	\$ -	\$ -	\$ 37,717,774	\$ -
Service charges	980,050	-	-	980,050	-
Inspection fees	100,547	-	-	100,547	-
Golf course fees and charges	-	-	1,032,999	1,032,999	-
Aquatic park admissions and services	-	287,217	-	287,217	-
Other intergovernmental	102,925	-	-	102,925	-
Risk management	-	-	-	-	14,014,007
Facilities and fleet management	-	-	-	-	6,925,304
Information systems management	-	-	-	-	3,066,441
Miscellaneous revenues	1,292,807	656	4,551	1,298,014	317,899
Total operating revenues	40,194,103	287,873	1,037,550	41,519,526	24,323,651
Operating Expenses					
Claims	-	-	-	-	8,508,702
Contractual services	2,033,131	445,208	-	2,478,339	1,832,222
Water purchases	10,174,957	-	-	10,174,957	-
Wastewater treatment services	6,774,685	-	-	6,774,685	-
Personnel services	3,236,664	1,319,657	-	4,556,321	3,792,253
Golf course sales and service	-	-	1,624,751	1,624,751	-
Repairs and maintenance	7,941,828	128,251	-	8,070,079	3,117,011
Supplies	338,890	270,350	-	609,240	1,034,966
Depreciation	4,386,960	930,595	359,672	5,677,227	582,212
Total operating expenses	34,887,115	3,094,061	1,984,423	39,965,599	18,867,366
Operating income (loss)	5,306,988	(2,806,188)	(946,873)	1,553,927	5,456,285
Nonoperating revenues (expenses)					
Investment income	460,207	35,858	26,810	522,875	405,868
Interest and fiscal charges	(398,579)	(117,243)	(88,038)	(603,860)	-
Bond issuance costs	(85,652)	-	(74,089)	(159,741)	-
Other income	19,326	-	56,127	75,453	211,994
Gain (loss) on disposal of assets	46,815	11,247	-	58,062	353,523
Total nonoperating revenues (expenses)	42,117	(70,138)	(79,190)	(107,211)	971,385
Income (loss) before transfers	5,349,105	(2,876,326)	(1,026,063)	1,446,716	6,427,670
Transfers					
Transfers in	-	2,309,693	751,989	3,061,682	413,029
Transfers out	(4,369,851)	-	-	(4,369,851)	(1,639,805)
Total transfers - net	(4,369,851)	2,309,693	751,989	(1,308,169)	(1,226,776)
Change in net position	979,254	(566,633)	(274,074)	138,547	5,200,894
Net position - beginning of year	72,286,268	6,441,918	2,843,811	81,571,997	13,634,150
Net position - end of year	\$ 73,265,522	\$ 5,875,285	\$ 2,569,737	\$ 81,710,544	\$ 18,835,044

Reconciliation to business-type activities:

Change in net position of enterprise funds \$ 138,547

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 1,993,103
\$ 2,131,650

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended September 30, 2020

	Enterprise Funds				Governmental Activities
	Utility	Aquatic Park	Golf	Total Enterprise	Internal Service
Cash flows from operating activities:					
Receipts from customers	\$ 39,705,516	\$ 580,975	\$ 1,075,817	\$ 41,362,308	\$ -
Receipts from (payments for) interfund services provided	-	-	-	-	23,970,919
Other operating revenue	1,638,595	656	4,551	1,643,802	317,899
Payments to suppliers	(27,691,439)	(985,688)	(1,640,140)	(30,317,267)	(15,248,900)
Payments to employees	(3,146,784)	(1,309,299)	-	(4,456,083)	(3,684,951)
Net cash provided by (used for) operating activities	10,505,888	(1,713,356)	(559,772)	8,232,760	5,354,967
Cash flows from noncapital financing activities:					
Transfers from other funds	-	2,309,693	751,989	3,061,682	413,029
Transfers to other funds	(4,369,851)	-	-	(4,369,851)	(1,639,805)
Net cash provided by (used for) noncapital financing activities	(4,369,851)	2,309,693	751,989	(1,308,169)	(1,226,776)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(4,613,873)	(82,234)	(3,555,465)	(8,251,572)	(312,731)
Proceeds from capital debt	3,695,000	-	3,335,000	7,030,000	-
Principal paid on capital debt	(1,165,000)	(550,000)	(40,000)	(1,755,000)	-
Interest paid on capital debt	(470,824)	(148,780)	102,850	(516,754)	-
Insurance recovery proceeds	19,326	-	56,127	75,453	211,994
Proceeds from sale of capital assets	24,895	764	-	25,659	195,826
Net cash provided by (used for) capital and related financing activities	(2,510,476)	(780,250)	(101,488)	(3,392,214)	95,089
Cash flows from investing activities:					
Sale (purchase) of investments	(2,264,639)	140,962	(105,345)	(2,229,022)	(743,648)
Interest and dividends received	469,735	37,089	27,379	534,203	416,909
Net cash provided by (used for) investing activities	(1,794,904)	178,051	(77,966)	(1,694,819)	(326,739)
Net increase (decrease) in cash and cash equivalents	1,830,657	(5,862)	12,763	1,837,558	3,896,541
Cash and cash equivalents, beginning of year	11,069,862	301,261	182,803	11,553,926	6,560,805
Cash and cash equivalents, end of year	12,900,519	295,399	195,566	13,391,484	10,457,346
Reconciliation of Cash and Cash Equivalents to Statement of Net Position - Proprietary Funds					
Cash and cash equivalents - current	47,565	-	-	47,565	7,858,132
Cash and cash equivalents - noncurrent	12,852,954	295,399	195,566	13,343,919	2,599,214
Total cash and cash equivalents	12,900,519	295,399	195,566	13,391,484	10,457,346
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	5,306,988	(2,806,188)	(946,873)	1,553,927	5,456,285
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	4,386,960	930,595	359,672	5,677,227	582,212
(Increase) decrease in accounts receivable	686,170	18,753	6,201	711,124	(19,540)
(Increase) decrease in intergovernmental receivable	242,863	-	-	242,863	-
(Increase) decrease in prepaid items	(4,156)	-	(21,753)	(25,909)	(241,162)
(Increase) decrease in inventories	65,407	(17,772)	25,320	72,955	(2,401)
(Increase) decrease in OPEB deferred outflows	(65,034)	(10,550)	-	(75,584)	(43,796)
(Increase) decrease in pension deferred outflows	1,828,485	296,617	-	2,125,102	1,231,348
Increase (decrease) in accounts payable	(585,155)	(139,294)	31,867	(692,582)	(514,548)
Increase (decrease) in other current liabilities	121,366	(2,585)	(25,503)	93,278	(289)
Increase (decrease) in customer deposits	155,568	-	(201)	155,367	-
Increase (decrease) in compensated absences	18,923	(1,153)	-	17,770	59,518
Increase (decrease) in unearned revenues	-	292,777	11,498	304,275	(12,892)
Increase (decrease) in intergovernmental payables	39,997	-	-	39,997	-
Increase (decrease) in net OPEB liability	(682,464)	(110,709)	-	(793,173)	(459,589)
Increase (decrease) in net pension liability	(1,614,488)	(261,902)	-	(1,876,390)	(1,087,238)
Increase (decrease) in OPEB deferred inflows	771,478	125,149	-	896,627	519,533
Increase (decrease) in pension deferred inflows	(167,020)	(27,094)	-	(194,114)	(112,474)
Total adjustments	5,198,900	1,092,832	387,101	6,678,833	(101,318)
Net cash provided by (used for) operating activities	\$ 10,505,888	\$ (1,713,356)	\$ (559,772)	\$ 8,232,760	\$ 5,354,967

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
September 30, 2020

	<u>OPEB Trust</u>
Assets	
Investments, at fair value:	
Investment in master trust	\$ 2,428,318
Total assets	<u>\$ 2,428,318</u>
 Net Position	
Restricted for other post employment benefits	\$ 2,428,318
Total net position	<u>\$ 2,428,318</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUND
For the Year Ended September 30, 2020

	<u>OPEB Trust</u>
Additions	
Contributions:	
Employer	\$ 100,000
Net investment income	<u>177,601</u>
Total additions	<u>277,601</u>
 Deductions	
Administrative expenses	<u>13,628</u>
Total deductions	<u>13,628</u>
Change in net position	263,973
Net position - beginning	<u>2,164,345</u>
Net position - ending	<u><u>\$ 2,428,318</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.

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.

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 (continued)

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.

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.

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 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 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 major proprietary funds:

The Utility 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 accounts for the operation of NRH₂O, 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.

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.

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

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.

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, 2020, 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, 2020 was \$0.572 per \$100 of assessed valuation.

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)

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.

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.

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).

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.

Assets limited to use

Assets limited to use and defined as noncurrent assets in the Utility Fund are customer deposits. This limitation 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.

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 to be 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.

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)

The Self-Insurance (Internal Service) Fund contains assets to be 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. 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:

Asset Category	Useful Life	Capitalization Threshold
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 includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, deferred amounts related to pension, and deferred amounts related to OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: 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. In the government-wide financial statements the City reports deferred amounts related to pension and deferred amounts related to OPEB.

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.

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.

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 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.

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)	\$ 320,523,084
Construction in progress (internal funds excluded)	<u>9,360,688</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 329,883,772</u></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>\$ 712,727</u>
Net adjustment to increase fund balance - total governmental funds to arrive at the position - governmental activities	<u><u>\$ 712,727</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)

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

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	\$ 18,835,044
Amount allocated to business-type activities	<u>(7,812,457)</u>
Net adjustment to increase fund balance - total governmental funds	
to arrive at net positions - governmental activities	<u>\$ 11,022,587</u>

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	\$ (99,895,000)
Unamortized premiums/discounts on bonds payable	(5,722,054)
Deferred gain on refunding	(45,385)
Deferred loss on refunding	415,150
Accrued interest payable	(449,313)
Special assessment bonds payable	(11,580,000)
Compensated absences	(3,185,990)
Net OPEB liability	(28,104,467)
Deferred outflows - OPEB	1,230,225
Deferred inflows - OPEB	(7,916,659)
Net pension liability	(16,745,200)
Deferred outflows - pension	5,208,142
Deferred inflows - pension	<u>(7,151,190)</u>
Net adjustment to reduce fund balance - total governmental funds	
to arrive at net position - governmental activities	<u>\$ (173,941,741)</u>

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	\$ 12,965,492
Depreciation expense	<u>(12,930,733)</u>
Net adjustment to increase net changes in fund balances - total governmental funds	
to arrive at changes in net position of governmental activities	<u>\$ 34,759</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)

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	\$ (172,866)
Capital contributions from developers	<u>1,821,098</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,648,232</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 \$4,032,757.

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	\$ (102,674)
OPEB expense	(371,860)
Pension expense	(105,319)
Compensated absences	<u>(152,295)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (732,148)</u>

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	\$ (3,795,000)
Certificates of obligation bonds	(8,425,000)
Special assessment bonds	(11,580,000)
Principal repayments on debt	10,595,000
Payments to refunding agent	4,182,132
Premium on bond sale	(1,082,100)
Current year amortization of bond premium, discount, deferred inflows and outflows (gain and loss)	<u>500,899</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (9,604,069)</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 “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	\$ 5,200,894
Income (Expenses) reflected in business-type activities	<u>(1,993,103)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,207,791</u>

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, 2020, the bank balances of the City’s demand deposits were \$8,682,859. 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, 2020, 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 portfolio, excluding the fiduciary fund, held the following cash, cash equivalents, and investments as of September 30, 2020:

Cash on hand (petty cash, cashier tills)	\$ 21,402
Demand Deposit Accounts	18,980,864
Investment Pools	50,749,881
Commercial Paper	1,399,009
U.S. Treasury Notes	21,211,942
U.S. Agencies and Governmental Sponsored Agencies	<u>32,784,634</u>
Total deposits and investments	<u>\$ 125,147,732</u>

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, 2020, the City did not own any types of securities other than those permitted by statute.

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)

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. TexPool is carried at amortized cost and TexasTERM is carried at net asset value.

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. As of September 30, 2020, the City held the following investments:

Investment Type	WAM	Rating	Rating Agency	Carrying Value
Investment Pools:				
TexPool	38	AAAm	S&P	\$ 45,273,318
Texas TERM	57	AAAm	S&P	5,476,563
Total Investment Pools				<u>50,749,881</u>
Commercial Paper	114	A-1	S&P	<u>1,399,009</u>
U.S. Treasuries	568	AA+	S&P	<u>21,211,942</u>
U.S. Agencies and Governmental Sponsored Agencies:				
FHLB	769	AA+	S&P	3,028,188
FHLMC	835	AA+	S&P	14,446,702
FNMA	825	AA+	S&P	9,570,215
FFCB	541		S&P	4,532,293
Municipal Bond	332	AA	S&P	<u>1,207,236</u>
Total U.S. Agencies and Governmental Sponsored Entities				<u>32,784,634</u>
Total Portfolio	371			<u><u>\$ 106,145,466</u></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 fair 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 September 30, 2020 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 \$2,428,318 as of September 30, 2020. 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

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.

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, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value:				
U.S. Treasury Obligations	\$ 21,211,942	\$ -	\$ 21,211,942	\$ -
U.S. Agency Securities	32,784,634	-	32,784,634	-
Investment in Master Trust	2,428,318	-	-	2,428,318
Commercial Paper	1,399,009	-	1,399,009	-
Total investments measured at fair value	<u>57,823,903</u>	<u>\$ -</u>	<u>\$ 55,395,585</u>	<u>\$ 2,428,318</u>
 Investments measured at net asset value -				
TexasTERM	5,476,563			
 Investments measured at amortized cost -				
TexPool	<u>45,273,318</u>			
 Total investments	<u><u>\$ 108,573,784</u></u>			

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 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:

	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development	TIF #2 Capital Projects Fund	TIF #2 Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Accounts	\$ 433,554	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,768	\$ 622,322
Property taxes	919,939	-	-	-	-	-	-	919,939
Other taxes	2,150,751	-	-	979,932	-	-	1,047,338	4,178,021
Interest	3,572	1,820	219	746	1,878	2,204	2,331	12,770
Special assessments	-	132,657	-	-	-	-	-	132,657
Intergovernmental	359,074	-	-	-	-	-	914,918	1,273,992
Other	107,318	6,075,000	-	32,481	-	-	1,529,144	7,743,943
Total	<u>3,974,208</u>	<u>6,209,477</u>	<u>219</u>	<u>1,013,159</u>	<u>1,878</u>	<u>2,204</u>	<u>3,682,499</u>	<u>14,883,644</u>
Allowance	<u>(666,221)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,905)</u>	<u>(671,126)</u>
Total (net of allowance)	<u>\$ 3,307,987</u>	<u>\$ 6,209,477</u>	<u>\$ 219</u>	<u>\$ 1,013,159</u>	<u>\$ 1,878</u>	<u>\$ 2,204</u>	<u>\$ 3,677,594</u>	<u>\$ 14,212,518</u>

Proprietary Funds:

	Utility	Aquatic Park	Golf	Total Enterprise Funds	Internal Service
Accounts	\$ 5,266,782	\$ 3,387	\$ 17,815	\$ 5,287,984	\$ 30,464
Interest	3,844	309	140	4,293	3,827
Intergovernmental	266,729	-	-	266,729	-
Total	<u>5,537,355</u>	<u>3,696</u>	<u>17,955</u>	<u>5,559,006</u>	<u>34,291</u>
Allowance	<u>(200,915)</u>	<u>-</u>	<u>-</u>	<u>(200,915)</u>	<u>-</u>
Total (net of allowance)	<u>\$ 5,336,440</u>	<u>\$ 3,696</u>	<u>\$ 17,955</u>	<u>\$ 5,358,091</u>	<u>\$ 34,291</u>

Unearned Revenue

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

	Unearned Revenue
General Fund:	
Escrow deposits	\$ 19,173
LEOSE Public Safety proceeds	75,956
Total General Fund	<u>95,129</u>
Parks and Recreation Development:	
Centre and event deposits for future services	128,942
Non-major Governmental Funds:	
Gas development	1,456,591
Enterprise Funds:	
Advanced Payments, Gift Certificates, Store Credit	394,379
Internal Service Funds:	
Information technology advance payments	<u>2,662</u>
Total Unearned Revenue	<u>\$ 2,077,703</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 primary government for the year ended September 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, nondepreciable:					
Land	\$ 78,484,139	\$ -	\$ -	\$ -	\$ 78,484,139
Works of art	310,208	-	-	-	310,208
Assets held for sale	14,612	-	-	-	14,612
Construction in progress	4,991,142	9,643,770	(139,868)	(5,134,356)	9,360,688
Total nondepreciable	83,800,101	9,643,770	(139,868)	(5,134,356)	88,169,647
Capital assets, depreciable:					
Buildings	125,136,695	-	-	1,315,130	126,451,825
Other improvements	252,145,689	2,011,398	-	1,905,594	256,062,681
Machinery and equipment	33,545,747	3,601,850	(1,735,496)	1,913,632	37,325,733
Total depreciable	410,828,131	5,613,248	(1,735,496)	5,134,356	419,840,239
Less accumulated depreciation for:					
Buildings	(29,971,891)	(4,264,953)	-	-	(34,236,844)
Other improvements	(115,985,215)	(7,161,802)	-	-	(123,147,017)
Machinery and equipment	(17,747,439)	(2,086,190)	1,702,498	-	(18,131,131)
Total accumulated depreciation	(163,704,545)	(13,512,945)	1,702,498	-	(175,514,992)
Total depreciable - net	247,123,586	(7,899,697)	(32,998)	5,134,356	244,325,247
Governmental activities - net	\$ 330,923,687	\$ 1,744,073	\$ (172,866)	\$ -	\$ 332,494,894
Business-type activities:					
Capital assets, nondepreciable:					
Land	\$ 2,579,137	\$ -	\$ -	\$ -	\$ 2,579,137
Construction in progress	1,572,320	6,524,785	(40,675)	(3,612,624)	4,443,806
Total nondepreciable	4,151,457	6,524,785	(40,675)	(3,612,624)	7,022,943
Capital assets, depreciable:					
Buildings	3,268,726	-	-	-	3,268,726
Utility plant	144,908,231	1,346,640	-	196,544	146,451,415
Other improvements	28,653,417	-	-	3,416,080	32,069,497
Machinery and equipment	5,735,071	453,225	(68,440)	-	6,119,856
Total depreciable	182,565,445	1,799,865	(68,440)	3,612,624	187,909,494
Less accumulated depreciation for:					
Buildings	(2,802,434)	(16,471)	-	-	(2,818,905)
Utility plant	(76,153,509)	(4,215,446)	16,876	-	(80,352,079)
Other improvements	(16,022,341)	(1,036,030)	-	-	(17,058,371)
Machinery and equipment	(4,275,259)	(409,280)	51,564	-	(4,632,975)
Total accumulated depreciation	(99,253,543)	(5,677,227)	68,440	-	(104,862,330)
Total depreciable - net	83,311,902	(3,877,362)	-	3,612,624	83,047,164
Business-type activities - net	\$ 87,463,359	\$ 2,647,423	\$ (40,675)	\$ -	\$ 90,070,107

