

# 2019

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended  
September 30, 2019





*COMPREHENSIVE  
ANNUAL FINANCIAL REPORT*

of the

**City of Denison, Texas**

**For the Year Ended  
September 30, 2019**

**Prepared by**

Jud Rex  
City Manager

Renee' Waggoner  
Director of Finance &  
Administrative Services

Laurie Alsabbagh  
Assistant Finance Director



# City of Denison, Texas

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***INTRODUCTORY SECTION***



## City of Denison

300 West Main Street | PO Box 347  
Denison, TX 75021-0347  
(903) 465-2720 | Fax (903) 464-4499



March 11, 2020

Honorable Mayor and City Council  
City of Denison  
Denison, Texas

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report (“CAFR”) of the City of Denison, Texas for the year ended September 30, 2019, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BrooksWatson & Co. have issued an unmodified (“clean”) opinion on the City of Denison’s financial statements for the year ended September 30, 2019. The independent auditor’s report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management’s Discussion and Analysis (“MD&A”) and should be read in conjunction with it. The City’s MD&A can be found immediately following the independent auditors’ report and provides a narrative introduction, overview and analysis of the basic financial statements.

### GENERAL INFORMATION – CITY OF DENISON

The City of Denison is located in Grayson County just four miles from the Red River and Texas/ Oklahoma border. The City was founded on September 23, 1872 and incorporated on March 7, 1873.

The City Council is comprised of a Mayor and six council members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, and a Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the executive directors, and heads of departments, and the performance of functions within the municipal organization.

## ECONOMIC CONDITIONS AND OUTLOOK

Grayson County is the 34<sup>th</sup> largest of 254 counties in Texas with a population of just over 133,991. Sherman is the county seat and largest city of Grayson county while Denison, which meets the northern border is the next largest. Denison is home to approximately 25,118 residents in an area covering more than 29 square miles. Major industry for the area includes health care, insurance claim processing, farming, livestock, food processing and distribution, higher education, and manufacturing.

The Sherman-Denison Metropolitan Statistical Area has been named on Forbes magazine's list of the 100 Best Small Places for Business and Careers in the United States. Given Denison's pro-business attitude, the City continued to move forward in a positive direction during 2019. Denison is clearly focused on the quality of life for all of its residents.

### Business Highlights:

- HeyDay Entertainment set to open in Gateway Village in November 2019.
- Culver's of Denison broke ground on Gateway Boulevard and is expected to open in late 2019.
- Domino's was the first chain restaurant to be opened in historic downtown Denison in Summer 2019.
- ARStrat, LLC, an industry leading collection and bad debt resolution provider for the healthcare industry will hold a grand opening in Fall 2019.
- Panda Express opened in Summer 2019.
- TRYincubator to offer downtown dining variety-coming in late 2019.
- A new four-story, state of the art medical office building coming to Denison in Gateway Village. Construction is scheduled to start in 2020.
- Texoma Medical Center completed construction of a new four-story patient tower with a neonatal intensive care unit and the ER on the first floor. Construction continues on the fifth and sixth floors throughout 2019.
- Subway set to open in the downtown area in 2020.
- Urban Air Trampoline & Adventure Park will be coming to the Shops at Gateway Village in Fall 2019, with an anticipated opening in 2020.
- Outdoor Powersports to move its Sherman location to Denison. The new location of the store is expected to be located at the intersection of U.S. Highway 75 and Crawford Street and construction is expected to begin in early 2020.
- Developers of the former Hotel Denison have begun working on cleaning up the building and are planning on announcing their plans at the DDA Economic Summit in January 2020.

### Other Highlights:

- Automated Residential Garbage Collection Program began on April 1, 2019. To prepare residents for the new service, the City developed and implemented a detailed marketing and communications plan. During the 2019 Texas Municipal League Annual Conference and Exhibition in San Antonio, the City of Denison received the 2019 Municipal Excellence Award in communication programs for cities under 25,000 in population for the communications outreach of its new trash service.

- Summer 2019 was the City of Denison’s pilot year for a summer youth day camp for ages 5-12. Denison DREAM camp was made possible through a partnership between the Denison Parks and Recreation Department, Denison Public Library, and Denison Independent School District. DREAM stands for what we hope children will take away from our program: Discovery, Recreation, Education, Adventure, and Memories. Campers explore new activities, learn new sports, develop friendships and learn more about their community.
- The new City of Denison website went live on July 1, 2019.
- Denison Fire Rescue has 10 members in paramedic school and the City entered into an agreement with LifeNet to staff 2 MICU ambulances in an effort to help DFR respond to medical emergencies while the 10 staff members are in paramedic school. In Fall of 2019 Grayson College created a special Paramedic Class to fast track Denison Fire Rescue new hires through a condensed paramedic course.
- City to acquire Heritage Park in Downtown Denison from Downtown Denison Incorporated in Fall of 2019. Acquisition of the park will allow the City to make significant improvements to Heritage Park as part of the City’s D3: Designing Downtown Denison Project.
- On October 9, 2019 a fire destroyed multiple buildings on Main Street in historic Downtown Denison. The City created the #DenisonForward initiative that will serve as inspiration for the rebuilding effort.
- We are in our sixth year of our in-house demolition program. 18 residential demolitions occurred in 2019.
- City Hall and the Denison Arts Council continue their collaboration of providing art exhibit opportunities within public space at the new City Hall.
- PawPaw Wastewater Treatment completed installation of a new UV System. This system replaces the previous equipment in order to provide the disinfection required by State and Federal laws
- A total of 194 new housing permits were issued during 2019.
- Hyde Park Apartments will be opening in 2020 and will provide 128 units.

### MAJOR INITIATIVES

- D3: Designing Downtown Denison-an initiative to redesign Main Street started with conceptual plans in 2016. The project is funded through the City’s Tax Increment Reinvestment Zone which was created in 2016. Phase One design is complete, and construction will begin in 2020. Phase One construction is expected to take around 18 months to complete.
- Katy Trail System went to bid in September 2019 and was awarded in November. A groundbreaking is expected to take place in December 2019 with construction to begin in early 2020. This trail will follow a portion of the MKT railroad right of way to create a 12-foot-wide bike and pedestrian trail throughout the City.
- Denison’s affordable housing program continues to provide affordable homes within the City with nearly 80 homes sold. The City has now given away all of the available lots in the program and plans to meet with home builders to modify the program to reflect current housing market conditions.
- Denison entered into an agreement with Enterprise Fleet Program and purchased 35 vehicles in 2019. Staff met in Spring 2019 to discuss Year 2 of the program.
- In 2019 the Micro Paving program completed 7 lane miles with the compilation of streets for the Fall 2019 resurfacing program to open for bid in September.

- A Rental Registration and Inspection Program was proposed and presented at City Hall in June 2019. As a result, a stakeholder’s group of staff members, landlords and tenants was formed to revise the proposed program. Updates to the program will be presented in FY2020.
- West End Fire Station Remodel to begin in late 2019 and be completed in 2020.
- The City continues to work with TPJ properties on the Gateway Village development for US 75/691. A new mixed retail and restaurant space is in development with Denison Planning and Zoning Commission approving initial plans in January of 2019.