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:	Depreciation Expense
General government	\$ 3,180,308
Public safety	1,442,844
Culture and recreation	2,192,886
Public works	6,114,695
Facilities and construction	24,454
Fleet services	493,096
Information systems	64,662
Total governmental activities	\$ 13,512,945

Business-type activities:	Depreciation Expense
Water and sewer	\$ 4,386,960
Aquatic park	930,595
Golf course	359,672
Total business-type activities	\$ 5,677,227

Construction Commitments

The City has active construction projects as of September 30, 2020. 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:

	Project Authorization	Stored and Completed to Date	Remaining Commitment
Streets, drainage, public safety, park improvements, municipal facilities, equipment, and utility improvements	\$ 169,661,772	\$ 13,804,494	\$ 155,857,278

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:

	Encumbrances
General fund	\$ 15,952
Capital projects fund	4,099,852
Total	\$ 4,115,804

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, 2020, current interfund balances consisted of the following:

	Interfund Receivable	Interfund Payable
Governmental:		
General Fund	\$ 783,128	\$ -
Other governmental	-	783,128
Total governmental funds	<u>\$ 783,128</u>	<u>\$ 783,128</u>

In fiscal year 2018, the City approved a long-term interfund loan to be paid in future years payable 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, 2020 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	Non-major Governmental Funds	Aquatic Park	Golf	Internal Service Funds	
Transfers out:									
Governmental:									
General Fund	\$ -	\$ 1,050,000	\$ -	\$ 487,102	\$ 9,063	\$ 2,309,693	\$ -	\$ 238,029	\$ 4,093,887
General Capital Projects	734,056	-	-	-	-	-	-	-	734,056
Parks and Recreation Development	499,363	1,171,000	509,030	-	137,743	-	-	-	2,317,136
TIF #2 Fund	-	-	-	-	-	-	-	-	-
Non-major governmental	106,482	8,511,188	248,181	-	1,365,319	-	751,989	-	10,983,159
Subtotal governmental funds	<u>1,339,901</u>	<u>10,732,188</u>	<u>757,211</u>	<u>487,102</u>	<u>1,512,125</u>	<u>2,309,693</u>	<u>751,989</u>	<u>238,029</u>	<u>18,128,238</u>
Proprietary:									
Utility fund	4,194,851	-	-	-	-	-	-	175,000	4,369,851
Subtotal enterprise funds	<u>4,194,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>4,369,851</u>
Internal service funds	498,973	1,140,832	-	-	-	-	-	-	1,639,805
Total	<u>\$6,033,725</u>	<u>\$11,873,020</u>	<u>\$757,211</u>	<u>\$ 487,102</u>	<u>\$ 1,512,125</u>	<u>\$2,309,693</u>	<u>\$751,989</u>	<u>\$413,029</u>	<u>\$24,137,894</u>

Governmental

During fiscal year 2020, the General Fund received a total of \$6,033,725 from other funds. Transfers in of \$734,056 were received to offset operating and debt service impacts associated with the City Hall project from funds previously set aside for that purpose. Internal Service Funds transferred \$498,973 to offset debt service impacts associated with capital equipment and vehicle purchases. Parks and Recreation Development Corporation transferred \$499,363 for indirect cost and to cover its portion of a sales tax based economic development incentive. Other governmental funds provided a series of transfers totaling \$106,482, comprised of \$30,156 from the Crime Control District for its share of the sales tax based economic development incentive, \$46,326 from the Grant Fund to reimburse for administrative expenses associated with grants, and \$30,000 from the Donations Fund. The Utility fund transferred \$4,194,851 for payment for administration fees, payment in lieu of tax, and franchise fees.

During fiscal year 2020, the General Fund transferred out to other funds a total of \$4,093,887. Transfers to General Capital Funds included \$1,050,000 for Streets and Sidewalks and Information Services capital projects. An operational supplement transfer of \$487,102 to the Parks and Recreation Fund for NRH Centre and \$238,029 was transferred to Internal Service Funds, including \$209,154 to the Information Technology Fund and \$28,875 to the Fleet Maintenance Fund. A one-time transfer of \$2,309,693 to the Aquatic Park to offset losses due to the extraordinary shut down of operations resulting from the COVID-19 pandemic. An additional \$9,063 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 \$1,050,000 from the General Fund for street and sidewalk maintenance, drainage, information services projects, neighborhood reinvestments and facility construction projects. Parks and Recreation Development transferred \$1,171,000 for capital projects associated with the Parks system. Other governmental funds transferred \$575,000 from the Drainage Utility Fund, \$5,646,188 from the Grants fund for reimbursements for grant funded projects, and \$2,290,000 from the Gas Development Fund for related capital projects. Internal Service funds transferred \$1,140,832 for the purchase of machinery and equipment and related debt service.

General Debt Service received transfers from self-supporting debt repayment sources each year. Parks and Recreation Development Corporation and Other Governmental transferred \$509,030 and \$248,181 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 \$137,743. Funding of \$9,063 was received from the General Fund for matches on grants and to support the Crime Control District fund. Transfers between individual non-major governmental funds totaled \$1,365,319 which included \$1,338,089 from the City Point Development Fund to the City Point Development Bond Fund to pay for debt service on special assessment bonds.

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 \$238,029 (General Fund) and \$175,000 (Utility Fund).

A transfer from the Gas Development fund to the Golf Course of \$751,989 was made to offset operational losses incurred due to the reconstruction project of the Iron Horse Golf Course. A transfer to the Aquatic Park of \$2,309,693 from the General Fund was made to offset losses incurred due to the extraordinary COVID-19 pandemic that required the park to cease operations during the summer operating season.

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, 2020, the City did not have any defeased bonds outstanding.

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)

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	2.00 - 5.50%	\$ 53,150,000
Business-type activities	2.00 - 5.00%	3,590,000
		<u>\$ 56,740,000</u>

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 5,785,000	\$ 1,632,337	\$ 530,000	\$ 117,975
2022	5,140,000	1,462,997	520,000	99,975
2023	4,965,000	1,302,496	515,000	83,100
2024	4,710,000	1,154,483	395,000	69,325
2025	4,450,000	1,016,551	395,000	56,775
2026	4,435,000	878,287	385,000	43,238
2027	3,840,000	741,465	330,000	29,300
2028	3,745,000	609,399	295,000	15,675
2029	3,540,000	481,990	210,000	5,025
2030	3,265,000	362,335	15,000	375
2031	2,895,000	256,616	-	-
2032	2,800,000	161,231	-	-
2033	1,505,000	87,669	-	-
2034	1,015,000	42,219	-	-
2035	185,000	21,100	-	-
2036	185,000	16,900	-	-
2037	185,000	12,700	-	-
2038	185,000	8,500	-	-
2039	160,000	4,800	-	-
2040	160,000	1,600	-	-
	<u>\$ 53,150,000</u>	<u>\$ 10,255,673</u>	<u>\$ 3,590,000</u>	<u>\$ 520,763</u>

Private placement general obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	2.00 - 5.50%	\$ 835,000
Business-type activities	2.00 - 5.00%	140,000
		<u>\$ 975,000</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 private placement general obligations bonds are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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>\$ 835,000</u>	<u>\$ 42,653</u>	<u>\$ 140,000</u>	<u>\$ 11,221</u>

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:

Purpose	Interest Rates	Principal Amount
Governmental activities	1.25 - 5.00%	\$ 45,910,000
Business-type activities	1.25 - 5.00%	20,095,000
		<u>\$ 66,005,000</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 certificates of obligation of the primary government are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 4,870,000	\$ 1,751,804	\$ 1,345,000	\$ 677,484
2022	4,385,000	1,587,377	1,345,000	633,953
2023	4,380,000	1,417,525	1,305,000	590,154
2024	4,040,000	1,253,304	1,305,000	546,459
2025	3,985,000	1,092,997	1,245,000	501,298
2026	3,935,000	930,453	1,240,000	455,107
2027	3,860,000	766,530	1,240,000	407,167
2028	2,565,000	624,730	1,240,000	357,383
2029	2,135,000	518,780	1,240,000	309,449
2030	2,025,000	428,354	1,240,000	266,420
2031	2,020,000	341,213	1,225,000	226,250
2032	1,875,000	258,475	1,120,000	187,938
2033	1,875,000	179,891	860,000	155,307
2034	1,870,000	101,097	860,000	126,306
2035	565,000	53,125	825,000	97,569
2036	565,000	35,772	820,000	69,247
2037	515,000	19,181	650,000	44,097
2038	230,000	7,903	640,000	22,025
2039	115,000	3,225	350,000	5,469
2040	100,000	1,000	-	-
	<u>\$ 45,910,000</u>	<u>\$ 11,372,736</u>	<u>\$ 20,095,000</u>	<u>\$ 5,679,080</u>

Special Assessment Bonds – City Point Improvement District (TIF #3)

In fiscal year 2020, the City issued Special Assessment Revenue Bonds, Series 2019 (City Point Public Improvement District Improvement Zone A Project) in the amount of \$2,615,000 and Special Assessment Revenue Bonds, Series 2019 (City Point Public Improvement District Improvement Zone B Project) in the amount of \$8,965,000. The City Point Public Improvement District (the “District” was created for the purpose of undertaking and financing certain public improvements within the district as authorized by the PID Act and approved by the City Council. The City will pay the project costs for the improvement within Zone A and Zone B from proceeds of the corresponding bonds.

Special assessment bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	4.50 - 5.63%	\$ 11,580,000

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 special assessment bonds are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2021	\$ 205,000	\$ 609,375
2022	225,000	599,888
2023	230,000	589,463
2024	245,000	578,813
2025	250,000	567,469
2026	265,000	555,900
2027	275,000	542,625
2028	295,000	528,844
2029	310,000	514,069
2030	320,000	498,525
2031	340,000	482,494
2032	350,000	464,175
2033	375,000	445,313
2034	395,000	425,101
2035	420,000	403,800
2036	440,000	381,150
2037	460,000	357,413
2038	490,000	332,588
2039	520,000	306,132
2040	550,000	278,044
2041	355,000	248,325
2042	380,000	229,244
2043	395,000	208,819
2044	420,000	187,588
2045	440,000	165,013
2046	470,000	141,363
2047	495,000	116,100
2048	525,000	89,494
2049	555,000	61,275
2050	585,000	31,444
	<u>\$ 11,580,000</u>	<u>\$ 10,939,846</u>

Capital Leases

The Golf Fund entered into a lease agreement as lessee in fiscal year 2020 for the financing the acquisition of golf cart equipment originally valued at \$312,851. The equipment has a five year estimated useful life with a remaining net book value of \$307,509. 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, 2020 was \$307,509.

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 lease payments for the capital lease are as follows:

Year Ending September 30,	
2021	\$ 74,725
2022	77,267
2023	79,895
2024	75,622
Total Minimum Lease Payments	<u>\$ 307,509</u>

Long-term liability activity for the year ended September 30, 2020, is reflected in the following tables.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 53,885,000	\$ 7,545,000	\$ (8,280,000)	\$ 53,150,000	\$ 5,785,000
General obligation bonds - Private placement	1,115,000	-	(280,000)	835,000	270,000
Certificates of obligation	47,385,000	4,675,000	(6,150,000)	45,910,000	4,870,000
Special assessment bonds	-	11,580,000	-	11,580,000	205,000
Premium on bond issues	5,140,853	1,082,100	(500,899)	5,722,054	-
Compensated absences	3,272,439	684,988	(473,175)	3,484,252	585,591
Total Governmental Activities	<u>\$ 110,798,292</u>	<u>\$ 25,567,088</u>	<u>\$ (15,684,074)</u>	<u>\$ 120,681,306</u>	<u>\$ 11,715,591</u>
Business-type Activities:					
Bonds payable:					
General obligation bonds	\$ 3,910,000	\$ 190,000	\$ (510,000)	\$ 3,590,000	\$ 530,000
General obligation bonds - Private placement	160,000	-	(20,000)	140,000	20,000
Certificates of obligation	14,685,000	6,840,000	(1,430,000)	20,095,000	1,345,000
Capital lease	77,182	312,851	(82,524)	307,509	74,725
Premium on bond issues	693,849	263,064	(60,463)	896,450	-
Compensated absences	435,232	46,395	(28,625)	453,002	92,563
Total Business-type Activities	<u>\$ 19,961,263</u>	<u>\$ 7,652,310</u>	<u>\$ (2,131,612)</u>	<u>\$ 25,481,961</u>	<u>\$ 2,062,288</u>

Current Year Debt Issuances

In December 2019, the City issued Series 2019 General Obligation Refunding Bonds in the amount of \$3,985,000. The bonds were issued at a premium of \$485,647 and mature in fiscal year 2030 with interest rates ranging from 2.5% to 5.0%. The proceeds from the sale were used for (i) refunding a portion of the City's outstanding debt and (ii) payment of the costs of issuance of the bonds. The refunding transaction resulted in an economic gain of \$391,853.

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)

In December 2019, the City issued Series 2019A Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation in the amount of \$6,040,000. The certificates were issued at a premium of \$488,498 and mature in fiscal year 2037 with interest rates ranging from 2.125% to 5.0%. The proceeds from the sale are being used for (i) constructing, renovating, equipping, and improving various City streets, including drainage, landscaping, curbs, gutters, sidewalks, entryways, signage, lighting and traffic signalization incidental thereto and the acquisition of land and rights-of-way therefor, (ii) acquiring fleet vehicles and equipment for various City departments, including fire/emergency services department and public works department, (iii) constructing, renovating and improving City facilities, (iv) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving the City's water and sewer system facilities, including the acquisition of land and rights-of-way therefor and (v) professional services rendered in relation to such projects and the financing thereof.

In December 2019, the City issued Series 2019B Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation in the amount of \$3,335,000. The certificates were issued at a premium of \$24,089 and mature in fiscal year 2036 with interest rates ranging from 2.69% to 3.125%. The proceeds from the sale are being used for (i) constructing, improving and equipping the City's golf course and related infrastructure and facilities; and (ii) professional services rendered in relation to such projects and the financing thereof.

In September 2020, the City issued Series 2020 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation in the amount of \$2,140,000. The certificates were issued at a premium of \$147,571 and mature in fiscal year 2031 with interest rates ranging from 2.0% to 3.0%. The proceeds from the sale will be used for (i) constructing, renovating, equipping and improving various City streets, including drainage, landscaping, curbs, gutters, sidewalks, entryways, signage, lighting and traffic signalization incidental thereto and the acquisition of land and rights-of-way therefor, and (ii) professional services rendered in relation to such projects and the financing thereof. The proceeds were not received until subsequent to the fiscal year-end and the funds are therefore recorded as a receivable as of September 30, 2020.

In September 2020, the City issued Series 2020 General Obligation Bonds in the amount of \$3,750,000. The bonds were issued at a premium of \$199,360 and mature in fiscal year 2030 with interest rates ranging from 2.0% to 3.0%. The proceeds from the sale will be used for (i) street improvements, including traffic signalization, drainage incidental thereto and the acquisition of land and rights-of-way, (ii) drainage improvements, and (iii) professional services rendered in relation to such projects and the financing thereof. The proceeds were not received until subsequent to the fiscal year-end and the funds are therefore recorded as a receivable as of September 30, 2020.

In December 2019, the City issued Special Assessment Revenue Bonds, Series 2019 (City Point Public Improvement District Improvement Zone A Project) in the amount of \$2,615,000 and Special Assessment Revenue Bonds, Series 2019 (City Point Public Improvement District Improvement Zone B Project) in the amount of \$8,965,000. The proceeds from the sale will be used to pay a portion of the costs of the corresponding zone's public improvements, funding reserve accounts for future debt service payments, and paying for formation costs allocable to the corresponding zones.

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 \$10,386,756 in the aggregate for a 12-month period beginning on January 1, 2020. Changes in the balances of claims liabilities during the past two years are as follows:

	2020	2019
Unpaid claims, beginning of year	\$ 1,258,714	\$ 1,249,026
Incurred claims (including IBNR)	9,205,107	10,861,626
Claim expense	(9,377,696)	(10,851,938)
Unpaid claims, end of year	<u>\$ 1,086,125</u>	<u>\$ 1,258,714</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 under 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:

Plan Rule	Multiplier
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, 2019, valuation and measurement date, the following employees were covered by the benefit terms:

Membership	
Retirees and beneficiaries	190
Inactive, nonretired members	-
Active members	559
Total	<u>749</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 2019, the City contributed a total of \$1,477,599 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, 2019 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, 2019. And a measurement date of December 31, 2019. The following are the actuarial assumptions:

Valuation Date:	December 31, 2019
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry-Age
Single Discount Rate	3.28% as of December 31, 2019
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.50% after 15 years; Post-65: Initial rate of 5.50% declining to an ultimate rate of 4.15% after 14 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:	The Single Discount Rate changed from 4.08% as of December 31, 2018 to 3.28% as of December 31, 2019. Additionally, the long-term expected rate of investment return was lowered from 6.50% to 6.25%, the demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend rates were updated to reflect the plan's anticipated experience and the repeal of the "Cadillac Tax".

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 6.25%; the municipal bond rate is 2.75%; and the resulting Single Discount Rate is 3.28%.

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, 2020, those percentages were 90% and 10%, 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)
Balance at December 31, 2018	\$ 42,839,458	\$ 1,836,309	\$ 41,003,149
Service cost	1,415,009	-	1,415,009
Interest	1,748,613	-	1,748,613
Difference between expected and actual experience	(9,119,458)	-	(9,119,458)
Changes of assumptions	471,134	-	471,134
Contributions - employer	-	1,477,599	(1,477,599)
Net investment income	-	333,159	(333,159)
Benefits payments, including refunds of employee contributions	(1,377,599)	(1,377,599)	-
Administrative expense	-	(11,962)	11,962
Net changes	(6,862,301)	421,197	(7,283,498)
Balance at December 31, 2019	<u>\$ 35,977,157</u>	<u>\$ 2,257,506</u>	<u>\$ 33,719,651</u>

Changes of assumptions reflect a change in the Single Discount Rate from 4.08% as of December 31, 2018 to 3.28% as of December 31, 2019, lowering the long-term expected rate of investment return from 6.50% to 6.25%, revised TMRS demographic and salary increase assumptions, and updates to the health care trend assumption to better reflect the plan's anticipated experience and the repeal of the "Cadillac Tax" on high-.