## FINANCIAL INFORMATION

### Accounting Procedures and Budgetary Controls

The City’s accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City’s water and sewer utility and other proprietary activities are maintained on the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City’s financial management staff, and expenditure estimates by each City division. Budgets are reviewed by the Director of Finance and Administrative Services. The City Manager makes final decisions and submits a recommended budget to the City Council.

As part of each year’s budget development process, divisions are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the Director of Finance and Administrative Services, the City Manager, and the City Council concurrent with review of the proposed budget. The level of control (the level at which expenditures may not exceed budget) is the division level. The City Council approves all budget amendments.

### General Governmental Functions

#### Tax Rates

All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of maintenance and operation costs as approved by the City Council. The tax rates adopted by the City Council are shown below:

<u>Budget Year</u>	<u>Tax Rate</u>	<u>Taxable Value</u>	<u>Collections</u>
2014-2015	\$0.653377	1,107,802,263	6,930,034
2015-2016	\$0.653377	1,181,434,177	7,383,839
2016-2017	\$0.643377	1,325,736,786	8,183,283
2017-2018	\$0.633377	1,429,444,394	8,552,059
2018-2019	\$0.633377	1,573,456,675	9,354,694

## OTHER INFORMATION

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Denison for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgements

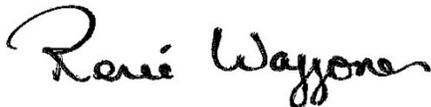
Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Accounting Division who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Mayor and members of the City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,



Judson J. Rex  
CITY MANAGER



Renee' Waggoner  
DIRECTOR OF FINANCE AND ADMINISTRATIVE SERVICES



Government Finance Officers Association

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

Presented to

**City of Denison  
Texas**

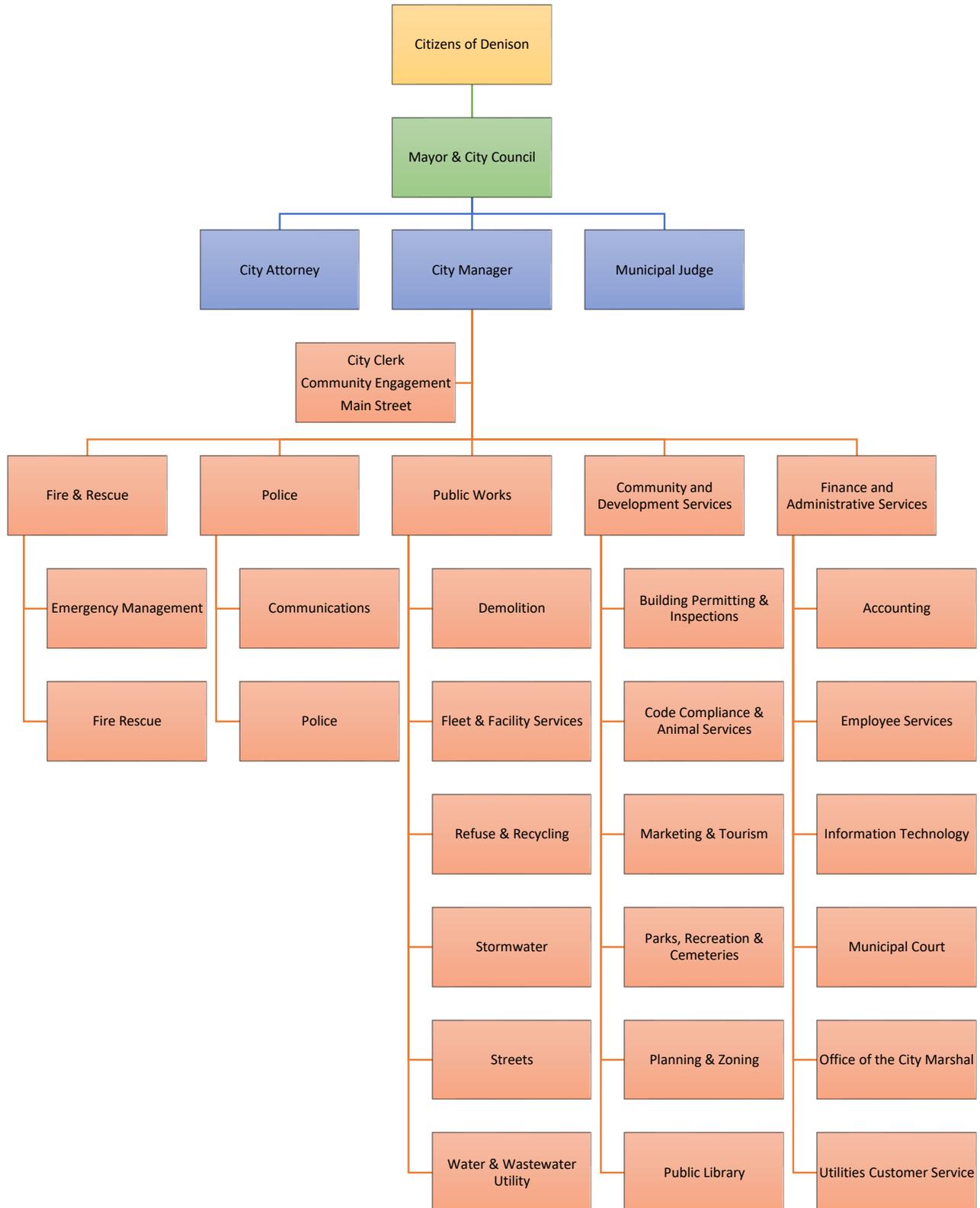
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

# City of Denison 2018/2019 Budget Organizational Chart



**City of Denison, Texas**  
*ELECTED AND APPOINTED OFFICIALS*  
September 30, 2019

**City Council**

Janet Gott	Mayor
Teresa Adams	Council Member Place 1/Mayor Pro Tem
Obie Greenleaf	Council Member Place 2
J.C. Doty	Council Member Place 3
Robert Crawley	Council Member Place 4
Kris Spiegel	Council Member Place 5
Brian Hander	Council Member Place 6

**Appointed Officials**

Judson Rex	City Manager
Renee' Waggoner	Director of Finance & Administrative Services
Michael Gudgel	Police Chief
Gregg Loyd	Fire Chief
Christine Wallentine	City Clerk
Jimmy Moon	Public Works Director

***FINANCIAL SECTION***





BROOKSWATSON & CO.  
CERTIFIED PUBLIC ACCOUNTANTS

***INDEPENDENT AUDITOR'S REPORT***

To the Honorable Mayor and  
Members of the City Council  
City of Denison, Texas:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Denison, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Denison Business and Industrial Corporation, component unit of the City, which represents 76%, 73%, and 96%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Denison Business and Industrial Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

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

## **Emphasis of Matter**

### *Accounting Errors*

As discussed in Note V.I to the financial statements, the City restated the beginning net position, and the respective fund balances, within government activities, business-type activities, the general fund, general bond fund, nonmajor governmental funds and the utility fund to properly reflect corrections of accounting errors in the prior year. Our opinion is not modified with respect to this matter.