Consistent with the requirements of GASB Statements No. 74 and No. 75, 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 of \$1,477,599 consists of a trust contribution of \$100,000 and benefit payments of \$1,377,599, 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 3.28%, 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 (2.28%)	Discount Rate (3.28%)	1% Increase in Discount Rate (4.28%)
City's Net OPEB Liability	\$ 37,249,923	\$ 33,719,651	\$ 30,627,139

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	\$ 30,111,047	\$ 33,719,651	\$ 38,054,075

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, 2020.

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

For the year ended September 30, 2020, the City recognized an OPEB expense of \$1,732,299.

At September 30, 2020, 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	\$ 819,590	\$ (1,085,507)
Differences between expected and actual experience	-	(8,325,444)
Contributions subsequent to the measurement date	959,980	-
	<u>\$ 1,779,570</u>	<u>\$ (9,410,951)</u>

\$959,980 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, 2021. 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
2021	\$ (1,321,064)
2022	(1,321,062)
2023	(1,299,027)
2024	(1,339,314)
2025	(1,333,316)
Thereafter	(1,977,578)
	<u>\$ (8,591,361)</u>

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

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.

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, 2019, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	407
Inactive employees entitled to but not yet receiving benefits	306
Active employees	559
	<u>1,272</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 16.15% and 16.34% in calendar years 2019 and 2020, respectively. The City’s contributions to TMRS for the year ended September 30, 2020 were \$6,318,501, and were equal to the required contributions.

Net Pension Liability

The City’s net pension liability (“NPL”) was measured as of December 31, 2019, 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, 2019 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; 12% soft corridor
Inflation	2.50%
Overall payroll growth	3.50% to 11.50% 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, 2019, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018.

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 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equities	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	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, 2020, those percentages were 88% and 12%, 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)
Balance at December 31, 2018	\$ 257,463,014	\$ 219,453,818	\$ 38,009,196
Changes for the year:			
Service cost	6,689,567	-	6,689,567
Interest	17,239,979	-	17,239,979
Difference between expected and actual experience	767,788	-	767,788
Changes of assumptions	409,737	-	409,737
Contributions - employer	-	6,008,691	(6,008,691)
Contributions - employee	-	2,604,392	(2,604,392)
Net investment income	-	33,921,847	(33,921,847)
Benefits payments, including refunds of employee contributions	(10,801,408)	(10,801,408)	-
Administrative expense	-	(191,704)	191,704
Other changes	-	(5,759)	5,759
Net changes	14,305,663	31,536,059	(17,230,396)
Balance at December 31, 2019	<u>\$ 271,768,677</u>	<u>\$ 250,989,877</u>	<u>\$ 20,778,800</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	\$ 59,720,214	\$ 20,778,800	\$ (11,133,236)

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.tmr.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, 2020, the City recognized pension expense of \$6,510,050.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ (7,621,496)
Difference in assumption changes	318,482	(903)
Differences between expected and actual experience	797,034	(629,899)
Contributions subsequent to the measurement date	4,612,752	-
	<u>\$ 5,728,268</u>	<u>\$ (8,252,298)</u>

\$4,612,752 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ (2,326,084)
2022	(1,985,795)
2023	868,334
2024	(3,693,237)
	<u>\$ (7,136,782)</u>

E. Tax Incentive Rebates

The City of North Richland Hills has five (5) active Commercial Development and Job-Related Incentive Rebates that develop or redevelop a particular property attracting business that generates incremental tax revenues. One of the agreements reached the end of its term and was closed out in December 2019. 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 for Fiscal Year 2020 was \$202,275.06.

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

Note IV - Other Information (continued)

F. Current and Future GASB Pronouncements

The following GASB pronouncements have been implemented by the City in the current fiscal year:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement was issued in March 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this Statement are effective immediately.

The effective dates of the following pronouncements are postponed by 12 months:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

The City implemented GASB No. 83 *Certain Asset Retirement Obligations*, GASB No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in fiscal year 2019. The City plans on implementing GASB No. 84 *Fiduciary Activities* in fiscal year 2021 and GASB No. 87 *Leases* in fiscal year 2022.

The following GASB pronouncements have been issued but not yet implemented by the City:

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. It was issued in June 2020, but the requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. Implementation of this Statement is planned for fiscal year 2022.

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

Note IV - Other Information (continued)

F. Current and Future GASB Pronouncements (continued)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement was issued in May 2020 and provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Implementation of this Statement is planned for fiscal year 2023.

H. Subsequent Events

On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in Texas in response to the COVID-19, which disaster declaration he has subsequently extended. In addition, certain local officials, including the County Judge of Tarrant County, also declared a local state of disaster.

The full extent of the ongoing impact of COVID-19 on the City’s fiscal year 2021 and longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies related to COVID-19, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted



Required Supplementary Information





NRH Public Works street division crews replace a section along a residential street. In 2020, the Street Division resurfaced approximately 7 miles of residential streets. Additionally, the Street Division excavated and patched over 66,859 square feet of asphalt pavement and sealed approximately 29 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 Last Six Measurement Years

	Measurement Year December 31,					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 6,689,567	\$ 6,406,497	\$ 6,191,617	\$ 5,991,326	\$ 5,732,122	\$ 5,572,383
Interest (on the total pension liability)	17,239,979	16,482,949	15,687,433	14,990,680	14,861,355	14,176,755
Difference between expected and actual experience	767,788	(455,398)	523,226	(1,803,452)	(1,819,900)	(1,880,743)
Change of assumptions	409,737	-	-	-	(452,493)	-
Benefit payments, including refunds of employee contributions	(10,801,408)	(11,919,243)	(9,529,337)	(8,383,529)	(8,959,709)	(7,376,810)
Net Change in Total Pension Liability	14,305,663	10,514,805	12,872,939	10,795,025	9,361,375	10,491,585
Total Pension Liability - Beginning	257,463,014	246,948,209	234,075,270	223,280,245	213,918,870	203,427,285
Total Pension Liability - Ending (a)	\$ 271,768,677	\$ 257,463,014	\$ 246,948,209	\$ 234,075,270	\$ 223,280,245	\$ 213,918,870
Plan Fiduciary Net Position						
Contributions - employer	\$ 6,008,691	\$ 5,737,359	\$ 5,623,410	\$ 5,409,161	\$ 5,468,306	\$ 5,636,415
Contributions - employee	2,604,392	2,491,416	2,410,529	2,328,666	2,280,541	2,236,673
Net investment income	33,921,847	(6,894,711)	28,219,967	12,939,363	284,162	10,400,524
Benefit payments, including refunds of employee contributions	(10,801,408)	(11,919,243)	(9,529,337)	(8,383,529)	(8,959,709)	(7,376,810)
Administrative expense	(191,704)	(133,257)	(146,245)	(146,139)	(173,081)	(108,580)
Other	(5,759)	(6,962)	(7,411)	(7,874)	(8,547)	(8,929)
Net Change in Plan Fiduciary Net Position	31,536,059	(10,725,398)	26,570,913	12,139,648	(1,108,328)	10,779,293
Plan Fiduciary Net Position - Beginning	219,453,818	230,179,216	203,608,303	191,468,655	192,576,983	181,797,690
Plan Fiduciary Net Position - Ending (b)	\$ 250,989,877	\$ 219,453,818	\$ 230,179,216	\$ 203,608,303	\$ 191,468,655	\$ 192,576,983
Net Pension Liability - Ending (a) - (b)	\$ 20,778,800	\$ 38,009,196	\$ 16,768,993	\$ 30,466,967	\$ 31,811,590	\$ 21,341,887
Plan Fiduciary Net Position as a Percentage of						
Total Pension Liability	92.35%	85.24%	93.21%	86.98%	85.75%	90.02%
Covered Payroll	\$ 37,205,542	\$ 35,591,651	\$ 34,436,087	\$ 33,266,663	\$ 32,568,873	\$ 31,952,469
Net Pension Liability as a Percentage of Covered Payroll	55.85%	106.79%	48.70%	91.58%	97.67%	66.79%

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 Last Six Fiscal Years

	Fiscal Year					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 6,318,501	\$ 5,905,942	\$ 5,727,471	\$ 5,559,812	\$ 5,417,111	\$ 5,528,987
Contributions in relation to the actuarially determined contribution	6,318,501	5,905,942	5,727,471	5,559,812	5,417,111	5,528,987
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 38,791,732	\$ 36,587,770	\$ 35,403,126	\$ 34,086,933	\$ 33,017,098	\$ 32,471,592
Contributions as a percentage of covered payroll	16.29%	16.14%	16.18%	16.31%	16.41%	17.03%

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; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with Public Safety table used for males and the General Employee table used for females. Rates projected on fully generational basis with scale UMP.

Other Information:

There were no benefit changes during the year.

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
NORTH RICHLAND HILLS RETIRED EMPLOYEES HEALTHCARE PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the Last Three Measurement Years

	Measurement Year December 31,		
	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 1,415,009	\$ 1,380,982	\$ 3,033,865
Interest on the total OPEB liability	1,748,613	1,612,101	2,939,073
Changes of benefit terms	-	-	(36,006,639)
Difference between expected and actual experience	(9,119,458)	(424,223)	-
Change of assumptions	471,134	(1,473,549)	678,308
Benefit payments	(1,377,599)	(2,036,450)	(2,192,748)
Net Change in Total OPEB Liability	(6,862,301)	(941,139)	(31,548,141)
Total OPEB Liability - Beginning	42,839,458	43,780,597	75,328,738
Total OPEB Liability - Ending (a)	\$ 35,977,157	\$ 42,839,458	\$ 43,780,597
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,477,599	\$ 2,136,450	\$ 2,292,748
Net investment income	333,159	(79,800)	212,194
Benefit payments	(1,377,599)	(2,036,450)	(2,192,748)
Administrative expense	(11,962)	(10,939)	(8,770)
Net Change in Plan Fiduciary Net Position	421,197	9,261	303,424
Plan Fiduciary Net Position - Beginning	1,836,309	1,827,048	1,523,624
Plan Fiduciary Net Position - Ending (b)	\$ 2,257,506	\$ 1,836,309	\$ 1,827,048
Net OPEB Liability - Ending (a) - (b)	\$ 33,719,651	\$ 41,003,149	\$ 41,953,549
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	6.27%	4.29%	4.17%
Covered Payroll	\$ 37,205,602	\$ 34,555,433	\$ 33,455,733
Net OPEB Liability as a Percentage of Covered Payroll	90.63%	118.66%	125.40%

Changes of assumptions reflect a change in the Single Discount Rate from 4.08% as of December 31, 2018 to 3.28% as of December 31, 2019.

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 \$1,377,599, 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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Property taxes (penalties & interest included)	\$ 19,847,315	\$ 19,847,315	\$ 19,676,894	\$ (170,421)
City sales taxes	10,398,713	10,568,043	11,019,420	451,377
Mixed beverage taxes	151,000	118,200	125,456	7,256
Franchise taxes	4,945,065	4,819,618	4,813,490	(6,128)
Sub-total taxes	35,342,093	35,353,176	35,635,260	282,084
Fines and forfeitures	2,110,367	1,725,604	1,840,749	115,145
Licenses and permits	2,440,521	2,586,291	2,875,705	289,414
Charges for services	2,842,585	2,582,460	2,549,854	(32,606)
Intergovernmental (includes CARES Act funding)	5,325,176	5,256,140	9,013,707	3,757,567
Miscellaneous	2,141,661	2,188,423	2,382,080	193,657
Sub-total non-tax revenues	14,860,310	14,338,918	18,662,095	4,323,177
Other appropriations				
Court technology funds	59,800	64,376	64,376	-
PEG Fees	45,000	89,075	89,075	-
Previous Year Encumbrances	-	173,005	173,005	-
General Fund Reserves	-	1,912,678	21,987	(1,890,691)
Sub-total other appropriations	104,800	2,239,134	348,443	(1,890,691)
Total Revenues	50,307,203	51,931,228	54,645,798	2,714,570
Expenditures				
City council	133,893	96,789	57,657	39,132
City manager	734,957	755,763	755,361	402
Communications	394,874	388,599	387,739	860
City secretary	475,819	466,292	442,427	23,865
Legal	429,510	428,034	423,461	4,573
Human resources	141,545	140,204	131,486	8,718
Finance	771,524	758,454	757,538	916
Budget & research	427,236	418,602	417,821	781
Municipal court	1,394,917	1,323,166	1,275,721	47,445
Planning & inspections	1,318,419	1,334,307	1,332,368	1,939
Economic development	350,958	346,546	340,886	5,660
Library	2,282,980	2,234,535	2,094,826	139,709
Neighborhood services	2,105,253	2,055,038	1,996,052	58,986
Public works	3,411,978	3,323,604	3,278,402	45,202
Parks & recreation	1,670,973	1,613,386	1,543,592	69,794
Police	15,879,537	15,833,912	15,652,134	181,778
Fire	14,317,885	14,047,272	13,788,614	258,658
Building services	812,101	812,101	812,101	-
Non-departmental	1,095,643	1,061,919	1,012,996	48,923
Sub-total departments	48,150,002	47,438,523	46,501,182	937,341
Other & Reserves				
Reserves	148,684	130,420	130,420	-
Transfers out	1,387,423	3,741,191	4,084,824	(343,633)
Economic development incentives	133,992	133,992	190,472	(56,480)
Sub-total other & reserves	1,670,099	4,005,603	4,405,716	(400,113)
Total Expenditures	49,820,101	51,444,126	50,906,898	537,228
Adjustment for CARES Act funds received	-	-	(3,738,900)	3,738,900
Net Increase (Decrease)	\$ 487,102	\$ 487,102	-	\$ 5,916,242

Reconciliation between budgetary basis actual and GAAP

Increase (decrease) in fair value of investments	176,690
Appropriations of fund balance	(278,334)
Amounts prepaid for expenditures occurring in future period	10,791
CARES Act funding received	3,738,900
Net change in fund balance (deficit) - GAAP	\$ 3,648,047

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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales tax	\$ 5,199,346	\$ 5,284,095	\$ 5,509,712	\$ 225,617
Interest income	69,653	73,631	70,771	(2,860)
Youth assn. maintenance fees	39,000	39,000	27,270	(11,730)
Tennis center revenue	420,600	293,593	371,366	77,773
Park impact fees	95,000	200,000	255,834	55,834
Other income	1,500	500	5,693	5,193
Appropriation of fund balance	224,057	622,899	-	(622,899)
Subtotal PARD revenues (excluding NRH Centre)	6,049,156	6,513,718	6,240,646	(273,072)
NRH Centre:				
Memberships/drop-in passes	1,420,000	889,536	891,315	1,779
Fitness	453,000	326,719	212,928	(113,791)
Recreation/sports	324,000	161,327	234,626	73,299
Grand hall rental	402,150	316,000	275,943	(40,057)
Catering & event fees	28,275	24,000	20,705	(3,295)
Aquatic programs	255,000	148,217	105,556	(42,661)
Pool rental	3,000	2,055	3,645	1,590
Gym rental	12,000	9,900	12,020	2,120
Concessions/merchandise	27,000	17,360	16,177	(1,183)
Special events	9,000	4,655	8,680	4,025
Other	10,000	-	4,709	4,709
General fund	487,102	487,102	487,102	-
Subtotal NRH Centre revenues (only)	3,430,527	2,386,871	2,273,406	(113,465)
Total Revenues	\$ 9,479,683	\$ 8,900,589	\$ 8,514,052	\$ (386,537)
Expenditures				
Operating:				
Park facilities development administration	\$ 956,834	\$ 945,945	\$ 942,388	\$ 3,557
Parks & public grounds	2,129,790	2,015,150	1,959,715	55,435
Tennis center operations	627,934	528,488	521,171	7,317
Sub-total operating	3,714,558	3,489,583	3,423,274	66,309
NRH Centre:				
Center management	825,518	762,924	691,784	71,140
Fitness	513,399	414,756	405,534	9,222
Building operations	223,910	258,160	289,717	(31,557)
Aquatic	659,956	566,097	581,277	(15,180)
Recreation sports	313,492	247,730	178,438	69,292
Event center	377,310	320,294	293,768	26,526
Building services	277,788	277,788	277,788	-
Sub-total NRH Centre	3,191,373	2,847,749	2,718,306	129,443
Other & Reserves				
Debt service	509,030	509,030	509,030	-
Indirect costs	497,541	497,541	499,363	(1,822)
Non-department	57,043	53,590	47,917	5,673
Reserve for capital	1,046,000	1,171,000	1,171,000	-
Reserve for economic development	129,984	132,096	137,743	(5,647)
Reserve for impact fees	95,000	200,000	255,834	(55,834)
Reserve for NRH Centre	239,154	-	-	-
Sub-total other & reserves	2,573,752	2,563,257	2,620,887	(57,630)
Total Expenditures	\$ 9,479,683	\$ 8,900,589	8,762,467	\$ 138,122
Net Increase (Decrease) - NRH Centre only			(444,900)	
Net Increase (Decrease) - Parks			196,485	
Net Increase (Decrease) - Total			(248,415)	
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			26,191	
Reserves which are not actual revenues			255,834	
Net change in fund balance (deficit) - GAAP			\$ 33,610	

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2020

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 \$1,433,097.

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)
For the Year Ended September 30, 2020

Note A - Budgetary Information (continued)

Legally Adopted Fund	Original	Final	Increase (Decrease)	Explanation
General Fund	\$ 49,820,101	\$ 51,444,126	\$ 1,624,025	The budgeted increase was for an interfund loan to the Aquatic Park fund to offset anticipated losses in FY 19/20 based on the parks truncated operating season due to the COVID-19 pandemic (\$2.3 M). Partially offsetting the increase was a reduction in operational expenses in the fund -- 2.5% salary reduction (April 25-Sept 30), 3% operational budget reduction, training freeze, vacant position freeze
General Debt Service	12,211,310	11,993,596	(217,714)	The decrease was due to a lower than anticipated debt service payment in FY 19/20.
Parks and Recreation	9,479,683	8,900,589	(579,094)	The decrease was due to temporary facility closures, program reductions, and reductions made in operational expenses in the fund -- 2.5% salary reduction (April 25-Sept 30), 3% operational budget reduction, training freeze, vacant position freeze.
Promotional	290,000	260,077	(29,923)	The reduction is due to the elimination of a planned contribution to reserves and a reduction in operational expenses in the fund -- 2.5% salary reduction (April 25-Sept 30), 3% operational budget reduction, training freeze, vacant position freeze.
Donations	264,388	266,828	2,440	The slight increase is due to additional police program expenditures related to the victim's assistance program.
Special Investigations	262,300	262,300	-	No change.
Drainage Utility Fund	1,657,000	1,657,000	-	No change.
Crime Control District	5,727,125	5,828,583	101,458	The increase was due to an anticipated contribution to reserves in FY 19/20 based on the performance of sales tax collections. Partially offsetting the increase was a reduction in operational expenses in the fund -- 2.5% salary reduction (April 25-Sept 30), 3% operational budget reduction, training freeze, vacant position freeze.
Traffic Safety	86,726	134,294	47,568	The increase was due to an anticipated contribution to reserves in FY 19/20 and for the annual encumbrance roll.
Gas Development	1,487,479	3,041,989	1,554,510	The increase was due to an increase in funding requirements for the construction costs associated with the 820 Redevelopment Project (\$1.5 M). In addition there was an increase in the funding required at the Golf Course to help offset losses associated with the temporary closure of the course related to the major course renovation project completed in September 2020.