### *Component Unit Yearend*

As discussed in Note I.B to the financial statements, the discretely presented component unit, Denison Community Investment Corporation, maintains financial records ending December 31, 2018.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion, general fund budgetary comparison information, schedule of changes in net pension liabilities and related ratios, and schedule of employer contributions to the pension plans, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, professional style.

BrooksWatson & Co., PLLC  
Certified Public Accountants  
Houston, Texas  
March 11, 2020



# City of Denison, Texas

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

September 30, 2019

The purpose of the Management's Discussion and Analysis (the "MD&A") is to give the readers an objective and easily readable analysis of the City of Denison's financial activities for the year ending September 30, 2019. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current-year results with those of the prior year, and discusses the positive and negative aspects of that comparison. GASB Statement No. 34 establishes the content of the minimum requirements for the MD&A. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

The annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as well as an MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

### **Financial Highlights**

- The City's total combined net position was \$60,330,053 at September 30, 2019. Of this, \$2,683,141 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$9,707,270, a decrease of \$1,238,570. This decrease is primarily due to significant capital expenditures during the current year.
- As of the end of the year, the unassigned fund balance of the general fund was \$6,251,513 or 21% of total general fund expenditures.
- The City had an overall increase in net position of \$190,914.
- The City's net pension liabilities totaled \$14,685,575 as of year end.

### **Overview of Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**City of Denison, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**September 30, 2019**

**Government-Wide Statements**

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

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public services, culture and recreation, and public works. The business-type activities of the City include water and sewer operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Denison Business and Industrial Corporation, Denison Community Investment Corporation, and the Denison Public Library Endowment Fund, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

**FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the City of Denison. They are usually segregated for specific activities or objectives. The City of Denison uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The categories of City funds are governmental, proprietary, and fiduciary.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of*

**City of Denison, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**September 30, 2019**

*spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City of Denison maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund, and the aggregate nonmajor funds.

The City of Denison adopts an annual appropriated budget for its general, general bonds, debt service, special revenue, and utility funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

**Proprietary Funds**

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution, wastewater collection/treatment, and water construction operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

**Fiduciary Funds**

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

The City maintains two fiduciary fund. The police seizure fund is an agency fund that accounts for assets seized by the police department in which the City holds in a custodial capacity. The sister city fund is an agency fund that accounts for assets donated to a local nonprofit, which the City holds in a custodial capacity.

**City of Denison, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*  
September 30, 2019

**Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

**Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes a budgetary comparison schedule for the general fund and schedule of funding progress for Texas Municipal Retirement System and the Firemen's Relief and Retirement fund. RSI can be found after the basic financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds and discretely presented component units are presented immediately following the required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Denison, assets exceed liabilities by \$60,330,053 as of September 30, 2019, in the primary government.

The largest portion of the City's net position, \$56,001,514, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities. Long-term assets for both governmental and business-type activities increased over the prior year primarily as a result of increased investment in ongoing city projects.

The most significant change in governmental activities resulted in a significant decrease in cash on hand. The majority of the bond proceeds received in the prior periods were spent in the current year, which resulted in a large decrease in current assets when compared to the prior year.

Business-type activities experienced an increase in long-term debt due to the issuance of \$5,255,000 of certificates of obligation.

Deferred outflow of resources experienced an increase due to the market fluctuation and changes in actuarial assumptions impacting the pension.

**City of Denison, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2019**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2019			2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 12,422,046	\$ 17,199,445	\$ 29,621,491	\$ 15,272,496	\$ 13,332,052	\$ 28,604,548
Long-term assets	57,359,754	47,228,294	104,588,048	57,901,426	44,913,021	102,814,447
<b>Total Assets</b>	<b>69,781,800</b>	<b>64,427,739</b>	<b>134,209,539</b>	<b>73,173,922</b>	<b>58,245,073</b>	<b>131,418,995</b>
<b>Deferred Outflows of Resources</b>	<b>4,705,911</b>	<b>1,068,250</b>	<b>5,774,161</b>	<b>1,358,943</b>	<b>333,640</b>	<b>1,692,583</b>
Other liabilities	5,287,175	3,517,229	8,804,404	6,517,610	3,431,255	9,948,865
Long-term liabilities	32,354,096	37,483,800	69,837,896	27,119,302	32,691,503	59,810,805
<b>Total Liabilities</b>	<b>37,641,271</b>	<b>41,001,029</b>	<b>78,642,300</b>	<b>33,636,912</b>	<b>36,122,758</b>	<b>69,759,670</b>
<b>Deferred Inflows of Resources</b>	<b>955,370</b>	<b>55,977</b>	<b>1,011,347</b>	<b>2,677,593</b>	<b>535,176</b>	<b>3,212,769</b>
Net Position:						
Net investment in capital assets	37,535,804	18,465,710	56,001,514	36,540,463	18,388,440	54,928,903
Restricted	1,645,398	-	1,645,398	773,847	-	773,847
Unrestricted	(3,290,132)	5,973,273	2,683,141	904,050	3,532,339	4,436,389
<b>Total Net Position</b>	<b>\$ 35,891,070</b>	<b>\$ 24,438,983</b>	<b>\$ 60,330,053</b>	<b>\$ 38,218,360</b>	<b>\$ 21,920,779</b>	<b>\$ 60,139,139</b>

**City of Denison, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2019**

**Statement of Activities:**

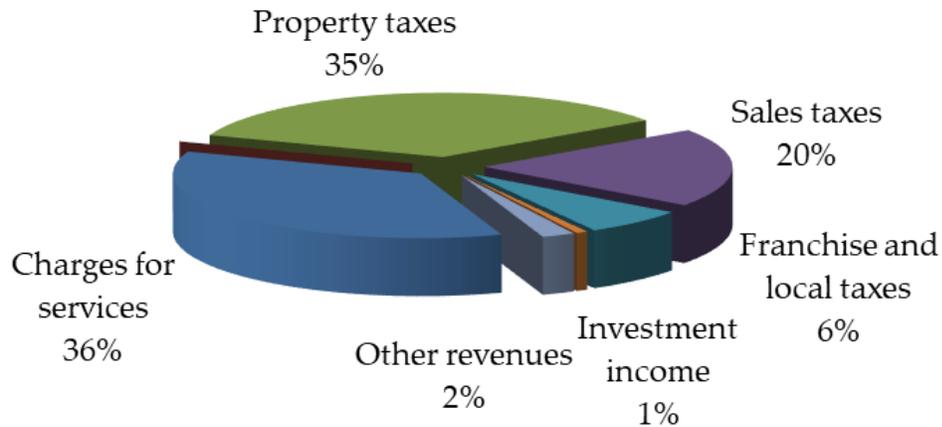
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2019			For the Year Ended September 30, 2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
			Primary Government			Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 10,347,686	\$ 12,783,394	\$ 23,131,080	\$ 10,437,774	\$ 12,555,348	\$ 22,993,122
Operating grants and contributions	449,370	-	449,370	819,419	-	819,419
General revenues:						
Property taxes	10,049,035	-	10,049,035	8,981,119	-	8,981,119
Sales taxes	5,710,960	-	5,710,960	5,591,271	-	5,591,271
Franchise and local taxes	1,935,460	-	1,935,460	1,936,874	-	1,936,874
Investment income	216,726	285,187	501,913	163,508	108,868	272,376
Other revenues	624,662	-	624,662	616,222	-	616,222
<b>Total Revenues</b>	<b>29,333,899</b>	<b>13,068,581</b>	<b>42,402,480</b>	<b>28,546,187</b>	<b>12,664,216</b>	<b>41,210,403</b>
<b>Expenses</b>						
General government	5,674,881	-	5,674,881	5,592,849	-	5,592,849
Public safety	12,903,441	-	12,903,441	11,341,795	-	11,341,795
Community services	5,776,713	-	5,776,713	4,055,461	-	4,055,461
Public works	6,804,281	-	6,804,281	6,324,708	-	6,324,708
Interest and fiscal charges	506,897	1,207,345	1,714,242	538,988	1,027,169	1,566,157
Water & sewer	-	9,338,008	9,338,008	-	8,744,362	8,744,362
<b>Total Expenses</b>	<b>31,666,213</b>	<b>10,545,353</b>	<b>42,211,566</b>	<b>27,853,801</b>	<b>9,771,531</b>	<b>37,625,332</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	(2,332,314)	2,523,228	190,914	692,386	2,892,685	3,585,071
Transfers	5,024	(5,024)	-	1,539,284	(1,539,284)	-
<b>Total</b>	<b>5,024</b>	<b>(5,024)</b>	<b>-</b>	<b>1,539,284</b>	<b>(1,539,284)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(2,327,290)</b>	<b>2,518,204</b>	<b>190,914</b>	<b>2,231,670</b>	<b>1,353,401</b>	<b>3,585,071</b>
Beginning Net Position	38,218,360	21,920,779	60,139,139	35,986,690	20,567,378	56,554,068
<b>Ending Net Position</b>	<b>\$ 35,891,070</b>	<b>\$ 24,438,983</b>	<b>\$ 60,330,053</b>	<b>\$ 38,218,360</b>	<b>\$ 21,920,779</b>	<b>\$ 60,139,139</b>

**City of Denison, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2019**

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

**Governmental Activities - Revenues**

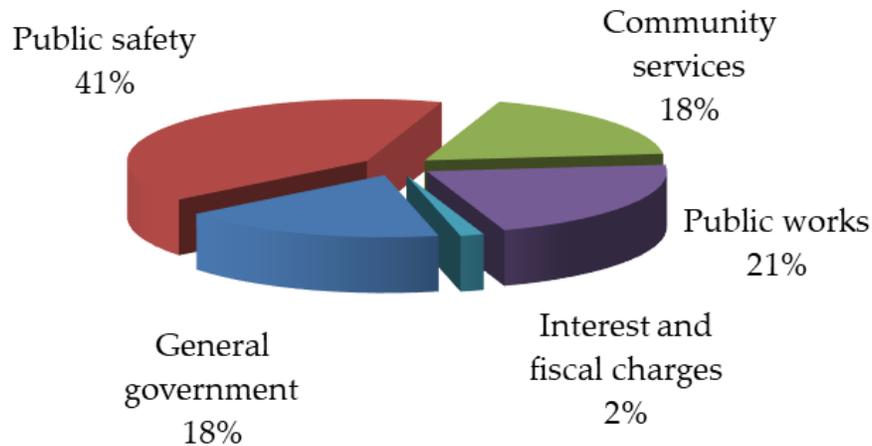


For the year ended September 30, 2019, revenues from governmental activities totaled \$29,333,899. Charges for services, property tax, and sales tax are the City's largest revenue sources. Grants and contributions decreased by \$370,049 or 45% due primarily to nonrecurring intergovernmental funds received in the previous year. Property taxes increased by \$1,067,916 or 12% due to an increase in assessed values. Sales taxes increased \$119,689 or 2% due to continued development and economic growth in the area. Investment income increased \$53,218 or 33% due to higher balances held in interest bearing accounts during the year. All other revenues remained relatively stable when compared to the previous year.

**City of Denison, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*  
September 30, 2019

This graph shows the governmental function expenses of the City:

## Governmental Activities - Expenses

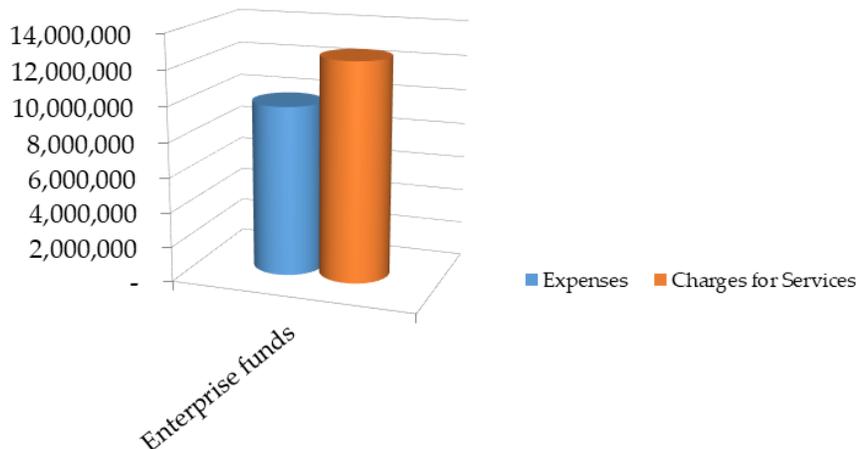


For the year ended September 30, 2019, expenses for governmental activities totaled \$31,666,213. This represents an increase of \$3,812,412 or 14% from the prior year. The City's largest functional expense is public safety of \$12,903,441. Public safety increased by 14%, primarily due to additional personnel costs and added supplies costs. Community services increased by \$1,721,252 or 42% primarily as a result of added mowing and repairs and maintenance costs for parks. Public works increased by \$479,573 or 8% due to added personnel costs and higher repairs and maintenance costs. Interest and fiscal charges decreased by \$32,091 or 6% primarily due to the nonrecurring debt issuance costs of the certificates of obligation bonds and capital lease agreements entered into in the previous year. All other expenses remained relatively consistent with the previous year.

**City of Denison, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2019**

Business-type activities are shown comparing operating costs to revenues generated by related services.

**Business-Type Activities - Revenues and Expenses**



For the year ended September 30, 2019, charges for services by business-type activities totaled \$12,783,394. This is an increase of \$228,046, or 2%, from the previous year. The increase is a result of the growth in the City's customer base and an increase in water consumption.

Total expenses increased \$773,822 or 8%, primarily due to added interest expenses and repairs and maintenance costs in the current year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of the end of the year the general fund reflected a total fund balance of \$6,966,067. Of this, \$106,594 is non-spendable inventories, \$220,979 is non-spendable advances, \$11,002 is committed to cemetery, \$159,596 is committed for contingency and \$216,383 is committed to vehicle replacement. Unassigned fund balance totaled \$6,251,513 as of year end.