CITY OF NORTH RICHLAND HILLS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (continued)
For the Year Ended September 30, 2020

Note A - Budgetary Information (continued)

Legally Adopted Fund	Original	Final	Increase (Decrease)	Explanation
Utility	\$ 38,233,116	\$ 37,823,529	\$ (409,587)	The bulk of the decrease is related to an anticipated decrease in water purchase expenses based anticipated water demand for the remainder of the fiscal year. In addition reductions were made in operational expenses in the fund -- 2.5% salary reduction (April 25-Sept 30), 3% operational budget reduction, training freeze, vacant position freeze.
Aquatic Park	4,506,323	2,904,088	(1,602,235)	Significant operational reductions were made in FY 19/20 from the significant reduction of the facilities operating season (reduced to 16 operating days from 102 days planned) due to the COVID-19 pandemic.
Golf	1,651,547	1,864,090	212,543	The increase is due to the first year of debt service being owed related to the issuance of debt for the Iron Horse Golf Course Improvements Project and the addition of funding to the project from reserves for other grounds improvements.
Facilities and Construction	2,982,718	2,988,118	5,400	The increase was due to the addition of funding for exterior improvements to the clubhouse at Iron Horse Golf Course which was almost entirely offset by a reduction in the planned contribution to reserves.
Fleet Services	4,511,499	5,001,728	490,229	The increase was due to the early replacement of an ambulance that encountered significant service issues and the annual encumbrance roll.
Self Insurance	15,788,103	15,788,154	51	Slight increase based on the performance of the fund.
Information Technology	3,941,622	4,175,048	233,426	The increase is due to the inclusion of funding to improve network security and from the annual encumbrance roll.
Total	\$ 152,901,040	\$ 154,334,137	\$ 1,433,097	

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

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) Fund accounts for funds held for drainage improvements that alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development for the benefit of citizens within TIF #1.

The City Point Development Project Fund accounts for public improvements funded by special assessment debt for the benefit of citizens within TIF #3.

DEBT SERVICE FUNDS

The City Point Development Bond Fund is used to accumulate monies for the payment of principal, interest, and related charges on the special assessment bonds of TIF #3.

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, 2020

Page 1 of 3

	Special Revenue			
	Promotional	Donations	Special Investigations	Drainage Utility
Assets				
Cash and cash equivalents	\$ 364,327	\$ 345,990	\$ 213,518	\$ 950,864
Investments	370,956	353,291	211,975	871,452
Receivables, net of allowance:				
Accounts	-	-	-	183,863
Other taxes receivable	65,399	-	-	-
Interest receivable	132	125	75	309
Intergovernmental receivables	-	-	-	-
Other receivables	-	-	8,096	-
Prepaid items	-	-	-	-
Assets limited to use:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Total assets	\$ 800,814	\$ 699,406	\$ 433,664	\$ 2,006,488
Liabilities				
Accounts payable	\$ -	\$ 5,000	\$ -	\$ -
Accrued liabilities	1,457	-	900	-
Deposits and other liabilities	-	39	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	1,457	5,039	900	-
Deferred Inflows of Resources				
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances				
Restricted:				
Crime control district	-	-	-	-
Debt service	-	-	-	-
Grants	-	-	-	-
Promotional & economic development	799,357	-	-	-
Public safety	-	-	432,764	-
Capital projects (bond funded)	-	-	-	-
Committed:				
Donations	-	694,367	-	-
Drainage Utility	-	-	-	2,006,488
Gas development	-	-	-	-
Total fund balances	799,357	694,367	432,764	2,006,488
Total liabilities, deferred inflows and fund balances	\$ 800,814	\$ 699,406	\$ 433,664	\$ 2,006,488

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2020

Page 2 of 3

	Special Revenue				
	Crime Control District	Grants Fund	Economic Development	Traffic Safety	Gas Development
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 404,860	\$ -
Investments	-	-	-	400,397	302,891
Receivables, net of allowance:					
Accounts	-	-	-	-	-
Other taxes receivable	981,939	-	-	-	-
Interest receivable	-	915	92	142	196
Intergovernmental receivables	-	914,918	-	-	-
Other receivables	-	-	-	-	1,521,048
Prepaid items	-	13,327	-	-	-
Assets limited to use:					
Cash and cash equivalents	136,936	-	258,037	-	-
Investments	-	-	254,914	-	-
Total assets	\$ 1,118,875	\$ 929,160	\$ 513,043	\$ 805,399	\$ 1,824,135
Liabilities					
Accounts payable	\$ 7,190	\$ 63,231	\$ -	\$ -	\$ -
Accrued liabilities	40,349	3,394	-	270	-
Deposits and other liabilities	-	-	-	314	-
Due to other funds	-	590,364	192,764	-	-
Unearned revenue	-	-	-	-	1,456,591
Total liabilities	47,539	656,989	192,764	584	1,456,591
Deferred Inflows of Resources					
Unavailable revenue - grants	-	5,000	-	-	-
Total deferred inflows of resources	-	5,000	-	-	-
Fund Balances					
Restricted:					
Crime control district	1,071,336	-	-	-	-
Debt service	-	-	-	-	-
Grants	-	267,171	-	-	-
Promotional & economic development	-	-	320,279	-	-
Public safety	-	-	-	804,815	-
Capital projects (bond funded)	-	-	-	-	-
Committed:					
Donations	-	-	-	-	-
Drainage Utility	-	-	-	-	-
Gas development	-	-	-	-	367,544
Total fund balances	1,071,336	267,171	320,279	804,815	367,544
Total liabilities, deferred inflows and fund balances	\$ 1,118,875	\$ 929,160	\$ 513,043	\$ 805,399	\$ 1,824,135

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2020

Page 3 of 3

	<u>Capital Projects</u>		<u>Debt Service</u>		<u>Total</u>
	<u>TIF #1 Fund</u>	<u>City Point Development Project Fund</u>	<u>City Point Development Bond Fund</u>	<u>Sales Tax Revenue Bond</u>	<u>Non-major Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,279,559
Investments	-	-	-	-	2,510,962
Receivables, net of allowance:					
Accounts	-	-	-	-	183,863
Other taxes receivable	-	-	-	-	1,047,338
Interest receivable	297	-	-	48	2,331
Intergovernmental receivables	-	-	-	-	914,918
Other receivables	-	-	-	-	1,529,144
Prepaid items	-	-	-	-	13,327
Assets limited to use:					
Cash and cash equivalents	-	7,328,438	916,141	140,642	8,780,194
Investments	307,061	-	-	135,429	697,404
Total assets	<u>\$ 307,358</u>	<u>\$ 7,328,438</u>	<u>\$ 916,141</u>	<u>\$ 276,119</u>	<u>\$ 17,959,040</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 75,421
Accrued liabilities	-	-	-	-	46,370
Deposits and other liabilities	-	-	-	-	353
Due to other funds	-	-	-	-	783,128
Unearned revenue	-	-	-	-	1,456,591
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,361,863</u>
Deferred Inflows of Resources					
Unavailable revenue - grants	-	-	-	-	5,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Fund Balances					
Restricted:					
Crime control district	-	-	-	-	1,071,336
Debt service	-	-	916,141	276,119	1,192,260
Grants	-	-	-	-	267,171
Promotional & economic development	-	-	-	-	1,119,636
Public safety	-	-	-	-	1,237,579
Capital projects (bond funded)	307,358	7,328,438	-	-	7,635,796
Committed:					
Donations	-	-	-	-	694,367
Drainage Utility	-	-	-	-	2,006,488
Gas development	-	-	-	-	367,544
Total fund balances	<u>307,358</u>	<u>7,328,438</u>	<u>916,141</u>	<u>276,119</u>	<u>15,592,177</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 307,358</u>	<u>\$ 7,328,438</u>	<u>\$ 916,141</u>	<u>\$ 276,119</u>	<u>\$ 17,959,040</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

Page 1 of 3

	Special Revenue			
	Promotional	Donations	Special Investigations	Drainage Utility
Revenues				
Taxes	\$ 254,203	\$ -	\$ -	\$ -
Charges for services	-	-	-	1,703,926
Gas utility leases and royalties	-	-	-	-
Contributions	-	217,435	-	-
Investment income	14,631	13,735	8,083	28,391
Intergovernmental	-	-	14,500	-
Forfeitures	-	-	56,939	-
Miscellaneous	-	5	3	-
Total revenues	<u>268,834</u>	<u>231,175</u>	<u>79,525</u>	<u>1,732,317</u>
Expenditures				
General government	137,792	17,259	-	-
Public safety	-	10,991	52,568	-
Culture and recreation	104,928	101,654	-	-
Public works	-	-	-	33,070
Capital outlay:				
General government	-	6,228	-	-
Public safety	-	-	4,597	-
Public works	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>242,720</u>	<u>136,132</u>	<u>57,165</u>	<u>33,070</u>
Excess (deficiency) of revenues over expenditures	<u>26,114</u>	<u>95,043</u>	<u>22,360</u>	<u>1,699,247</u>
Other Financing Sources (Uses)				
Issuance of special assessment bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(30,000)	-	(823,181)
Total other financing sources (uses)	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>(823,181)</u>
Net change in fund balances	26,114	65,043	22,360	876,066
Fund balances - beginning of year	<u>773,243</u>	<u>629,324</u>	<u>410,404</u>	<u>1,130,422</u>
Fund balances - end of year	<u>\$ 799,357</u>	<u>\$ 694,367</u>	<u>\$ 432,764</u>	<u>\$ 2,006,488</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

Page 2 of 3

	Special Revenue				
	Crime Control District	Grants Fund	Economic Development	Traffic Safety	Gas Development
Revenues					
Taxes	\$ 5,577,519	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	34,250	-
Gas utility leases and royalties	-	-	-	-	407,632
Contributions	-	-	-	-	-
Investment income	5,788	46,626	10,195	15,373	28,119
Intergovernmental	297,186	6,325,116	-	-	-
Forfeitures	-	-	-	-	-
Miscellaneous	1,703	-	-	-	-
Total revenues	<u>5,882,196</u>	<u>6,371,742</u>	<u>10,195</u>	<u>49,623</u>	<u>435,751</u>
Expenditures					
General government	-	118,751	-	-	-
Public safety	5,467,898	974,992	-	17,247	-
Culture and recreation	-	3,566	-	-	-
Public works	-	-	-	28,491	-
Capital outlay:					
General government	-	900,000	-	-	-
Public safety	-	383,864	-	-	-
Public works	-	353,491	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>5,467,898</u>	<u>2,734,664</u>	<u>-</u>	<u>45,738</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>414,298</u>	<u>3,637,078</u>	<u>10,195</u>	<u>3,885</u>	<u>435,751</u>
Other Financing Sources (Uses)					
Issuance of special assessment bonds	-	-	-	-	-
Transfers in	-	36,293	137,743	-	-
Transfers out	(50,910)	(5,698,990)	-	-	(3,041,989)
Total other financing sources (uses)	<u>(50,910)</u>	<u>(5,662,697)</u>	<u>137,743</u>	<u>-</u>	<u>(3,041,989)</u>
Net change in fund balances	363,388	(2,025,619)	147,938	3,885	(2,606,238)
Fund balances - beginning of year	707,948	2,292,790	172,341	800,930	2,973,782
Fund balances - end of year	<u>\$ 1,071,336</u>	<u>\$ 267,171</u>	<u>\$ 320,279</u>	<u>\$ 804,815</u>	<u>\$ 367,544</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

Page 3 of 3

	Capital Projects		Debt Service		Total Non-major Governmental Funds
	TIF #1 Fund	City Point Development Project Fund	City Point Development Bond Fund	Sales Tax Revenue Bond	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,831,722
Charges for services	-	-	-	-	1,738,176
Gas utility leases and royalties	-	-	-	-	407,632
Contributions	-	-	-	-	217,435
Investment income	38,043	28,525	2,922	5,430	245,861
Intergovernmental	-	-	-	-	6,636,802
Forfeitures	-	-	-	-	56,939
Miscellaneous	-	-	-	-	1,711
Total revenues	<u>38,043</u>	<u>28,525</u>	<u>2,922</u>	<u>5,430</u>	<u>15,136,278</u>
Expenditures					
General government	-	-	-	-	273,802
Public safety	-	-	-	-	6,523,696
Culture and recreation	-	-	-	-	210,148
Public works	-	1,968,808	-	-	2,030,369
Capital outlay:					
General government	-	-	-	-	906,228
Public safety	-	-	-	-	388,461
Public works	-	-	-	-	353,491
Debt service:					
Interest and fiscal charges	158	5,000	424,870	-	430,028
Bond issuance costs	-	968,190	-	-	968,190
Total expenditures	<u>158</u>	<u>2,941,998</u>	<u>424,870</u>	<u>-</u>	<u>12,084,413</u>
Excess (deficiency) of revenues over expenditures	<u>37,885</u>	<u>(2,913,473)</u>	<u>(421,948)</u>	<u>5,430</u>	<u>3,051,865</u>
Other Financing Sources (Uses)					
Issuance of special assessment bonds	-	11,580,000	-	-	11,580,000
Transfers in	-	-	1,338,089	-	1,512,125
Transfers out	-	(1,338,089)	-	-	(10,983,159)
Total other financing sources (uses)	<u>-</u>	<u>10,241,911</u>	<u>1,338,089</u>	<u>-</u>	<u>2,108,966</u>
Net change in fund balances	37,885	7,328,438	916,141	5,430	5,160,831
Fund balances - beginning of year	269,473	-	-	270,689	10,431,346
Fund balances - end of year	<u>\$ 307,358</u>	<u>\$ 7,328,438</u>	<u>\$ 916,141</u>	<u>\$ 276,119</u>	<u>\$ 15,592,177</u>

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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Property taxes (including penalties & interest)	\$ 11,200,798	\$ 11,200,798	\$ 11,200,798	\$ -
Transfers in:				
Drainage utility	278,599	248,181	248,181	-
Parks & recreation facilities development corp.	509,030	509,030	509,030	-
Fleet services fund	130,911	-	-	-
Sub-total transfers in	918,540	757,211	757,211	-
Other:				
Bond issuance and premium	-	-	4,258,990	4,258,990
Interest income	9,119	6,716	28,004	21,288
City of Watauga, CIP participation	82,853	82,853	82,853	-
Sub-total other	91,972	89,569	4,369,847	4,280,278
Total Revenues	12,211,310	12,047,578	16,327,856	4,280,278
Expenditures				
Existing bonds & co's	12,202,610	11,984,896	12,034,330	(49,434)
Issuance costs/paying agent fees	8,700	8,700	7,185	1,515
Bond defeasance/refunding	-	-	4,182,132	(4,182,132)
Total Expenditures	12,211,310	11,993,596	16,223,647	(4,230,051)
Net Increase (Decrease)	\$ -	\$ 53,982	104,209	\$ 50,227
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			8,228	
Net change in fund balance (deficit) - GAAP			\$ 112,437	

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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Occupancy tax proceeds	\$ 280,000	\$ 192,924	\$ 254,203	\$ 61,279
Appropriation of Fund Balance	-	58,823	-	(58,823)
Interest revenue	10,000	8,330	9,897	1,567
Total Revenues	290,000	260,077	264,100	4,023
Expenditures				
Operating expenses				
Economic development	150,212	145,311	137,569	7,742
Culture & leisure	122,901	114,278	104,929	9,349
Non-departmental	533	488	222	266
Sub-total operating expenses	<u>273,646</u>	<u>260,077</u>	<u>242,720</u>	<u>17,357</u>
Other & Reserves				
Contribution to reserves	<u>16,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	290,000	260,077	242,720	17,357
Net Increase (Decrease)	\$ -	\$ -	21,380	\$ 21,380
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			<u>4,734</u>	
Net change in fund balance (deficit) - GAAP			<u><u>\$ 26,114</u></u>	

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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Contributions				
NRH water bills	\$ 60,200	\$ 58,800	\$ 61,096	\$ 2,296
Donations				
Spay/neuter	8,500	12,000	28,119	16,119
Shelter fund	10,800	22,934	24,980	2,046
Duncan	15,000	15,000	15,007	7
Santa cops	2,500	2,500	1,600	(900)
Sub-total donations	36,800	52,434	69,706	17,272
Proceeds				
Library book sales	9,000	6,500	6,799	299
Other				
Interest revenue	9,076	5,949	9,177	3,228
Other income	124,150	113,785	79,837	(33,948)
Appropriation of fund balance:				
Teen court	400	2,000	-	(2,000)
Neighborhood services	9,923	10,523	-	(10,523)
Library	18,815	18,760	-	(18,760)
Parks and Recreation	29,700	25,323	-	(25,323)
Police	3,100	2,200	-	(2,200)
Sub-total Other	195,164	178,540	89,014	(89,526)
Total Revenues	301,164	296,274	226,615	(69,659)
Expenditures				
Library - book collections	68,865	68,865	57,033	11,832
Neighborhood services				
Animal services	19,810	19,810	4,613	15,197
Keep NRH Beautiful	17,013	17,013	12,129	4,884
Municipal court - teen court	5,000	4,000	4,500	(500)
Parks special events and arts	114,500	113,000	46,864	66,136
Public safety	9,200	14,140	10,991	3,149
Transfer out	30,000	30,000	30,000	-
Total Expenditures	264,388	266,828	166,130	100,698
Net Increase (Decrease)	\$ 36,776	\$ 29,446	60,485	\$ 31,039
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			4,558	
Net change in fund balance (deficit) - GAAP			\$ 65,043	