General fund balance decreased by \$731,973 due to a planned budget deficit, in addition to receiving less fine and forfeiture revenues than anticipated. Charges for services is the City's largest revenue source at \$8,953,765, which consists of refuse, ambulance, and other service charges. Property tax increased by \$666,359 when compared to the prior year due to an increase in assessed property values.

# City of Denison, Texas

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

September 30, 2019

Sales tax increased by \$119,689 due to growth in the local economy. Public safety expenditures increased by \$652,717 due primarily to increased personnel costs and supplies expenses. General government expenditures increased \$172,566 due primarily to additional personnel costs in the current year. Community services expenditures increased by \$802,978 primarily due to additional personnel costs as well as additional mowing and park maintenance costs.

The general bond fund reflected a total fund balance of \$220,572, a decrease of \$665,745 from the prior year. The decrease is primarily a result of significant capital expenditures for the downtown design project. In addition, total expenses exceeded intergovernmental revenue and other financing sources in the current year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

### GENERAL FUND BUDGETARY HIGHLIGHTS

There was a total negative budget variance of \$477,743 in the general fund. This is a combination of a negative revenue variance of \$399,373, negative expenditure variance \$15,002, and negative variance in other financing sources of \$63,368.

The original general fund budget surplus of \$299,707 was amended during the year to a final budgeted deficit of \$254,230. Significant amendments include an increase in the fire, police and garage departments for personnel costs and repairs and maintenance. Several other reclassifications and amendments were also made.

### CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$53,392,159 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$47,228,294 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following additions:

- Purchase of new siren system totaling \$187,542.
- Purchase of four new automated sanitation trucks totaling \$1,153,071.
- Purchase of new sanitation equipment totaling \$536,470.
- Street improvements totaling \$234,217.
- Construction in progress related to the THF Park sports complex amounting to \$889,889.
- Construction in progress for the downtown design project totaling \$781,178.
- Construction in progress for the water and sewer line improvements totaling \$1,635,027.
- New vehicles and equipment for water distribution department totaling \$219,561.

**City of Denison, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*  
**September 30, 2019**

More detailed information about the City's capital assets is presented in note IV. D to the financial statements.

**LONG-TERM DEBT**

At the end of the current year, the City had total bonds, notes payable, tax notes, and capital leases outstanding of \$55,973,674. During the year, the City had payments on long-term totaling \$3,968,763. Additions to long-term debt include capital leases totaling \$1,171,387 and certificates of obligation totaling \$8,255,000. More detailed information about the City's long-term liabilities is presented in note IV. E to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Denison and improving services provided to their public citizens. The City is budgeting for growth in the upcoming year.

The following known factors were considered in preparing the City's operating budget for fiscal year 2019-2020:

- The fiscal year 2020 budget will raise more total property taxes than last year's budget by \$646,553 (7.93%). Of that amount, \$399,275 is tax revenue to be raised from new property added to the tax roll.
- The adopted property tax rate for fiscal year 2019-2020 has increased to \$0.652034 per \$00 valuation, from the prior year rate of \$0.633377 per \$100 valuation.
- Sales tax receipts were up in fiscal year 2019, and we expect an increase in fiscal year 2020 as well.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Denison's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance & Administrative Services, 300 West Main Street, P.O. Box 347, Denison, Texas 75021.



## ***FINANCIAL STATEMENTS***

**City of Denison, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**September 30, 2019**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 6,517,242	\$ 13,658,699	\$ 20,175,941	\$ 2,756,883
Investments	-	906,254	906,254	-
Restricted assets - cash	1,151,574	407,073	1,558,647	157,223
Restricted assets - investments	-	-	-	740,032
Receivables, net	3,617,601	2,066,784	5,684,385	397,324
Inventory	106,594	160,635	267,229	-
Current portion of grant receivables	793,519	-	793,519	-
Notes receivable	-	-	-	114,529
Interest in net position of recipient	235,516	-	235,516	-
<b>Total Current Assets</b>	<b>12,422,046</b>	<b>17,199,445</b>	<b>29,621,491</b>	<b>4,165,991</b>
Investments	-	-	-	482,336
Notes receivable - long-term portion	-	-	-	550,367
Long-term grant receivables	3,967,595	-	3,967,595	-
Capital assets:				
Non-depreciable	4,484,429	2,624,057	7,108,486	1,687,842
Net depreciable capital assets	48,907,730	44,604,237	93,511,967	3,077,221
<b>Total Noncurrent Assets</b>	<b>57,359,754</b>	<b>47,228,294</b>	<b>104,588,048</b>	<b>5,797,766</b>
<b>Total Assets</b>	<b>69,781,800</b>	<b>64,427,739</b>	<b>134,209,539</b>	<b>9,963,757</b>
<b>Deferred Outflows of Resources</b>				
Pension contributions	1,195,125	257,604	1,452,729	-
Pension investment earnings	3,506,753	767,296	4,274,049	-
Pension experience vs assumption	4,033	1,284	5,317	-
Deferred charge on bond refunding	-	42,066	42,066	-
<b>Total Deferred Outflows of Resources</b>	<b>4,705,911</b>	<b>1,068,250</b>	<b>5,774,161</b>	<b>-</b>

# City of Denison, Texas

## STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	1,040,410	426,465	1,466,875	88,883
Customer deposits	-	420,714	420,714	-
Escrow payable	-	-	-	31,701
Accrued interest payable	74,729	267,162	341,891	3,495
Compensated absences - current	1,408,387	299,649	1,708,036	7,709
Landfill post closure costs - current	30,404	-	30,404	-
Long-term liabilities due within one year	2,733,245	2,103,239	4,836,484	571,533
<b>Total Current Liabilities</b>	5,287,175	3,517,229	8,804,404	703,321
Noncurrent liabilities:				
Net pension liability	12,757,441	1,928,134	14,685,575	-
Compensated absences - noncurrent	1,334,030	246,385	1,580,415	69,382
Landfill post closure costs - noncurrent	56,432	-	56,432	-
Due in more than one year	18,206,193	35,309,281	53,515,474	396,000
<b>Total Noncurrent Liabilities</b>	32,354,096	37,483,800	69,837,896	465,382
<b>Total Liabilities</b>	37,641,271	41,001,029	78,642,300	1,168,703
<b><u>Deferred Inflows of Resources</u></b>				
Pension experience	955,370	55,977	1,011,347	-
<b>Total Deferred Inflows of Resources</b>	955,370	55,977	1,011,347	-
<b><u>Net Position</u></b>				
Net investment in capital assets	37,535,804	18,465,710	56,001,514	3,873,062
Restricted for:				
Capital improvements	719,407	-	719,407	-
Debt service	630,144	-	630,144	13,257
Municipal court	19,185	-	19,185	-
Public safety	130,005	-	130,005	-
Library	146,657	-	146,657	-
Unrestricted	(3,290,132)	5,973,273	2,683,141	4,908,735
<b>Total Net Position</b>	\$ 35,891,070	\$ 24,438,983	\$ 60,330,053	\$ 8,795,054

See Notes to Financial Statements.