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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Forfeited funds	\$ 141,000	\$ 71,000	\$ 56,940	\$ (14,060)
AFIS reimbursements	13,500	13,500	14,500	1,000
Interest income	-	-	5,544	5,544
Other income	-	-	2	2
Appropriations of fund balance	107,800	177,800	-	(177,800)
Total Revenues	<u>262,300</u>	<u>262,300</u>	<u>76,986</u>	<u>(185,314)</u>
Expenditures				
Federal forfeited funds	145,000	145,000	35,171	109,829
State forfeited funds	105,000	105,000	14,400	90,600
Local forfeited funds	1,000	1,000	-	1,000
AFIS maintenance & equipment	4,300	4,300	7,594	(3,294)
LEOSE contributions	7,000	7,000	-	7,000
Total Expenditures	<u>262,300</u>	<u>262,300</u>	<u>57,165</u>	<u>205,135</u>
Net Increase (Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>19,821</u>	<u>\$ 19,821</u>
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			2,539	
Net change in fund balance (deficit) - GAAP			<u>\$ 22,360</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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Drainage fees	\$ 1,647,000	\$ 1,647,000	\$ 1,703,926	\$ 56,926
Interest income	10,000	10,000	14,938	4,938
Total Revenues	<u>1,657,000</u>	<u>1,657,000</u>	<u>1,718,864</u>	<u>61,864</u>
Expenditures				
Debt service	278,599	248,181	248,181	-
Other expenditures	605,000	605,000	608,070	(3,070)
Contribution to reserves	773,401	803,819	-	803,819
Total Expenditures	<u>1,657,000</u>	<u>1,657,000</u>	<u>856,251</u>	<u>800,749</u>
Net Increase (decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>862,613</u>	<u>\$ 862,613</u>
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			13,453	
Net change in fund balance (deficit) - GAAP			<u>\$ 876,066</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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales tax	\$ 5,160,426	\$ 5,244,541	\$ 5,484,940	\$ 240,399
Franchise tax	96,127	92,579	92,579	-
Interest income	15,400	11,000	5,787	(5,213)
SRO Reimbursement (BISD)	240,826	240,826	240,826	-
Miscellaneous revenue	70,877	70,877	58,063	(12,814)
Appropriation of fund balance	143,469	143,469	-	(143,469)
Transfers in	-	25,291	-	(25,291)
Total Revenues	5,727,125	5,828,583	5,882,195	53,612
Expenditures				
Operating				
Administration	16,000	8,133	8,055	78
Community Resources	1,195,721	1,060,184	1,011,646	48,538
Investigations	527,912	646,766	537,158	109,608
Uniform patrol	3,005,620	2,996,705	3,008,598	(11,893)
Technical services	573,686	561,072	523,131	37,941
Property Evidence	222,668	232,749	231,250	1,499
Sub-total operating	5,541,607	5,505,609	5,319,838	185,771
Other & reserves				
Partner agency funding	44,426	43,426	43,009	417
Other	112,758	115,402	105,052	10,350
Indirect Costs	28,334	28,334	30,156	(1,822)
Reserves	-	135,812	-	135,812
Sub-total other & reserves	185,518	322,974	178,217	144,757
Total Expenditures	5,727,125	5,828,583	5,498,055	330,528
Net Increase (Decrease)	\$ -	\$ -	384,140	\$ 384,140

Reconciliation between budgetary basis actual and GAAP

Reserves which are not actual expenditures	(20,752)
Net change in fund balance (deficit) - GAAP	\$ 363,388

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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Gross fine revenue	\$ -	\$ 34,250	\$ 34,250	\$ -
Interest income	-	8,330	11,185	2,855
Appropriations of fund balance	86,726	86,726	302	(86,424)
Prior year encumbrances	-	4,988	-	(4,988)
Total Revenues	86,726	134,294	45,737	(88,557)
Expenditures				
Traffic enforcement	70,145	75,133	33,478	41,655
Pedestrian safety	16,581	16,581	12,259	4,322
Contribution to reserves	-	42,580	-	42,580
Total Expenditures	86,726	134,294	45,737	88,557
Net Increase (Decrease)	\$ -	\$ -	-	\$ -
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			4,187	
Appropriations of fund balance			(302)	
Net change in fund balance (deficit) - GAAP			\$ 3,885	

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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Royalties/overrides				
General fund purposes	\$ 500,000	\$ 320,000	\$ 407,632	\$ 87,632
Interest income	16,800	19,599	27,076	7,477
Appropriations of fund balance	970,679	2,702,390	2,607,281	(95,109)
Total Revenues	<u>1,487,479</u>	<u>3,041,989</u>	<u>3,041,989</u>	<u>-</u>
Expenditures				
Operating				
Interfund Loan	697,479	751,989	751,989	-
Transfer to capital projects	790,000	2,290,000	2,290,000	-
Total Expenditures	<u>1,487,479</u>	<u>3,041,989</u>	<u>3,041,989</u>	<u>-</u>
Net Increase (Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			1,043	
Appropriations of fund balance			(2,607,281)	
Net change in fund balance (deficit) - GAAP			<u>\$ (2,606,238)</u>	



NRH₂O 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 NRH₂O opened in 1995, it has consistently ranked amongst the top water parks in the nation



PROPRIETARY FUNDS

ENTERPRISE FUNDS

Utility Fund – To account 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. All activities of the fund are supported by the customers of the utility.

Aquatic Park Fund - To account for the operation of NRH₂O, 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. All activities of the fund are supported by the patrons of the water park.

Golf Course Fund – To account 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. All activities of the fund are supported by the patrons of the golf course.

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, 2020

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Assets					
Current Assets:					
Cash and cash equivalents	\$ 1,658,374	\$ 1,195,802	\$ 4,092,122	\$ 911,834	\$ 7,858,132
Investments	1,678,134	1,607,476	4,008,883	1,030,434	8,324,927
Accounts receivable, net of allowances:					
Other	882	-	20,596	8,986	30,464
Interest receivable	595	570	2,296	366	3,827
Prepaid items	5,057	-	216,682	178,350	400,089
Inventories, at cost	30,553	105,576	-	-	136,129
Total current assets	3,373,595	2,909,424	8,340,579	2,129,970	16,753,568
Noncurrent assets:					
Cash and cash equivalents	-	90,947	2,491,218	17,049	2,599,214
Investments	-	-	2,462,238	-	2,462,238
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	7,435,475	13,312	2,287,673	10,122,801
Accumulated depreciation	(381,897)	(5,411,561)	(13,312)	(2,361,654)	(8,168,424)
Net capital assets	58,420	2,023,914	-	528,788	2,611,122
Total noncurrent assets	58,420	2,114,861	5,453,456	545,837	8,172,574
Total assets	3,432,015	5,024,285	13,794,035	2,675,807	24,926,142
Deferred Outflows of Resources					
Deferred outflows - OPEB	57,327	52,195	31,426	77,230	218,178
Deferred outflows - Pension	98,444	62,425	49,810	10,763	221,442
Total deferred outflows of resources	155,771	114,620	81,236	87,993	439,620
Liabilities					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 74,219	\$ 16,704	\$ 1,110,827	\$ 76,565	\$ 1,278,315
Other current liabilities	277	541	12,558	11	13,387
Compensated absences	2,873	27,623	14,791	17,384	62,671
Unearned revenue	-	-	-	2,662	2,662
Total current liabilities	77,369	44,868	1,138,176	96,622	1,357,035
Noncurrent Liabilities:					
Compensated absences	39,531	20,125	60,868	115,067	235,591
Net OPEB liability	598,485	657,180	327,903	791,667	2,375,235
Net pension liability	409,914	429,556	256,654	457,144	1,553,268
Total noncurrent liabilities	1,047,930	1,106,861	645,425	1,363,878	4,164,094
Total liabilities	1,125,299	1,151,729	1,783,601	1,460,500	5,521,129
Deferred Inflows of Resources					
Deferred inflows - OPEB	152,092	103,949	83,433	209,384	548,858
Deferred inflows - pension	108,988	167,761	57,410	126,572	460,731
Total deferred inflows of resources	261,080	271,710	140,843	335,956	1,009,589
Net Position					
Investment in capital assets	58,420	2,023,914	-	528,788	2,611,122
Unrestricted (deficit)	2,142,987	1,691,552	11,950,827	438,556	16,223,922
Total net position	\$ 2,201,407	\$ 3,715,466	\$ 11,950,827	\$ 967,344	\$ 18,835,044

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, 2020

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Operating Revenues					
Internal service revenues:					
Risk management	\$ -	\$ -	\$ 14,014,007	\$ -	\$ 14,014,007
Facilities and fleet management	2,912,818	4,012,486	-	-	6,925,304
Information systems management	-	-	-	3,066,441	3,066,441
Miscellaneous revenues	41,270	566	40,476	235,587	317,899
Total operating revenues	2,954,088	4,013,052	14,054,483	3,302,028	24,323,651
Operating Expenses					
Claims	-	-	8,508,702	-	8,508,702
Contractual services	803,459	128,605	412,059	488,099	1,832,222
Personnel services	998,770	1,003,412	538,486	1,251,585	3,792,253
Repairs and maintenance	654,536	1,051,789	-	1,410,686	3,117,011
Supplies	86,117	782,105	4,503	162,241	1,034,966
Depreciation	24,454	493,096	-	64,662	582,212
Total operating expenses	2,567,336	3,459,007	9,463,750	3,377,273	18,867,366
Operating income (loss)	386,752	554,045	4,590,733	(75,245)	5,456,285
Nonoperating revenues (expenses)					
Investment income	65,174	63,649	239,695	37,350	405,868
Other income	-	34,237	177,757	-	211,994
Gain (loss) on disposal of assets	-	350,932	-	2,591	353,523
Total nonoperating revenues (expenses)	65,174	448,818	417,452	39,941	971,385
Income (loss) before transfers	451,926	1,002,863	5,008,185	(35,304)	6,427,670
Transfers					
Transfers in	-	28,875	-	384,154	413,029
Transfers out	(96,500)	(1,057,795)	-	(485,510)	(1,639,805)
Total transfers - net	(96,500)	(1,028,920)	-	(101,356)	(1,226,776)
Change in net position	355,426	(26,057)	5,008,185	(136,660)	5,200,894
Net position - beginning of year	1,845,981	3,741,523	6,942,642	1,104,004	13,634,150
Net position - end of year	\$ 2,201,407	\$ 3,715,466	\$ 11,950,827	\$ 967,344	\$ 18,835,044

CITY OF NORTH RICHLAND HILLS, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2020

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 2,905,627	\$ 4,016,394	\$ 13,993,671	\$ 3,055,227	\$ 23,970,919
Other operating revenue	41,270	566	40,476	235,587	317,899
Payments to suppliers	(1,572,004)	(2,003,339)	(9,517,283)	(2,156,274)	(15,248,900)
Payments to employees	(996,393)	(983,879)	(504,208)	(1,200,471)	(3,684,951)
Net cash provided by (used for) operating activities	378,500	1,029,742	4,012,656	(65,931)	5,354,967
Cash flows from noncapital financing activities:					
Transfers from other funds	-	28,875	-	384,154	413,029
Transfers to other funds	(96,500)	(1,057,795)	-	(485,510)	(1,639,805)
Net cash provided by (used for) noncapital financing	(96,500)	(1,028,920)	-	(101,356)	(1,226,776)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	(297,234)	-	(15,497)	(312,731)
Insurance recovery proceeds	-	34,237	177,757	-	211,994
Proceeds from sale of capital assets	-	193,235	-	2,591	195,826
Net cash provided by (used for) capital and related financing activities	-	(69,762)	177,757	(12,906)	95,089
Cash flows from investing activities:					
Sale (purchase) of investments	178,054	213,244	(1,434,584)	299,638	(743,648)
Interest and dividends received	67,327	65,774	244,855	38,953	416,909
Net cash provided by (used for) investing activities	245,381	279,018	(1,189,729)	338,591	(326,739)
Net increase (decrease) in cash and cash equivalents	527,381	210,078	3,000,684	158,398	3,896,541
Cash and cash equivalents, beginning of year	1,130,993	1,076,671	3,582,656	770,485	6,560,805
Cash and cash equivalents, end of year	\$ 1,658,374	\$ 1,286,749	\$ 6,583,340	\$ 928,883	\$ 10,457,346
Reconciliation of Cash and Cash Equivalents to Combining Statement of Net Position - Internal Service Funds					
Cash and cash equivalents - current	\$ 1,658,374	\$ 1,195,802	\$ 4,092,122	\$ 911,834	\$ 7,858,132
Cash and cash equivalents - noncurrent	-	90,947	2,491,218	17,049	2,599,214
Total cash and cash equivalents	\$ 1,658,374	\$ 1,286,749	\$ 6,583,340	\$ 928,883	\$ 10,457,346
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 386,752	\$ 554,045	\$ 4,590,733	\$ (75,245)	\$ 5,456,285
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	24,454	493,096	-	64,662	582,212
(Increase) decrease in accounts receivable	(882)	-	(20,336)	1,678	(19,540)
(Increase) decrease in prepaid items	(5,057)	4,618	(216,682)	(24,041)	(241,162)
(Increase) decrease in inventories	(6,309)	3,908	-	-	(2,401)
(Increase) decrease in OPEB deferred outflows	(12,146)	(8,260)	(6,662)	(16,728)	(43,796)
(Increase) decrease in pension deferred outflows	341,499	232,219	187,336	470,294	1,231,348
Increase (decrease) in accounts payable	(22,739)	(45,569)	(375,337)	(70,903)	(514,548)
Increase (decrease) in other current liabilities	(96)	111	-	(304)	(289)
Increase (decrease) in compensated absences	(10,876)	10,524	27,006	32,864	59,518
Increase (decrease) in unearned revenues	-	-	-	(12,892)	(12,892)
Increase (decrease) in other post employment benefits	(127,461)	(86,674)	(69,922)	(175,532)	(459,589)
Increase (decrease) in net pension liability	(301,532)	(205,042)	(165,411)	(415,253)	(1,087,238)
Increase (decrease) in OPEB deferred inflows	144,086	97,978	79,042	198,427	519,533
Increase (decrease) in pension deferred inflows	(31,193)	(21,212)	(17,111)	(42,958)	(112,474)
Total adjustments	(8,252)	475,697	(578,077)	9,314	(101,318)
Net cash provided by (used for) operating activities	\$ 378,500	\$ 1,029,742	\$ 4,012,656	\$ (65,931)	\$ 5,354,967

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - UTILITY FUND
For the Year Ended September 30, 2020

Page 1 of 2

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Water sales & charges				
Water sales	\$ 24,556,883	\$ 24,485,197	\$ 24,506,261	\$ 21,064
Water taps	44,200	44,200	49,900	5,700
Water inspection fees	24,000	24,000	47,857	23,857
Sub-total	<u>24,625,083</u>	<u>24,553,397</u>	<u>24,604,018</u>	<u>50,621</u>
Sewer sales & charges				
Sewer sales	12,660,706	12,448,676	12,088,789	(359,887)
Sewer taps	12,600	12,600	14,700	2,100
Sewer inspection fees	24,000	19,000	19,315	315
Sub-total	<u>12,697,306</u>	<u>12,480,276</u>	<u>12,122,804</u>	<u>(357,472)</u>
Miscellaneous				
Interest income	144,000	103,769	187,815	84,046
Service charges	153,500	133,388	112,746	(20,642)
Late charges	420,000	318,111	347,698	29,587
Miscellaneous	36,034	55,550	63,152	7,602
Joint use reimb. (Watauga)	93,000	102,925	102,925	-
Subdivision meter revenue	64,193	60,193	62,109	1,916
Developer CIP participation	-	-	1,266,005	1,266,005
Sub-total	<u>910,727</u>	<u>773,936</u>	<u>2,142,450</u>	<u>1,368,514</u>
Appropriation of fund balance				
Previous year encumbrances	-	15,920	15,920	-
Total Revenues	<u><u>\$ 38,233,116</u></u>	<u><u>\$ 37,823,529</u></u>	<u><u>\$ 38,885,192</u></u>	<u><u>\$ 1,061,663</u></u>
Expenses				
Operating				
Administration	\$ 356,793	\$ 354,171	\$ 358,998	\$ (4,827)
Development	946,578	945,842	912,495	33,347
Right of way maintenance	352,976	352,570	288,706	63,864
Sub-total	<u>1,656,347</u>	<u>1,652,583</u>	<u>1,560,199</u>	<u>92,384</u>
Water services				
Water operations	4,799,523	4,766,117	4,693,705	72,412
Purchase of water FTW	4,294,242	3,274,554	2,726,909	547,645
Purchase of water TRA	6,197,623	6,763,657	7,448,048	(684,391)
Sub-total	<u>15,291,388</u>	<u>14,804,328</u>	<u>14,868,662</u>	<u>(64,334)</u>
Sewer services				
Sewer operations	1,499,013	1,463,974	1,309,758	154,216
Sewer treatment FTW	1,522,893	1,463,829	1,415,527	48,302
Sewer treatment TRA	5,073,378	5,349,157	5,392,857	(43,700)
Sub-total	<u>8,095,284</u>	<u>8,276,960</u>	<u>8,118,142</u>	<u>158,818</u>

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - UTILITY FUND
For the Year Ended September 30, 2020

Page 2 of 2

	Original Budget	Final Budget	Budgetary Basis	Variance with Final Budget Positive (Negative)
Expenses (continued)				
Finance/Utility Collections:				
Meter reading	\$ 571,258	\$ 571,392	\$ 566,430	\$ 4,962
Utility billing/customer service	1,051,214	1,040,074	982,323	57,751
Utility collection services	249,273	248,098	241,454	6,644
Accounting services	444,255	437,717	408,603	29,114
Budget & research	236,339	232,820	232,038	782
Sub-total	<u>2,552,339</u>	<u>2,530,101</u>	<u>2,430,848</u>	<u>99,253</u>
Building services	1,822,929	1,822,929	1,822,929	-
Non-departmental	317,120	338,091	290,037	48,054
Sub-total Departments	<u>29,735,407</u>	<u>29,424,992</u>	<u>29,090,817</u>	<u>334,175</u>
Other & Reserves				
Debt service	1,673,546	1,658,969	1,666,986	(8,017)
Bond refunding	-	-	208,323	(208,323)
Franchise fee	1,116,527	1,097,397	1,087,873	9,524
Indirect costs	2,182,170	2,182,170	2,182,170	-
Payment in lieu of taxes	405,201	405,201	405,201	-
Transfer from CIP reserve to information services fund	175,000	175,000	175,000	-
Transfer to capital	901,657	901,657	901,657	-
Reserve for capital	2,043,608	1,978,143	-	1,978,143
Total other & reserves	<u>8,497,709</u>	<u>8,398,537</u>	<u>6,627,210</u>	<u>1,771,327</u>
Total expenses	<u>38,233,116</u>	<u>37,823,529</u>	<u>35,718,027</u>	<u>2,105,502</u>
Net Increase (Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>3,167,165</u>	<u>\$ 3,167,165</u>
Non-cash revenue (contributions from developers)			1,266,005	
Net increase (decrease) - adjusted for non-cash revenue above			<u>1,901,160</u>	
			3,167,165	
Reconciliation between budgetary basis actual and GAAP				
Depreciation expense			(4,386,960)	
Amounts paid for long-term liabilities			1,227,501	
Capital outlay			(1,270,316)	
Increase (decrease) in fair value of investments			244,369	
Gain/(loss) on disposal of assets			46,815	
Inflows of resources that represent unearned revenue			1,049,023	
Transfers in			901,657	
Net change in fund balance (deficit) - GAAP			<u>\$ 979,254</u>	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - AQUATIC PARK
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Operating:				
Admissions	\$ 3,259,118	\$ 500,000	\$ 206,779	\$ (293,221)
Food and beverage	848,881	66,200	60,771	(5,429)
Merchandise	150,087	8,400	8,564	164
Rentals	180,105	6,000	11,103	5,103
Sub-total	4,438,191	580,600	287,217	(293,383)
Other revenues:				
Interest income	20,632	13,695	19,774	6,079
Transfers from other funds	-	2,309,693	2,309,693	-
Other	47,500	100	1,420	1,320
Sub-total	68,132	2,323,488	2,330,887	7,399
Total Revenues	\$ 4,506,323	\$ 2,904,088	\$ 2,618,104	\$ (285,984)
Expenses				
Operating:				
General services & utilities	\$ 673,365	\$ 552,299	\$ 534,199	\$ 18,100
Public grounds, aquatics, and maintenance	1,130,995	783,994	828,326	(44,332)
Business & office admin.	516,070	225,292	233,377	(8,085)
Gift shop & concessions	600,103	232,582	232,312	270
Sales, special events, and admissions	318,519	202,612	212,390	(9,778)
Sub-total	3,239,052	1,996,779	2,040,604	(43,825)
Other and Reserves:				
Debt service	753,029	753,029	753,691	(662)
Bond refunding	1,250	1,250	-	1,250
Transfer for capital projects	100,000	100,000	100,000	-
Reserve for:				
Infrastructure & major repairs	357,669	-	-	-
Non-departmental	55,323	53,030	54,875	(1,845)
Total Other & reserves	1,267,271	907,309	908,566	(1,257)
Total expenses	4,506,323	2,904,088	2,949,170	(45,082)
Net Increase (Decrease)	\$ -	\$ -	(331,066)	\$ (331,066)