# City of Denison, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 5,674,881	\$ 1,418,334	\$ 449,370	\$ -
Public safety	12,903,441	1,829,812	-	-
Community services	5,776,713	1,688,766	-	-
Public works	6,804,281	5,410,774	-	-
Interest and fiscal charges	506,897	-	-	-
<b>Total Governmental Activities</b>	31,666,213	10,347,686	449,370	-
<b>Business-Type Activities</b>				
Water & Sewer	10,545,353	12,783,394	-	-
<b>Total Business-Type Activities</b>	10,545,353	12,783,394	-	-
<b>Total Primary Government</b>	\$ 42,211,566	\$ 23,131,080	\$ 449,370	-
 <b>Component units:</b>				
Business and Industrial Corporation	1,869,478	496,391	-	20,092
Denison Public Library Endowment Fund	68,377	-	10,620	-
Denison Community Investment Corp.	23,516	-	-	-
<b>Total Component Units</b>	\$ 1,961,371	\$ 496,391	\$ 10,620	\$ 20,092

**General Revenues:**

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Investment income

Other revenues

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning Net Position

**Ending Net Position**

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (3,807,177)	\$ -	\$ (3,807,177)	\$ -
(11,073,629)	-	(11,073,629)	-
(4,087,947)	-	(4,087,947)	-
(1,393,507)	-	(1,393,507)	-
(506,897)	-	(506,897)	-
<u>(20,869,157)</u>	<u>-</u>	<u>(20,869,157)</u>	<u>-</u>
-	2,238,041	2,238,041	-
-	2,238,041	2,238,041	-
<u>\$ (20,869,157)</u>	<u>\$ 2,238,041</u>	<u>\$ (18,631,116)</u>	<u>\$ -</u>
-	-	-	(1,352,995)
-	-	-	(57,757)
-	-	-	(23,516)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,434,268)</u>
10,049,035	-	10,049,035	-
5,710,960	-	5,710,960	1,903,653
1,935,460	-	1,935,460	-
216,726	285,187	501,913	121,661
624,662	-	624,662	3,445
5,024	(5,024)	-	-
<u>18,541,867</u>	<u>280,163</u>	<u>18,822,030</u>	<u>2,028,759</u>
(2,327,290)	2,518,204	190,914	594,491
38,218,360	21,920,779	60,139,139	8,200,563
<u>\$ 35,891,070</u>	<u>\$ 24,438,983</u>	<u>\$ 60,330,053</u>	<u>\$ 8,795,054</u>

# City of Denison, Texas

*BALANCE SHEET (Page 1 of 2)*

## GOVERNMENTAL FUNDS

September 30, 2019

	<u>General</u>	<u>General Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 4,565,862	\$ 153,532	\$ 1,797,848	\$ 6,517,242
Restricted assets - cash	-	192,774	958,800	1,151,574
Receivables, net	8,221,626	-	157,089	8,378,715
Due from other funds	75,965	-	-	75,965
Inventory	106,594	-	-	106,594
Advances to other funds	220,979	-	-	220,979
Interest in net position of recipient organization	-	-	235,516	235,516
<b>Total Assets</b>	<b>\$ 13,191,026</b>	<b>\$ 346,306</b>	<b>\$ 3,149,253</b>	<b>\$ 16,686,585</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 655,707	\$ 125,734	\$ 258,969	\$ 1,040,410
Due to other funds	-	-	75,965	75,965
Advances from other funds	-	-	220,979	220,979
<b>Total Liabilities</b>	<b>655,707</b>	<b>125,734</b>	<b>555,913</b>	<b>1,337,354</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	397,396	-	72,709	470,105
Unavailable revenue - franchise taxes	38,560	-	-	38,560
Unavailable revenue - fines and forfeitures	62,771	-	-	62,771
Unavailable revenue - grants	4,761,114	-	-	4,761,114
Unavailable revenue - contractual services	309,411	-	-	309,411
<b>Total Deferred Inflows of Resources</b>	<b>5,569,252</b>	<b>-</b>	<b>72,709</b>	<b>5,641,961</b>

# City of Denison, Texas

*BALANCE SHEET (Page 2 of 2)*

## GOVERNMENTAL FUNDS

September 30, 2019

**Fund Balances**

Nonspendable:

Inventory	106,594	-	-	106,594
Advances	220,979	-	-	220,979

Restricted for:

Debt service	-	-	630,144	630,144
Capital improvements	-	220,572	498,835	719,407
Municipal court	-	-	19,185	19,185
Public safety	-	-	130,005	130,005
Community services	-	-	146,657	146,657

Committed to:

Parks	-	-	299,052	299,052
Cemetery	11,002	-	-	11,002
Contingency	159,596	-	-	159,596
General government	-	-	7,334	7,334
Capital projects	-	-	628,961	628,961
Vehicle replacement	216,383	-	-	216,383

Assigned to:

Capital projects	-	-	235,516	235,516
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Unassigned reported in:

General fund	6,251,513	-	(75,058)	6,176,455
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<b>Total Fund Balances</b>	6,966,067	220,572	2,520,631	9,707,270
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<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	\$ 13,191,026	\$ 346,306	\$ 3,149,253	\$ 16,686,585
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See Notes to Financial Statements.



# City of Denison, Texas

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2019

<b>Fund Balances - Total Governmental Funds</b>	\$ 9,707,270
 <b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	4,484,429
Capital assets - net depreciable	48,907,730
 Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.	
Pension contributions	1,195,125
Pension investment returns	(955,370)
Pension experience vs assumptions	4,033
Pension experience	3,506,753
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Unavailable revenue items	880,847
THF grant receivable	4,761,114
 Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(74,729)
Compensated absences	(2,742,417)
Bond premium	(302,617)
Bonds, notes and other payables	(20,636,821)
Landfill post-closure care costs	(86,836)
Net pension liability - firefighter's pension fund	(6,701,845)
Net pension liability - TMRS	(6,055,596)
<b>Net Position of Governmental Activities</b>	\$ 35,891,070

See Notes to Financial Statements.

# City of Denison, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	General	General Bond	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Revenues</u></b>				
Property tax	\$ 8,000,437	\$ -	\$ 2,039,632	\$ 10,040,069
Sales tax	5,710,960	-	-	5,710,960
Franchise and local taxes	1,935,460	-	-	1,935,460
License and permits	607,804	-	-	607,804
Intergovernmental	-	797,349	445,540	1,242,889
Charges for services	8,953,765	-	607,083	9,560,848
Fines and forfeitures	305,184	-	95,363	400,547
Investment income	140,681	19,481	56,564	216,726
Other revenue	231,740	-	392,922	624,662
<b>Total Revenues</b>	25,886,031	816,830	3,637,104	30,339,965
<b><u>Expenditures</u></b>				
Current:				
General government	4,786,107	6,512	463,497	5,256,116
Public safety	11,205,462	-	413,288	11,618,750
Community services	4,906,720	1,020,141	541,209	6,468,070
Public works	6,122,972	-	259,188	6,382,160
Capital outlay	1,930,895	-	468,565	2,399,460
Debt Service:				
Principal	740,096	715,000	1,201,399	2,656,495
Interest and fiscal charges	63,126	108,653	359,698	531,477
<b>Total Expenditures</b>	29,755,378	1,850,306	3,706,844	35,312,528
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(3,869,347)	(1,033,476)	(69,740)	(4,972,563)
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	1,913,923	367,731	670,000	2,951,654
Transfers (out)	(664,049)	-	(441,112)	(1,105,161)
Lease proceeds	1,887,500	-	-	1,887,500
<b>Total Other Financing Sources (Uses)</b>	3,137,374	367,731	228,888	3,733,993
<b>Net Change in Fund Balances</b>	(731,973)	(665,745)	159,148	(1,238,570)
Beginning fund balances	7,698,040	886,317	2,361,483	10,945,840
<b>Ending Fund Balances</b>	\$ 6,966,067	\$ 220,572	\$ 2,520,631	\$ 9,707,270

See Notes to Financial Statements.