Reconciliation between budgetary basis actual and GAAP

Depreciation expense	(930,595)
Amounts paid for long-term liabilities	568,806
Capital outlay	7,758
Increase (decrease) in fair value of investments	18,464
Transfers in	100,000
Net change in fund balance (deficit) - GAAP	\$ (566,633)

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GOLF
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Green fees	\$ 295,900	\$ 318,000	\$ 330,437	\$ 12,437
Pro shop	110,700	121,000	132,168	11,168
Driving range	34,500	34,500	39,974	5,474
Carts	133,900	114,000	114,147	147
Food & beverage	339,300	390,773	420,822	30,049
Interfund loan	697,479	751,989	751,989	-
Other revenues	39,768	36,307	178,009	141,702
Appropriation of fund balance	-	97,521	-	(97,521)
Total Revenues	<u>1,651,547</u>	<u>1,864,090</u>	<u>1,967,546</u>	<u>103,456</u>
Expenses				
Operating				
Pro shop	73,110	107,722	116,296	(8,574)
Pro shop (cost of goods sold)	59,000	63,500	64,651	(1,151)
Driving range	16,500	12,135	13,446	(1,311)
Golf carts	156,604	169,464	178,899	(9,435)
Course maintenance	552,181	540,800	617,473	(76,673)
Food & beverage	163,090	160,900	171,591	(10,691)
Food & beverage (cost of goods sold)	80,280	90,400	89,718	682
General & administrative	278,775	296,798	322,094	(25,296)
Clubhouse	90,100	74,430	99,469	(25,039)
Management fees	130,033	130,033	141,127	(11,094)
Sub-total	<u>1,599,673</u>	<u>1,646,182</u>	<u>1,814,764</u>	<u>(168,582)</u>
Other and Reserves				
Debt service	51,874	117,908	190,563	(72,655)
Reserve for Equipment/CIP	-	100,000	100,000	-
Total Other & reserves	<u>51,874</u>	<u>217,908</u>	<u>290,563</u>	<u>(72,655)</u>
Total expenses	<u>1,651,547</u>	<u>1,864,090</u>	<u>2,105,327</u>	<u>(241,237)</u>
Net Increase (Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>(137,781)</u>	<u>\$ (137,781)</u>

Reconciliation between budgetary basis actual and GAAP

Depreciation expense	(359,672)
Amounts paid for long-term liabilities	35,904
Appropriations from fund balance	3,317,668
Capital outlay	(3,135,124)
Increase (decrease) in fair value of investments	4,931
Net change in fund balance (deficit) - GAAP	<u><u>\$ (274,074)</u></u>

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - FACILITIES AND CONSTRUCTION
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for service				
Transfer from				
General fund	\$ 812,101	\$ 812,101	\$ 812,101	\$ -
Parks development fund	277,788	277,788	277,788	-
Utility fund	1,822,929	1,822,929	1,822,929	-
Sub-total	2,912,818	2,912,818	2,912,818	-
Other revenues				
Interest income	33,000	33,000	43,233	10,233
Rent from rental properties	36,900	42,300	41,270	(1,030)
Sub-total	69,900	75,300	84,503	9,203
Sub-total revenues	2,982,718	2,988,118	2,997,321	9,203
Total Revenues	\$ 2,982,718	\$ 2,988,118	\$ 2,997,321	\$ 9,203
Expenses				
Operating:				
General services	\$ 265,629	\$ 264,057	\$ 263,396	\$ 661
Building services	2,474,383	2,514,731	2,241,723	273,008
Rental property program	36,120	36,120	21,208	14,912
Transfer to capital budget	53,000	96,500	96,500	-
Sub-total	2,829,132	2,911,408	2,622,827	288,581
Other and Reserves:				
Other	22,762	21,686	19,232	2,454
Facility reserves	130,824	55,024	-	55,024
Total Other & reserves	153,586	76,710	19,232	57,478
Total expenses	2,982,718	2,988,118	2,642,059	346,059
Net Increase (Decrease)	\$ -	\$ -	355,262	\$ 355,262
Reconciliation between budgetary basis actual and GAAP				
Depreciation expense			(24,454)	
Amounts paid for long-term liabilities			(2,377)	
Increase (decrease) in fair value of investments			26,995	
Net change in fund balance (deficit) - GAAP			\$ 355,426	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - FLEET SERVICES
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
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/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	42,000	30,000	42,856	12,856
Sale of city property	20,000	20,000	191,836	171,836
Other income	-	23,564	34,803	11,239
Transfer from general fund	-	28,875	28,875	-
Sub-total	<u>62,000</u>	<u>102,439</u>	<u>298,370</u>	<u>195,931</u>
Sub-total revenues	<u>4,074,486</u>	<u>4,114,925</u>	<u>4,310,856</u>	<u>195,931</u>
Appropriation of fund balance:				
Equipment services	437,013	801,424	80,245	(721,179)
Prior year encumbrances	-	85,379	85,379	-
Total Revenues	<u><u>\$ 4,511,499</u></u>	<u><u>\$ 5,001,728</u></u>	<u><u>\$ 4,476,480</u></u>	<u><u>\$ (525,248)</u></u>
Expenses				
General services	\$ 292,713	\$ 288,953	\$ 288,411	\$ 542
Equipment services/operation	1,574,364	1,664,249	1,565,753	98,496
Fire fleet maintenance	323,461	366,935	349,944	16,991
Equipment purchases	746,830	600,748	583,567	17,181
Fire vehicles/equipment	107,280	77,280	93,118	(15,838)
Police vehicles/equipment	553,000	536,000	519,383	16,617
Sub-total	<u>3,597,648</u>	<u>3,534,165</u>	<u>3,400,176</u>	<u>133,989</u>
Other and Reserves:				
Debt service	629,884	498,973	498,973	-
Other	183,967	579,142	577,331	1,811
Equipment services reserves	100,000	389,448	-	389,448
Total Other & reserves	<u>913,851</u>	<u>1,467,563</u>	<u>1,076,304</u>	<u>391,259</u>
Total expenses	<u>4,511,499</u>	<u>5,001,728</u>	<u>4,476,480</u>	<u>525,248</u>
Net Increase (Decrease)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>

Reconciliation between budgetary basis actual and GAAP

Depreciation expense	(493,096)
Amounts paid for long-term liabilities	(19,537)
Capital outlay	476,931
Increase (decrease) in fair value of investments	20,791
Gain/(loss) on disposal of assets	159,096
Outflows of resources for prepaid expenses	(4,618)
Appropriations from fund balance	(165,624)
Net change in fund balance (deficit) - GAAP	<u><u>\$ (26,057)</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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Allocations				
Health/medical	\$ 13,148,568	\$ 13,148,568	\$ 13,086,683	\$ (61,885)
Worker's compensation	589,500	589,500	589,500	-
Administration allocation	517,637	517,637	519,012	1,375
Other insurance	813,925	813,925	819,608	5,683
Sub-total	15,069,630	15,069,630	15,014,803	(54,827)
Other revenues				
Interest income	81,473	81,524	143,731	62,207
Other income	137,000	137,000	215,554	78,554
Expenditure reimbursement	400,000	400,000	107,717	(292,283)
Sub-total	618,473	618,524	467,002	(151,522)
Sub-total revenues	15,688,103	15,688,154	15,481,805	(206,349)
Appropriation of fund balance	100,000	100,000	-	(100,000)
Total Revenues	\$ 15,788,103	\$ 15,788,154	\$ 15,481,805	\$ (306,349)
Expenses				
Health/medical	\$ 13,259,089	\$ 11,262,557	\$ 8,687,168	\$ 2,575,389
Worker's compensation	589,500	589,500	375,971	213,529
Personnel expenses	508,784	497,881	476,372	21,509
Other insurance	678,926	848,336	791,224	57,112
Other expenses	137,000	198,500	207,310	(8,810)
Life insurance premium	135,000	135,000	116,620	18,380
Sub-total	15,308,299	13,531,774	10,654,665	2,877,109
Other and Reserves				
Retiree health care reserve	100,000	100,000	100,000	-
Contribution to reserves	379,804	2,156,380	-	2,156,380
Total expenses	15,788,103	15,788,154	10,754,665	5,033,489
Net Increase (Decrease)	\$ -	\$ -	4,727,140	\$ 4,727,140
Reconciliation between budgetary basis actual and GAAP				
Amounts paid for long-term liabilities			(34,277)	
Increase (decrease) in fair value of investments			95,962	
Gain/(loss) on disposal of assets			2,678	
Outflows of resources for prepaid expenses			216,682	
Net change in fund balance (deficit) - GAAP			\$ 5,008,185	

CITY OF NORTH RICHLAND HILLS, TEXAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - INFORMATION TECHNOLOGY
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Revenues				
Telecom (transfers in)				
General fund	\$ 369,544	\$ 369,544	\$ 369,544	\$ -
Park fund	37,493	37,493	37,493	-
Crime control district	39,739	39,739	39,739	-
Utility fund	93,965	93,965	93,965	-
Other funds	67,487	67,487	67,487	-
Sub-total	<u>608,228</u>	<u>608,228</u>	<u>608,228</u>	<u>-</u>
Computers (transfers in)				
General fund	1,093,677	1,035,727	1,035,727	-
Park fund	118,506	118,506	118,506	-
Crime control district	210,252	210,252	210,252	-
Utility fund	771,562	771,562	771,562	-
Other funds	322,166	322,166	322,166	-
Sub-total	<u>2,516,163</u>	<u>2,458,213</u>	<u>2,458,213</u>	<u>-</u>
Other revenues:				
Interest income	29,167	21,000	24,896	3,896
Transmitter lease	152,958	170,000	176,960	6,960
Other income	-	57,952	61,217	3,265
Transfer from general fund	193,954	209,154	209,154	-
Transfer from utility fund	175,000	175,000	175,000	-
Sub-total	<u>551,079</u>	<u>633,106</u>	<u>647,227</u>	<u>14,121</u>
Sub-total revenues	<u>3,675,470</u>	<u>3,699,547</u>	<u>3,713,668</u>	<u>14,121</u>
Appropriation of fund balance				
Prior year encumbrances	-	153,301	-	(153,301)
Information systems reserves	266,152	322,200	-	(322,200)
Total Revenues	<u><u>\$ 3,941,622</u></u>	<u><u>\$ 4,175,048</u></u>	<u><u>\$ 3,713,668</u></u>	<u><u>\$ (461,380)</u></u>
Expenses				
General services	\$ 266,283	\$ 264,779	\$ 278,069	\$ (13,290)
Major computer systems	346,426	349,047	315,917	33,130
Microcomputer systems	776,217	791,700	825,548	(33,848)
Telecommunications	500,599	495,949	474,742	21,207
Data network	938,810	936,739	629,630	307,109
GIS system	183,145	182,139	181,397	742
Public safety	642,645	657,336	548,317	109,019
Sub-total	<u>3,654,125</u>	<u>3,677,689</u>	<u>3,253,620</u>	<u>424,069</u>
Other and Reserves				
Other	14,497	11,849	47,410	(35,561)
System improvements	273,000	485,510	-	485,510
Total Other & reserves	<u>287,497</u>	<u>497,359</u>	<u>47,410</u>	<u>449,949</u>
Total expenses	<u>3,941,622</u>	<u>4,175,048</u>	<u>3,301,030</u>	<u>874,018</u>
Net Increase (Decrease)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>412,638</u>	<u><u>\$ 412,638</u></u>
Reconciliation between budgetary basis actual and GAAP				
Depreciation expense			(64,662)	
Amounts paid for long-term liabilities			(51,116)	
Capital outlay			(470,013)	
Increase (decrease) in fair value of investments			12,452	
Outflows of resources for prepaid expenses			24,041	
Net change in fund balance (deficit) - GAAP			<u><u>\$ (136,660)</u></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

	2020	2019	2018	2017	2016
Governmental Activities					
Net investment in capital assets	\$ 250,864,326	\$ 221,090,589	\$ 214,081,749	\$ 208,508,926	\$ 199,625,197
Restricted	23,228,613	20,825,594	16,138,949	11,257,910	4,005,996
Unrestricted	(18,239,276)	1,428,088	(4,852,295)	15,716,225	28,160,118
Total governmental activities net position	<u>\$ 255,853,663</u>	<u>\$ 243,344,271</u>	<u>\$ 225,368,403</u>	<u>\$ 235,483,061</u>	<u>\$ 231,791,311</u>
Business-type Activities					
Net investment in capital assets	\$ 71,094,790	\$ 73,399,637	\$ 74,787,942	\$ 52,999,815	\$ 54,387,271
Restricted	6,188,722	5,119,704	4,260,462	3,764,244	3,507,899
Unrestricted	12,239,489	8,872,010	8,737,576	9,421,299	13,365,978
Total business-type activities net position	<u>\$ 89,523,001</u>	<u>\$ 87,391,351</u>	<u>\$ 87,785,980</u>	<u>\$ 66,185,358</u>	<u>\$ 71,261,148</u>
Primary Government					
Net investment in capital assets	\$ 321,959,116	\$ 294,490,226	\$ 288,869,691	\$ 261,508,741	\$ 254,012,468
Restricted	29,417,335	25,945,298	20,399,411	15,022,154	7,513,895
Unrestricted	(5,999,787)	10,300,098	3,885,281	25,137,524	41,526,096
Total primary government net position	<u>\$ 345,376,664</u>	<u>\$ 330,735,622</u>	<u>\$ 313,154,383</u>	<u>\$ 301,668,419</u>	<u>\$ 303,052,459</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

	2015	2014	2013	2012	2011
Governmental Activities					
Net investment in capital assets	\$ 196,388,094	\$ 196,926,762	\$ 205,397,867	\$ 205,162,006	\$ 178,349,544
Restricted	3,451,280	4,115,704	4,634,803	4,253,430	3,368,190
Unrestricted	30,601,993	39,299,589	26,228,262	23,572,411	37,099,102
Total governmental activities net position	<u>\$ 230,441,367</u>	<u>\$ 240,342,055</u>	<u>\$ 236,260,932</u>	<u>\$ 232,987,847</u>	<u>\$ 218,816,836</u>
Business-type Activities					
Net investment in capital assets	\$ 57,335,778	\$ 58,375,965	\$ 62,044,064	\$ 62,615,382	\$ 65,810,811
Restricted	4,153,891	3,788,127	3,762,460	2,710,553	2,600,187
Unrestricted	17,209,164	22,414,369	20,753,387	22,957,383	21,455,781
Total business-type activities net position	<u>\$ 78,698,833</u>	<u>\$ 84,578,461</u>	<u>\$ 86,559,911</u>	<u>\$ 88,283,318</u>	<u>\$ 89,866,779</u>
Primary Government					
Net investment in capital assets	\$ 253,723,872	\$ 255,302,727	\$ 267,441,931	\$ 267,777,388	\$ 244,160,355
Restricted	7,605,171	7,903,831	8,397,263	6,963,983	5,968,377
Unrestricted	47,811,157	61,713,958	46,981,649	46,529,794	58,554,883
Total primary government net position	<u>\$ 309,140,200</u>	<u>\$ 324,920,516</u>	<u>\$ 322,820,843</u>	<u>\$ 321,271,165</u>	<u>\$ 308,683,615</u>

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

Table 2
Page 1 of 4

	2020	2019	2018	2017	2016
Expenses					
Governmental Activities:					
General government	\$ 18,402,693	\$ 14,795,971	\$ 7,726,396	\$ 10,056,228	\$ 17,381,050
Public safety	30,185,432	34,641,711	10,115,202	36,900,873	36,372,485
Culture and recreation	12,150,887	12,988,181	7,985,984	13,477,176	12,638,389
Public works	7,988,277	8,100,775	10,465,375	11,362,841	9,569,723
Interest and other fees	4,873,291	3,452,789	3,562,127	3,743,076	4,016,128
Total governmental activities expenses	73,600,580	73,979,427	39,855,084	75,540,194	79,977,775
Business-Type Activities:					
Utility	35,405,045	33,543,900	32,041,219	31,655,646	31,490,416
Aquatic park	3,215,995	4,556,251	4,044,801	4,863,609	5,006,324
Golf course	2,136,067	2,521,179	2,562,080	2,554,338	2,465,475
Total business-type activities expenses	40,757,107	40,621,330	38,648,100	39,073,593	38,962,215
Total primary government expenses	\$ 114,357,687	\$ 114,600,757	\$ 78,503,184	\$ 114,613,787	\$ 118,939,990
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 5,099,784	\$ 5,311,802	\$ 4,835,477	\$ 5,904,994	\$ 4,158,829
Public safety	1,747,559	3,122,234	2,757,133	2,443,763	3,486,887
Culture and recreation	2,572,335	4,179,364	3,487,459	3,274,056	3,246,982
Public works	1,873,331	1,206,002	1,100,243	1,118,102	979,812
Operating grants and contributions	9,705,738	8,356,606	7,086,384	4,910,865	3,336,301
Capital grants and contributions	553,335	787,186	225,013	1,647,847	4,575,258
Total governmental activities program revenues	21,552,082	22,963,194	19,491,709	19,299,627	19,784,069
Business-Type Activities					
Charges for services:					
Utility	38,934,995	34,803,804	37,145,864	31,983,377	30,544,439
Aquatic park	287,217	4,072,406	3,759,312	4,117,435	4,005,048
Golf course	1,032,999	2,560,903	2,361,058	2,543,641	2,552,175
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	40,255,211	41,437,113	43,266,234	38,644,453	37,101,662
Total primary government program revenues	\$ 61,807,293	\$ 64,400,307	\$ 62,757,943	\$ 57,944,080	\$ 56,885,731
Net (Expense) Revenue					
Governmental activities	\$ (52,048,498)	\$ (51,016,233)	\$ (20,363,375)	\$ (56,240,567)	\$ (60,193,706)
Business-type activities	(501,896)	815,783	4,618,134	(429,140)	(1,860,553)
Total primary government net expense	\$ (52,550,394)	\$ (50,200,450)	\$ (15,745,241)	\$ (56,669,707)	\$ (62,054,259)

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

Table 2
Page 2 of 4

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Governmental Activities:					
General government	\$ 11,393,967	\$ 11,226,130	\$ 10,656,322	\$ 10,399,845	\$ 9,886,731
Public safety	31,515,975	31,035,115	30,611,650	28,881,714	28,512,136
Culture and recreation	12,542,034	11,931,205	11,633,882	11,679,786	9,352,354
Public works	8,958,913	8,962,500	8,398,711	7,794,339	7,679,001
Interest and other fees	4,488,461	3,915,632	3,673,780	3,453,283	2,108,277
Total governmental activities expenses	<u>68,899,350</u>	<u>67,070,582</u>	<u>64,974,345</u>	<u>62,208,967</u>	<u>57,538,499</u>
Business-Type Activities:					
Utility	30,228,765	28,066,386	27,623,220	26,642,141	27,981,025
Aquatic park	4,354,652	4,542,966	4,749,688	4,753,949	4,507,561
Golf course	2,394,132	2,433,004	2,566,632	2,429,973	2,227,315
Total business-type activities expenses	<u>36,977,549</u>	<u>35,042,356</u>	<u>34,939,540</u>	<u>33,826,063</u>	<u>34,715,901</u>
Total primary government expenses	<u>\$ 105,876,899</u>	<u>\$ 102,112,938</u>	<u>\$ 99,913,885</u>	<u>\$ 96,035,030</u>	<u>\$ 92,254,400</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 5,145,175	\$ 5,521,811	\$ 5,497,050	\$ 5,490,245	\$ 5,466,876
Public safety	3,894,194	3,655,306	4,204,508	3,426,008	2,668,111
Culture and recreation	3,104,181	3,100,292	3,001,249	2,381,024	858,241
Public works	1,063,766	1,136,920	937,102	932,819	857,809
Operating grants and contributions	2,966,484	2,826,280	2,545,158	1,833,138	879,524
Capital grants and contributions	478,587	2,676,372	2,938,951	7,401,996	17,644,326
Total governmental activities program revenues	<u>16,652,387</u>	<u>18,916,981</u>	<u>19,124,018</u>	<u>21,465,230</u>	<u>28,374,887</u>
Business-Type Activities					
Charges for services:					
Utility	29,826,840	30,483,178	30,160,950	28,445,746	28,921,168
Aquatic park	4,237,734	4,019,970	4,377,388	4,548,828	4,587,899
Golf course	2,335,223	2,314,514	2,371,010	2,443,865	2,324,118
Operating grants and contributions	-	84,842	138,831	80,660	-
Capital grants and contributions	-	-	7,291	50,744	4,643,096
Total business-type activities program revenues	<u>36,399,797</u>	<u>36,902,504</u>	<u>37,055,470</u>	<u>35,569,843</u>	<u>40,476,281</u>
Total primary government program revenues	<u>\$ 53,052,184</u>	<u>\$ 55,819,485</u>	<u>\$ 56,179,488</u>	<u>\$ 57,035,073</u>	<u>\$ 68,851,168</u>
Net (Expense) Revenue					
Governmental activities	\$ (52,246,963)	\$ (48,153,601)	\$ (45,850,327)	\$ (40,743,737)	\$ (29,163,612)
Business-type activities	(577,752)	1,860,148	2,115,930	1,743,780	5,760,380
Total primary government net expense	<u>\$ (52,824,715)</u>	<u>\$ (46,293,453)</u>	<u>\$ (43,734,397)</u>	<u>\$ (38,999,957)</u>	<u>\$ (23,403,232)</u>

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

Table 2
Page 3 of 4

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property taxes	\$ 34,618,987	\$ 34,416,931	\$ 32,519,445	\$ 29,852,651	\$ 27,060,196
Sales tax	22,014,072	20,438,448	20,519,795	19,838,314	19,324,022
Mixed beverage	125,456	154,095	145,495	145,222	139,062
Franchise and other taxes	3,818,194	4,315,995	4,093,150	4,015,982	4,437,141
Occupancy	254,203	279,026	301,835	278,764	275,072
Unrestricted investment earnings	2,032,166	2,670,106	396,058	285,287	522,485
Miscellaneous	2,379,746	3,101,123	3,237,668	637,784	4,077,647
Transfers	(684,934)	3,616,377	2,685,453	4,878,313	5,708,025
Total governmental activities	<u>64,557,890</u>	<u>68,992,101</u>	<u>63,898,899</u>	<u>59,932,317</u>	<u>61,543,650</u>
Business-Type Activities:					
Unrestricted investment earnings	522,875	670,582	63,542	74,378	127,777
Miscellaneous	1,425,737	1,735,383	2,153,798	157,285	3,116
Transfers	684,934	(3,616,377)	(2,685,453)	(4,878,313)	(5,708,025)
Total business-type activities	<u>2,633,546</u>	<u>(1,210,412)</u>	<u>(468,113)</u>	<u>(4,646,650)</u>	<u>(5,577,132)</u>
Total primary government	<u>\$ 67,191,436</u>	<u>\$ 67,781,689</u>	<u>\$ 63,430,786</u>	<u>\$ 55,285,667</u>	<u>\$ 55,966,518</u>
 Changes in Net Position:					
Governmental activities	\$ 12,509,392	\$ 17,975,868	\$ 43,535,524	\$ 3,691,750	\$ 1,349,944
Business-type activities	2,131,650	(394,629)	4,150,021	(5,075,790)	(7,437,685)
Total primary government	<u>\$ 14,641,042</u>	<u>\$ 17,581,239</u>	<u>\$ 47,685,545</u>	<u>\$ (1,384,040)</u>	<u>\$ (6,087,741)</u>

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

Table 2
Page 4 of 4

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property taxes	\$ 26,099,238	\$ 24,903,041	\$ 24,126,068	\$ 22,222,620	\$ 19,339,750
Sales tax	18,571,502	18,007,872	17,359,807	16,974,086	16,645,412
Mixed beverage	138,100	129,512	117,223	101,724	128,007
Franchise and other taxes	4,502,303	4,332,756	4,166,579	4,269,229	4,329,500
Occupancy	232,793	206,930	221,003	210,324	238,410
Unrestricted investment earnings	514,062	320,460	258,705	300,928	495,386
Miscellaneous	188,123	142,074	205,445	288,093	1,271,555
Transfers	3,973,821	4,162,160	3,674,512	3,384,630	1,590,704
Total governmental activities	<u>54,219,942</u>	<u>52,204,805</u>	<u>50,129,342</u>	<u>47,751,634</u>	<u>44,038,724</u>
Business-Type Activities:					
Unrestricted investment earnings	119,568	20,007	80,950	50,479	171,125
Miscellaneous	35,052	300,555	5,380	6,909	30,703
Transfers	(3,973,821)	(4,162,160)	(3,674,512)	(3,384,630)	(1,590,704)
Total business-type activities	<u>(3,819,201)</u>	<u>(3,841,598)</u>	<u>(3,588,182)</u>	<u>(3,327,242)</u>	<u>(1,388,876)</u>
Total primary government	<u>\$ 50,400,741</u>	<u>\$ 48,363,207</u>	<u>\$ 46,541,160</u>	<u>\$ 44,424,392</u>	<u>\$ 42,649,848</u>
Changes in Net Position:					
Governmental activities	\$ 1,972,979	\$ 4,051,204	\$ 4,279,015	\$ 7,007,897	\$ 14,875,112
Business-type activities	(4,396,953)	(1,981,450)	(1,472,252)	(1,583,462)	4,371,504
Total primary government	<u>\$ (2,423,974)</u>	<u>\$ 2,069,754</u>	<u>\$ 2,806,763</u>	<u>\$ 5,424,435</u>	<u>\$ 19,246,616</u>

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

Table 3

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General fund										
Nondisposable	\$ 112,620	\$ 155,829	\$ 155,629	\$ 235,578	\$ 134,812	\$ 341,273	\$ 450,459	\$ 669,275	\$ 707,569	\$ 926,707
Restricted	1,548,032	1,345,276	1,128,109	986,704	572,174	567,522	476,163	1,123,587	868,715	653,526
Assigned	283,618	282,553	285,135	114,058	705,694	929,092	3,811,011	3,963,333	3,759,566	1,848,329
Unassigned	17,386,675	13,899,240	11,959,306	10,683,474	8,117,775	9,457,571	9,070,595	9,186,072	8,992,908	9,838,310
Total General fund	19,330,945	15,682,898	13,528,179	12,019,814	9,530,455	11,295,458	13,808,228	14,942,267	14,328,758	13,266,872
All other governmental funds										
Nondisposable	25,694	90,038	15,408	35,791	51,958	33,195	50,288	27,002	47,202	30,308
Restricted	59,937,737	38,419,489	33,168,349	30,949,263	29,505,140	44,653,934	74,611,779	63,631,314	60,696,117	30,997,610
Committed	3,068,399	4,733,528	2,251,461	2,130,744	2,067,819	1,565,680	1,070,103	4,161,319	3,622,301	6,221,018
Assigned	5,813,543	7,262,781	8,318,816	19,884,686	22,476,772	19,075,193	10,674,838	17,280,746	16,333,423	6,480,459
Unassigned	-	-	-	-	-	(406,809)	-	-	-	-
Total all other governmental funds	68,845,373	50,505,836	43,754,034	53,000,484	54,101,689	64,921,193	86,407,008	85,100,381	80,699,043	43,729,395
Total all governmental funds	\$88,176,318	\$66,188,734	\$57,282,213	\$65,020,298	\$63,632,144	\$76,216,651	\$100,215,236	\$100,042,648	\$95,027,801	\$56,996,267

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

	2020	2019	2018	2017	2016
Revenues					
Taxes	\$ 60,849,339	\$ 59,608,600	\$ 57,455,121	\$ 54,092,627	\$ 51,253,936
Licenses and permits	2,581,001	2,550,598	2,150,745	2,326,087	2,534,768
Charges for services	6,214,339	7,446,486	7,086,865	6,120,805	6,027,624
Gas utility leases and royalties	407,632	519,830	555,185	454,264	263,932
Fines	1,840,751	2,088,401	1,973,660	2,212,430	1,892,511
Civil citations	-	-	-	1,088,773	1,322,940
Contributions	264,029	281,178	428,977	362,139	1,795,872
Special assessments	-	4,199	8,764	775	3,755
Investment income	1,626,298	2,203,691	385,620	304,456	475,680
Intergovernmental	13,660,474	5,195,951	6,892,700	6,194,623	6,121,987
Forfeitures	56,939	114,246	86,783	92,346	112,118
Developer contributions	-	-	-	-	-
Miscellaneous	652,030	1,858,022	333,603	354,955	366,569
Total Revenues	88,152,832	81,871,202	77,358,023	73,604,280	72,171,692
Expenditures					
General government	10,615,947	10,497,502	10,259,209	10,447,419	9,965,076
Public safety	35,964,977	35,480,280	34,610,632	33,044,578	31,277,423
Culture and recreation	9,898,855	10,514,871	10,335,379	10,186,032	9,634,940
Public works	5,308,773	3,258,397	3,193,928	3,153,832	3,088,996
Capital outlay	11,802,985	13,463,999	19,572,041	15,089,154	27,524,601
Debt Service:					
Principal retirement	10,595,000	10,630,000	10,745,000	10,515,000	11,187,728
Interest and fiscal charges	3,998,358	3,586,252	3,941,465	4,165,468	4,327,617
Bond issuance costs	1,273,158	216,920	-	-	-
Total Expenditures	89,458,053	87,648,221	92,657,654	86,601,483	97,006,381
Excess of revenues over (under) expenditures	(1,305,221)	(5,777,019)	(15,299,631)	(12,997,203)	(24,834,689)
Other Financing Sources (Uses)					
Issuance of debt	8,425,000	8,490,000	-	7,545,000	1,850,000
Issuance of refunding debt	3,795,000	4,865,000	-	1,695,000	2,006,810
Premium on issuance of debt	1,082,100	738,173	-	362,160	97,212
Payment to refunded bond escrow agent	(4,182,132)	(5,380,743)	-	(1,682,019)	(2,025,720)
Proceeds from sale of assets	57,892	484,003	2,712,686	505,650	3,977,054
Transfers in	20,663,183	14,220,231	12,180,950	14,617,046	19,233,421
Transfers (out)	(18,128,238)	(8,733,124)	(7,332,100)	(8,657,479)	(12,888,595)
Total other financing sources (uses)	11,712,805	14,683,540	7,561,536	14,385,358	12,250,182
Net change in fund balances	\$ 10,407,584	\$ 8,906,521	\$ (7,738,095)	\$ 1,388,155	\$ (12,584,507)
Debt service as a percentage of noncapital expenditures	19.1%	19.5%	19.8%	20.4%	20.8%

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

	2015	2014	2013	2012	2011
Revenues					
Taxes	\$ 49,541,169	\$ 47,625,477	\$ 45,990,682	\$ 43,777,983	\$ 40,681,079
Licenses and permits	1,520,086	1,632,278	1,764,004	1,543,875	1,375,742
Charges for services	5,904,848	6,681,429	6,800,050	6,715,031	6,076,625
Gas utility leases and royalties	664,788	1,187,340	-	-	-
Fines	2,222,995	1,990,953	2,424,064	2,421,696	2,665,135
Civil citations	1,226,567	990,714	923,282	778,393	674,745
Contributions	277,972	199,825	140,385	176,740	187,813
Special assessments	12,095	-	10,116	200	8,748
Investment income	437,668	319,622	177,178	415,326	383,453
Intergovernmental	4,305,248	5,072,166	4,467,635	5,732,323	9,070,672
Forfeitures	67,598	107,275	323,285	138,604	183,295
Developer contributions	-	600,000	-	-	-
Miscellaneous	263,251	388,858	1,318,985	1,363,579	445,214
Total Revenues	66,444,285	66,795,937	64,339,666	63,063,750	61,752,521
Expenditures					
General government	9,299,236	10,155,142	10,673,511	10,829,793	10,311,297
Public safety	30,050,383	29,022,814	28,317,163	26,959,990	25,934,692
Culture and recreation	9,534,702	9,231,503	9,290,204	9,163,107	7,453,931
Public works	3,024,822	2,924,516	3,563,149	3,601,659	2,416,186
Capital outlay	55,831,018	30,729,875	10,208,747	15,945,071	15,475,441
Debt Service:					
Principal retirement	9,999,376	8,578,960	8,523,434	8,846,947	8,187,696
Interest and fiscal charges	4,506,910	3,924,385	3,659,348	3,092,172	2,194,444
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	122,246,447	94,567,195	74,235,556	78,438,739	71,973,687
Excess of revenues over (under) expenditures	(55,802,162)	(27,771,258)	(9,895,890)	(15,374,989)	(10,221,166)
Other Financing Sources (Uses)					
Issuance of debt	22,215,000	24,360,000	9,845,000	26,224,251	7,315,000
Issuance of refunding debt	10,416,576	3,936,985	-	3,699,388	-
Premium on issuance of debt	3,265,946	310,000	300,486	546,164	358,270
Payment to refunded bond escrow agent	(10,416,576)	(3,936,985)	-	(3,809,076)	-
Proceeds from sale of assets	136,558	19,500	799,045	3,145,280	806,479
Transfers in	12,337,451	16,597,422	7,782,662	8,705,604	5,659,688
Transfers (out)	(6,151,378)	(13,343,076)	(3,816,456)	(4,842,779)	(4,304,576)
Total other financing sources (uses)	31,803,577	27,943,846	14,910,737	33,668,832	9,834,861
Net change in fund balances	\$ (23,998,585)	\$ 172,588	\$ 5,014,847	\$ 18,293,843	\$ (386,305)
Debt service as a percentage of noncapital expenditures	20.9%	18.9%	19.0%	19.2%	18.4%

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

Table 5

Fiscal Year	Tax Year	Appraised Residential Property¹	Appraised Commercial Property	Appraised Industrial Property	Appraised Other Property²	Personal Property	Estimate for ARB & Incomplete	Less Tax Exempt Property	Estimated Net Taxable Value	Total Direct Tax Rate
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
2020	2019	4,812,901,628	2,241,160,157	31,415,440	50,684,038	406,907,002	229,857,556	1,585,662,386	6,187,263,435	0.57200

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

¹ Due to a change in Tarrant Appraisal District, the structure of the information presented in the July Certified Tax Roll changed beginning in 2008.