# City of Denison, 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, 2019

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

Net changes in fund balances - total governmental funds	\$ (1,238,570)
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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.

Capital outlay	3,933,865
Depreciation expense	(1,787,895)
Net effect of capital asset transfers and disposals	(1,894,123)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenues	(212,547)
THF grant revenue	(793,519)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(155,018)
Pension expense - TMRS	(690,736)
Pension expense - Firemen's pension	(314,450)
Accrued interest	(14,050)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of premium	38,628
Issuance of debt	(1,887,500)
Principal payments	2,656,497
Landfill post-closure cost	32,128

<b>Change in Net Position of Governmental Activities</b>	<b>\$ (2,327,290)</b>
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See Notes to Financial Statements.

# City of Denison, Texas

## STATEMENT OF NET POSITION

### PROPRIETARY FUND

September 30, 2019

	<u>Utility Fund</u>
<b><u>Assets</u></b>	
<b><u>Current Assets</u></b>	
Cash and cash equivalents	\$ 13,658,699
Investments	906,254
Receivables, net	2,066,784
Inventory	160,635
Restricted assets - cash	407,073
<b>Total Current Assets</b>	<b>17,199,445</b>
<b><u>Noncurrent Assets</u></b>	
Capital assets:	
Non-depreciable	2,624,057
Net depreciable capital assets	44,604,237
<b>Total Assets</b>	<b>64,427,739</b>
<b><u>Deferred Outflows of Resources</u></b>	
Pension contributions	257,604
Pension investment returns	767,296
Pension experience vs assumption	1,284
Deferred charge on bond refunding	42,066
<b>Total Deferred Outflows of Resources</b>	<b>1,068,250</b>
<b><u>Liabilities</u></b>	
<b><u>Current Liabilities</u></b>	
Accounts payable and accrued liabilities	426,465
Customer deposits	420,714
Accrued interest	267,162
Compensated absences - current	299,649
Long-term liabilities due within one year	2,103,239
<b>Total Current Liabilities</b>	<b>3,517,229</b>
<b><u>Long-term Liabilities</u></b>	
Compensated absences - noncurrent	246,385
Long-term liabilities in more than one year	35,309,281
Net pension liability	1,928,134
<b>Total Long-term Liabilities</b>	<b>37,483,800</b>
<b><u>Deferred Inflows of Resources</u></b>	
Pension investment experience	55,977
<b>Total Deferred Inflows of Resources</b>	<b>55,977</b>
<b><u>Net Position</u></b>	
Net investment in capital assets	18,465,710
Unrestricted	5,973,273
<b>Total Net Position</b>	<b>\$ 24,438,983</b>

See Notes to Financial Statements.

# City of Denison, Texas

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND

For the Year Ended September 30, 2019

	<b>Utility Fund</b>
<b><u>Operating Revenues</u></b>	
Charges for services	\$ 12,624,603
Other revenue	158,791
<b>Total Operating Revenues</b>	<b>12,783,394</b>
 <b><u>Operating Expenses</u></b>	
Personnel services	3,841,555
Supplies and materials	1,325,500
Contractual services	2,069,585
Repairs and maintenance	626,421
Depreciation	1,474,947
<b>Total Operating Expenses</b>	<b>9,338,008</b>
<b>Operating Income</b>	<b>3,445,386</b>
 <b><u>Nonoperating Revenues (Expenses)</u></b>	
Investment income	285,187
Bond issuance expense	(150,777)
Interest expense	(1,056,568)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(922,158)</b>
<b>Income Before Capital Contributions and Transfers</b>	<b>2,523,228</b>
Transfers (out)	(1,846,493)
Capital contributions from governmental activities	1,841,469
<b>Total Capital Contributions and Transfers</b>	<b>(5,024)</b>
<b>Change in Net Position</b>	<b>2,518,204</b>
Beginning net position	<b>21,920,779</b>
<b>Ending Net Position</b>	<b>\$ 24,438,983</b>

See Notes to Financial Statements.

**City of Denison, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND (Page 1 of 2)**  
**For the Year Ended September 30, 2019**

	<b>Utility Fund</b>
<b><u>Cash Flows from Operating Activities</u></b>	
Receipts from customers	\$ 13,115,564
Payments to suppliers and service providers	(4,021,506)
Payments to employees for salaries and benefits	(3,911,092)
<b>Net Cash Provided by Operating Activities</b>	<b>5,182,966</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfer (out)	(1,846,493)
<b>Net Cash (Used) by Noncapital Financing Activities</b>	<b>(1,846,493)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Capital purchases	(1,949,976)
Capital disposals	1,225
Proceeds from bond issuance	5,685,713
Bond issuance costs	(85,713)
Principal paid on debt	(1,845,937)
Interest paid on debt	(1,227,409)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>577,903</b>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest on investments	285,187
Purchase of investments	(898,000)
Proceeds from sales and maturities of investments	291,746
<b>Net Cash Provided by Investing Activities</b>	<b>(321,067)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,593,309</b>
Beginning cash and cash equivalents	10,472,463
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 14,065,772</b>

See Notes to Financial Statements.

**City of Denison, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND (Page 2 of 2)**  
**For the Year Ended September 30, 2019**

	<u>Utility Fund</u>
<b><u>Reconciliation of Operating Income</u></b>	
<b><u>to Net Cash Provided by Operating Activities</u></b>	
Operating Income	\$ 3,445,386
Adjustments to reconcile operating income to net cash provided:	
Depreciation	1,474,947
<b>Changes in Operating Assets and Liabilities:</b>	
<b>(Increase) Decrease in:</b>	
Accounts receivable	249,298
Inventory	82,872
Deferred Outflows of Resources:	
Pension contributions	7,233
Pension investment returns	(1,159,555)
Actual experience vs. assumption	67,519
<b>Increase (Decrease) in:</b>	
Accounts payable and accrued liabilities	(165,293)
Compensated absences	(74,427)
Net pension liability	1,341,926
Deferred Inflows of Resources:	
Investment experience	(86,940)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 5,182,966</b>
 <b><u>Schedule of Non-Cash Capital and Related Financing Activities</u></b>	
Capital assets contributed from governmental activities	\$ 1,841,469

See Notes to Financial Statements.