² 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 college¹	Birdville school district¹	Hospital¹	County¹	Total
	General fund²	Debt service fund²	Total²					
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
2020	0.33494	0.23706	0.57200	0.13017	1.38390	0.22443	0.23400	2.54450

Sources: ¹ Tarrant County

² City records

CITY OF NORTH RICHLAND HILLS, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
Table 7
Year ended September 30, 2020

Taxpayer	Type of Business	2019 Assessed Valuation*	% of Total Assessed Valuation
Star Delano LLC/Star Meadows LLC	Multi Family	\$ 82,071,920	1.33%
8500 Harwood Gardens LP	Multi Family	70,100,000	1.13%
Company One, LLC	Real Estate	69,286,440	1.12%
Dolce Living Hometown LLC	Multi Family	52,100,000	0.84%
Silver Creek II Norstar USA/Skyline Norstar	Multi Family	51,200,000	0.83%
Devon Square LLC	Multi Family	43,500,000	0.70%
Oncor Electric Delivery Co LLC	Utility Service Provider	39,029,150	0.63%
Rockport NRH LLC	Multi Family	37,781,052	0.61%
Wal-Mart Real Estate Bus Trust/Stores Tex	Retail	36,374,039	0.59%
Columbia N Hills Hosp Sub	Healthcare Provider	36,181,894	0.58%
		<u>\$ 517,624,495</u>	<u>8.36%</u>

Year ended September 30, 2011

Taxpayer	Type of Business	2010 Assessed Valuation*	% of Total Assessed Valuation
Wal-Mart	Retail	\$ 61,785,850	1.72%
Hospital Corporation of America	Healthcare Provider	42,593,212	1.18%
Western RIM Investors 2001-3 LP/1997-2	Real Estate	36,924,798	1.03%
Oncor Electric Delivery Co	Utility Service Provider	26,808,838	0.74%
BGPC Equestrian	Real Estate	23,500,000	0.65%
Venue at Home Town LTD ETAL	Property Developer	18,265,850	0.51%
Bradbury Pointe LLC	Commercial Business	16,995,460	0.47%
Alliance PP2 FX3 LP	Commercial/Real Estate	16,273,834	0.45%
Company One, LLC	Real Estate	15,665,282	0.43%
Tyson Prepared Foods Inc	Food Manufacturer	15,623,026	0.43%
		<u>\$ 274,436,150</u>	<u>7.61%</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

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
				Amount	Percent of Levy	Amount	Amount	Percent of Levy
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%	253,717	31,523,815	96.14%
2020	2019	0.57200	35,061,148	33,251,865	94.84%	-	33,251,865	94.84%

CITY OF NORTH RICHLAND HILLS, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (dollars in thousands, except per capita)

Table 9

General Bonded Debt							Percentage of Net Taxable Value	General Bonded Debt Per Capita ¹
Fiscal Year	Estimated Population ¹	Net Taxable Value ²	General Obligation Bonds	Certificates of Obligation	Loans Payable	Total General Bonded Debt		
2011	63,420	\$ 3,602,318	\$ 41,800	\$ 9,575	\$ 1,242	\$ 52,617	1.46%	830
2012	63,420	3,618,184	65,283	33,330	840	99,453	2.75%	1,568
2013	63,420	3,732,732	70,179	30,910	311	101,400	2.72%	1,599
2014	65,690	3,841,064	81,512	36,050	-	117,562	3.06%	1,790
2015	66,300	4,056,028	83,354	50,105	-	133,459	3.29%	2,013
2016	69,204	4,150,188	77,625	46,330	-	123,955	2.99%	1,791
2017	69,768	4,599,695	71,478	49,485	-	120,963	2.63%	1,734
2018	69,600	5,163,559	64,925	44,825	-	109,750	2.13%	1,577
2019	71,269	5,650,605	60,131	47,395	-	107,526	1.90%	1,509
2020	71,508	6,187,263	56,130	49,487	-	105,617	1.71%	1,477

Other Gov't Activities Debt		Business-Type Activities					Percentage of Net Taxable Value	Total Bonded Debt Per Capita ¹	Percentage of Per Capita Income ¹
Fiscal Year	Sales Tax Revenue bonds	General Obligation Bonds	Certificates of Obligation	Capital Leases	Total Business-type Activities	Total Primary Government ³			
2011	\$ 2,640	\$ 1,432	\$ 12,610	\$ -	\$ 14,042	\$ 69,298	1.92%	\$ 1,093	3.46%
2012	1,645	2,346	16,415	388	19,149	120,246	3.32%	1,896	6.08%
2013	615	1,885	15,300	317	17,502	119,517	3.20%	1,885	5.87%
2014	210	1,815	15,280	245	17,340	135,112	3.52%	2,057	6.47%
2015	105	2,012	13,670	163	15,845	149,409	3.68%	2,254	7.00%
2016	-	3,452	14,980	92	18,524	142,479	3.43%	2,059	6.33%
2017	-	3,190	13,605	253	17,048	138,011	3.00%	1,978	5.73%
2018	-	2,737	12,455	175	15,367	125,117	2.42%	1,798	5.16%
2019	-	4,784	14,665	77	19,526	127,052	2.25%	1,783	4.91%
2020	-	3,949	20,772	308	25,029	130,647	2.11%	1,827	4.91%

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

¹ See Table 13 for additional population statistics.

² See Table 5 for additional information on net taxable value.

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

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

Table 10

<u>Taxing Jurisdiction</u>	<u>Net Bonded Outstanding Debt</u>	<u>Overlapping</u>	
		<u>Percentage Applicable ²</u>	<u>City Share of Overlapping Debt</u>
City of North Richland Hills	\$ 117,830,000 ¹	100.00%	\$ 117,830,000
Birdville ISD	440,974,599	47.80%	210,785,858
Hurst-Euleless-Bedford ISD	364,720,000	0.06%	218,832
Keller ISD	906,954,071	3.66%	33,194,519
Tarrant County	240,445,000	3.00%	7,213,350
Tarrant County Hospital District	16,135,000	3.00%	484,050
Tarrant County College District	264,175,000	3.00%	7,925,250
Total Overlapping Debt			<u>\$ 259,821,859</u>
Total Direct and Overlapping Debt			<u><u>\$ 377,651,859</u></u>

Source: Municipal Advisory Council of Texas

¹ Includes self-supporting governmental activities debt.

² 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.



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
- NRH₂O 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
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years

Table 11

Fiscal Year	Estimated Net Taxable Value	Debt Limit	Total Debt Service	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit
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%
2020	6,187,263,435	92,808,952	16,435,242	76,373,710	17.71%

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

Table 12

Fiscal Year	Park and Recreation Facilities Development Bonds						
	Sales Tax Revenues	Less: Current Expenditures³	Net Revenue Available²	Debt Service			Coverage
				Principal	Interest	Total¹	
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)	1,030,000	80,075	1,110,075	(1.21)
2013	4,343,358	(5,729,298)	(1,385,940)	405,000	31,315	436,315	(3.18)
2014	4,506,169	(5,559,713)	(1,053,544)	355,000	117,243	472,243	(2.23)
2015	4,648,841	(5,703,671)	(1,054,830)	455,000	109,153	564,153	(1.87)
2016	4,837,974	(5,896,984)	(1,059,010)	240,000	89,055	329,055	(3.22)
2017	4,964,710	(6,235,946)	(1,271,236)	240,000	80,393	320,393	(3.97)
2018	5,140,554	(6,328,312)	(1,187,758)	430,000	197,685	627,685	(1.89)
2019	5,113,739	(6,502,089)	(1,388,350)	350,000	174,555	524,555	(2.65)
2020	5,509,712	(6,050,286)	(540,574)	345,000	164,030	509,030	(1.06)

¹ Includes interest and fiscal agent charges.

² 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.

³ Excludes capital outlay.

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

Table 13

Fiscal Year	Estimated Population ²	Median Income ⁶	Per Capita Income ⁶	Median Age ⁶	Education Level ^{6, 7}	School Enrollment ^{1, 5}	Unemployment Rate ³
2011	63,420 ⁴	\$ 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%
2020	71,508	71,098	37,239	39.5	92%	10,723	3.0%

Data Sources:

¹Birdville Independent School District

²City estimates

³Texas Employment Commission

⁴Population was adjusted based on census.

⁵Includes North Richland Hills students only

⁶ESRI Business Information Solutions, Inc.

⁷Reported 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 firework show.

CITY OF NORTH RICHLAND HILLS, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
Table 14
Year ended September 30, 2020

Employer	Employees ³	Rank	Percentage of Total City Employment *
Santander Consumer USA, Inc.	1,500	1	3.92%
Wal-Mart Supercenters	784	2	2.04%
Birdville ISD ¹	753	3	1.97%
Medical City North Hills	615	4	1.61%
City of North Richland Hills	539	5	1.41%
Tarrant County College - NE Campus ²	491	6	1.28%
Health Markets HQ	452	7	1.18%
Stericycle	400	8	1.04%
Tyson Prepared Foods	380	9	0.99%
XPO Logistics	260	10	0.68%
	<u>6,174</u>		<u>16.12%</u>

Year ended September 30, 2011

Employer	Employees ³	Rank	Percentage of Total City Employment *
Birdville ISD ¹	1,160	1	3.38%
Santander Consumer USA, Inc.	1,100	2	3.20%
Wal-Mart Supercenters	872	3	2.54%
North Hills Hospital	786	4	2.29%
Health Markets	650	5	1.89%
City of North Richland Hills	506	6	1.47%
Tarrant County College - NE Campus ²	455	7	1.33%
ATI Career Training Center	419	8	1.22%
Tyson Prepared Foods	398	9	1.16%
Con-Way Freight, Inc.	293	10	0.85%
	<u>6,639</u>		<u>19.33%</u>

¹Number denotes employees working in schools in the City of North Richland Hills.

²Split with Hurst.

³Actual 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

Function	2020	2019	2018	2017	2016
General government					
Administration	7.00	7.00	7.00	6.00	5.00
Public information	3.50	3.00	3.00	3.00	4.00
Judicial	15.00	15.00	15.00	15.00	15.00
Finance	22.50	22.50	22.50	22.00	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	12.30	10.30
Neighborhood services	21.78	21.78	21.78	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	90.58	90.08	90.08	86.53	85.53
Public safety					
Police	200.86	200.86	195.86	203.13	193.88
Fire	100.00	100.00	94.00	94.00	94.00
Total public safety	300.86	300.86	289.86	297.13	287.88
Culture and recreation					
Parks and recreation	149.87	150.24	148.25	161.95	163.48
Library	27.53	27.74	27.74	27.53	28.03
Economic development	3.00	3.00	3.00	3.00	3.00
Total culture and recreation	180.40	180.98	178.99	192.48	194.51
Public works	79.70	79.70	79.70	69.43	79.18
Internal services					
Building services	17.25	16.38	13.88	13.63	15.63
Equipment services	12.00	12.00	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	46.25	45.38	43.88	43.63	45.63
Total full-time equivalents	<u>697.79</u>	<u>697.00</u>	<u>682.51</u>	<u>689.20</u>	<u>692.73</u>

Source: City operating budget

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

² 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

Function	2015	2014	2013	2012	2011
General government					
Administration	5.00	4.70	4.70	4.70	4.70
Public information	4.00	4.00	4.00	4.00	4.00
Judicial	15.00	15.00	15.00	15.00	15.00
Finance	23.00	23.00	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	10.30	10.30	10.30	8.30	8.30
Neighborhood services	19.73	18.75	18.75	18.75	18.75
Budget and research	3.00	3.00	3.00	3.00	3.00
Public relations	3.50	3.75	3.75	3.75	3.75
Total general government	85.53	84.50	83.50	82.50	82.50
Public safety					
Police	191.88	189.88	187.88	186.88 ¹	165.20
Fire	91.00	91.00	91.00	90.00	88.00
Total public safety	282.88	280.88	278.88	276.88	253.20
Culture and recreation					
Parks and recreation	162.10	162.70	160.25 ²	145.55	121.53
Library	27.11	27.11	27.11	27.11	28.58
Economic development	3.00	3.00	4.00	3.00	3.00
Total culture and recreation	192.21	192.81	191.36	175.66	153.11
Public works	78.18	78.18	79.68	77.68	77.68
Internal services					
Building services	15.63	15.73	15.23	16.23	16.23
Equipment services	13.00	13.00	13.00	13.00	13.00
Self-insurance	5.00	5.10	5.10	5.10	5.10
Information services	12.00	12.00	12.00	11.00	11.00
Total internal services	45.63	45.83	45.33	45.33	45.33
Total full-time equivalents	<u>684.43</u>	<u>682.20</u>	<u>678.75</u>	<u>658.05</u>	<u>611.82</u>

Source: City operating budget

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

² 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	2020	2019	2018	2017	2016
General Government					
Planning and inspections					
Construction					
Commercial units	27	29	21	31	20
Commercial value	\$15,022,201	\$49,609,337	\$67,800,454	\$53,156,352	\$13,603,082
Residential units	253	211	234	233	238
Residential value	\$80,289,238	\$70,298,392	\$80,589,505	\$81,180,734	\$75,615,139
Public safety					
Police					
Law violations ¹	1,931	2,333	2,697	2,772	2,595
Part one offenses	1,393	1,655	1,830	1,662	1,560
Traffic violations	17,245	17,953	7,721	18,404	17,566
Calls for service	40,070	39,448 ¹²	123,112	120,098	111,984
Case clearance %	46%	54%	47%	52%	23%
Fire					
Total responses	8,025	8,234	8,354	8,205	7,932
Fire responses	2,494	2,549	2,691	2,567	2,402
EMS responses	5,531	5,685	5,663	5,638	5,530
% responses < 5 minutes (4)	-	67%	66%	56%	64%
% responses < 4 minutes (4)	55%	-	-	-	-
% responses < 8 minutes (4)	94%	-	-	-	-
Total inspections	1,711	2,958	3,201	2,549	3,143 ¹¹
Culture and recreation					
Parks and recreation					
Water park admissions	12,501	185,971	184,064	202,515	221,101
Golf rounds played	18,961	46,915	42,953	49,147	47,873
Library					
Number of volumes	146,928	162,460	164,482	179,303	174,156
Annual circulation	576,827	728,605	778,166	764,520	814,070
Annual loans per capita	8.07	10.72	11.18	10.96	11.76
Public Works					
Water					
Avg daily consumption ²	1,201,993	1,101,439	1,247,915	1,153,565	1,160,247
Peak daily consumption ²	2,649,332	2,345,187	2,614,572	2,096,524	2,614,973
Streets					
Street overlay - miles	7	4	7	6	4
Concrete pavement repair - sq. ft.	7,810	4,324	5,166	13,921	14,052
Pothole repair - sq. ft.	4,522	8,521	4,800	3,018	4,767
Street cut - sq. ft.	79,110	68,430	93,310	147,676	162,607
Sign fabrication	684	1,158	1,599	1,332	1,215

Source: City Records

¹ Excludes traffic violations.

² Cubic feet.

³ Remodels included in error.

⁴ New records system implemented for Fire.

⁵ Reported from the National Incident-Based Reporting System annual report.

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

⁷ Reinspections are down due to corrected violations.

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

⁹ Conversion to new computer record management system incomplete therefore Company Inspections are unavailable.

¹⁰ Decrease due to the installation of the Fibre Crete this year.

¹¹ 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

¹² 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	2015	2014	2013	2012	2011
General Government					
Planning and inspections					
Construction					
Commercial units	65	35	25	91 ³	24
Commercial value	\$11,481,833	\$14,309,733	\$15,498,935	\$ 7,533,480 ³	\$ 3,489,824
Residential units	122	321	189	168	122
Residential value	\$36,838,614	\$27,754,692	\$46,472,244	\$42,138,527	\$ 27,218,868
Public safety					
Police					
Law violations ¹	3,144	3,014	3,215	3,463	3,574 ⁵
Part one offenses	1,868	1,644	1,960	1,791	2,075 ⁵
Traffic violations	21,305	17,052	22,215	22,155	20,733
Calls for service	112,313	107,393	114,269	115,644	137,243
Case clearance %	28%	23%	58%	26%	42%
Fire					
Total responses	7,475	7,276	7,189	7,064	6,850
Fire responses	2,221	2,412	2,275	2,235	1,762
EMS responses	5,254	4,864	4,914	4,829	5,088
% responses < 5 minutes (4)	74%	70%	58%	70%	51% ⁶
% responses < 4 minutes (4)	-	-	-	-	-
% responses < 8 minutes (4)	-	-	-	-	-
Total inspections	1,232	1,201 ⁹	768 ⁹	- ⁸	2,005 ⁷
Culture and recreation					
Parks and recreation					
Water park admissions	227,525	219,077	242,490	272,336	270,845
Golf rounds played	43,250	45,339	48,229	50,524	51,264
Library					
Number of volumes	214,867	202,103	204,302	206,840	200,982
Annual circulation	939,022	854,452	771,994	947,883	840,667
Annual loans per capita	14.16	13.01	12.17	14.95	13.26
Public Works					
Water					
Avg daily consumption ²	1,165,254	1,219,696	1,278,326	1,306,524	1,521,220
Peak daily consumption ²	2,582,620	2,441,043	2,624,198	2,938,102	3,091,043
Streets					
Street overlay - miles	4	4	1	4	6
Concrete pavement repair - sq. ft.	3,113	6,258	6,488	5,322	9,372
Pothole repair - sq. ft.	4,467	2,677	2,152	4,577	3,974
Street cut - sq. ft.	153,559	163,910 ¹⁰	86,160 ¹⁰	176,844	162,577
Sign fabrication	1,179	850	973	852	935

Source: City Records

¹ Excludes traffic violations.

² Cubic feet.

³ Remodels included in error.

⁴ New records system implemented for Fire.

⁵ Reported from the National Incident-Based Reporting System annual report.

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

⁷ Reinspections are down due to corrected violations.

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

⁹ Conversion to new computer record management system incomplete therefore Company Inspections are unavailable.

¹⁰ Decrease due to the installation of the Fibre Crete this year.

¹¹ 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

¹² 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	2020	2019	2018	2017	2016
Public safety					
Police Stations	1	1	1	1	1
Fire Stations	5	5	5	5	5
Fire hydrants	2,318	2,304	2,279	2,256	2,251
Culture and recreation					
Parks and recreation					
Parks and recreation	39	39	39	39	34
Park acreage	899	899	899	899	735
Playgrounds	22	22	22	22	22
Trails - miles	31	31	31	31	31
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
Public Works					
Water mains - miles	374	372	372	371	370
Water connections	22,990	22,707	22,492	22,233	21,988
Wastewater lines - miles	257	255	257	256	255
Wastewater connections	21,237	20,958	20,711	20,430	20,212
Storm drain - miles	141	140	139	139	139
Streets - miles	247	246	244	241	241
Street lights	2,980	2,977	2,948	2,550	2,545

Source: City Records

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

² 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	2015	2014	2013	2012	2011
Public safety					
Police Stations	1	1	1	1	1
Fire Stations	4	4	4	4	4
Fire hydrants	2,219	2,202	2,162	2,127	2,125
Culture and recreation					
Parks and recreation					
Parks and recreation	33	33	33	33	33
Park acreage	734	734	709	709	709
Playgrounds	22	22	20	20	20
Trails - miles	30	30	21	21	21
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	2
Library					
Libraries	1	1	1	1	1
Public Works					
Water mains - miles	367	356	355	351	346
Water connections	21,329	21,141	20,936	20,792	20,522
Wastewater lines - miles	252 ²	293	292	290	288
Wastewater connections	19,919	19,761	19,603	19,469	19,240
Storm drain - miles	139	139	139	139	139
Streets - miles	238	238	238	238	238
Street lights	2,545	2,545	2,545	2,545	2,540

Source: City Records

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

² 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.

INTERGOVERNMENTAL REVENUE

Revenue received from another governmental unit for a specific purpose.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

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.

LONG-TERM LIABILITIES

Long-term liabilities are financial obligations of a company that become due more than one year.

CITY OF NORTH RICHLAND HILLS, TEXAS

GLOSSARY (continued)

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.