# City of Denison, Texas

## STATEMENT OF NET POSITION

### FIDUCIARY FUNDS

September 30, 2019

	<u>Police Seizure Fund</u>	<u>Sister City Fund</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 73,752	\$ 16,956	\$ 90,708
<b>Total Assets</b>	<u>73,752</u>	<u>16,956</u>	<u>90,708</u>
<b><u>Liabilities</u></b>			
Other accrued liabilities	73,752	16,956	90,708
<b>Total Liabilities</b>	<u>\$ 73,752</u>	<u>\$ 16,956</u>	<u>\$ 90,708</u>

See Notes to Financial Statements.

# City of Denison, Texas

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

### FIDUCIARY FUNDS

For the Year Ended September 30, 2019

#### Police Seizure Fund

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 55,768	\$ 18,002	\$ (18)	\$ 73,752
<b>Total Assets</b>	55,768	18,002	(18)	73,752
<b><u>Liabilities</u></b>				
Other accrued liabilities	55,768	18,002	(18)	73,752
<b>Total Liabilities</b>	\$ 55,768	\$ 18,002	\$ (18)	\$ 73,752

#### Sister City Fund

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ -	\$ 33,373	\$ (16,417)	\$ 16,956
<b>Total Assets</b>	-	33,373	(16,417)	16,956
<b><u>Liabilities</u></b>				
Other accrued liabilities	-	33,373	(16,417)	16,956
<b>Total Liabilities</b>	\$ -	\$ 33,373	\$ (16,417)	\$ 16,956

See Notes to Financial Statements.



**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Denison, Texas (the “City”) is governed by an elected mayor and a six-member council and provides the following services to the citizens of the City as authorized by its charter: public safety (police and fire), public works and transportation, parks and recreation, water and sewer utilities, and general administrative services.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) applicable to government units. The following is a summary of the more significant accounting policies.

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**B. Reporting Entity**

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. For financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

**Discretely Presented Component Units**

Business and Industrial Corporation of Denison

The Business and Industrial Corporation of Denison (the "BICD") is a nonprofit corporation established on April 1, 1996, for the economic development activities of the City. Although legally separate from the City, BICD is governed by a Board of Directors appointed by the City Council. BICD is a single-purpose, governmental activity funded by one-half percent sales tax levied on taxable sales within the City of Denison. The nature and significance of the relationship between the primary government and the corporation is such that exclusion would cause the City's financial statements to be misleading or incomplete. Records are maintained on an October 1st through September 30th fiscal year. BICD issues separate financial statements that are available from the BICD administrative offices located at 311 W. Woodard, Denison, Texas. In addition, the fiscal year 2019 financials were audited by a separate audit firm, McClanahan & Homes.

Denison Community Investment Corporation

The Denison Community Investment Corporation (the "DCIC") is a nonprofit corporation established on June 17, 1988, for the economic development activities of the City. Although legally separate from the City, DCIC is governed by a Board of Trustees appointed by the City Council. DCIC is a single-purpose, business-type activity. The nature and significance of the relationship between the primary government and the corporation is such that exclusion would cause the City's financial statements to be misleading or incomplete. Records are maintained on a calendar year basis, ending December 31, 2018. DCIC issues separate financial statements that are available from the DCIC administrative offices located at 123 W. Main, Denison, Texas.

Denison Public Library Endowment Fund

The Denison Public Library Endowment Fund (the "Fund") is a 501(c)(3) nonprofit corporation established on January 17, 1986, for the purpose of maintaining, development, and promoting the Denison Public Library. A Board of Trustees appointed by the City Council governs the Fund. The nature and significance of the relationship between the primary government and the corporation is such that exclusion would cause the City's financial statements to be misleading or incomplete. Records are maintained on an October 1st through September 30th fiscal year. The fund issues separate financial statements that are available from the Fund's administrative offices located at 300 West Gandy Street, Denison, Texas.

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

**Blended Component Unit**

Mr. and Mrs. Charles H. Jones Memorial Library Trust

The Mr. and Mrs. Charles H. Jones Memorial Library Trust (the "Trust") is a private foundation established on October 16, 1962, for the purpose of purchasing books and providing capital improvements for the Denison Public Library. The Denison Public Library is the sole recipient and beneficiary of the Trust. The Trust's accounting records are maintained by the Landmark Bank (Trustee) located at 2820 West FM 120, Denison, Texas. As the trust is managed by the City it has been reported as a blended component unit.

**Joint Venture**

Texoma Area Solid Waste Authority

Joint Ventures are legal entities or other organizations that result from a contractual arrangement that are owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control. The participants retain either an ongoing financial interest or an ongoing financial responsibility. The City's only joint venture is described as follows:

Texoma Area Solid Waste Authority ("TASWA") was created by the City and other local governments in Cook and Grayson counties in May 2000 to develop and operate a municipal landfill for benefit of local governments and their constituents. The City's Mayor serves as one of five member of TASWA's Board of Directors; however, the City has no significant influence over TASWA's administration or operation.

**Jointly-Governed Entity**

Greater Texoma Utility Authority

Jointly-governed entities are legal entities that are jointly controlled, but the controlling parties do not retain an ongoing financial interest or responsibility. Greater Texoma Utility Authority ("GTUA") was created to assist local governments with the financing and construction of water, sewer, and solid waste facilities. The City Council appoints three members of GTUA's nine-member Board of Directors; however, the City has no significant influence over GTUA's administration or operations.

GTUA operates the Dipping Springs Landfill under contract with the cities of Denison and Sherman. During the year, the City paid GTUA \$13,348 for landfill post-closure costs.

GTUA issues separate audited financial statements that are available from GTUA's administrative offices located at 5100 Airport Drive, Denison, Texas.

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

**C. Basis of Presentation – Government-Wide and Fund Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has three discretely presented component units which are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The government reports the following major governmental funds:

**Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed.

**General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public service, culture and recreation, and public works.

**General Bond Fund**

The general bond fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

**Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB). The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise fund:

**Utility Fund**

This fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

Additionally, the City reports for the following fund types:

**Debt Service Fund**

The City accounts for the accumulation of financial resources for the payments of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is restricted exclusively for debt service expenditures.

**Special Revenue Funds**

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund.

**Agency Funds**

The police seizure fund accounts for assets seized by the police department in which the City holds in a custodial capacity. The sister city fund accounts for assets donated to a local nonprofit which the City holds in a custodial capacity.

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

The 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 government 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

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary, pension and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

**E. Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity or Net Position**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexSTAR, are reported using the pools' share price.

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
**September 30, 2019**

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

**2. Fair Value**

The City has applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**3. Receivables and Interfund Transactions**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” 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 are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

**4. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven

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without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

**5. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when they are utilized rather than when purchased, (i.e., the consumption method). The inventories are reported at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

**6. Restricted Assets**

Certain proceeds of governmental and enterprise fund cash and investments are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, legal restrictions, or restrictions in place by outside parties.

**7. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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.

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
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Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

<b>Asset Description</b>	<b>Estimated Useful Years</b>
Infrastructure	10-100
Buildings	50
Building Improvements	20-40
Vehicles	5-15
Machinery & Equipment	7-20

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has two items that qualify for reporting in this category. They are the deferred pension contributions which are required to convert the fiscal year contributions to the calendar year 2019 and the deferred investment earnings which represent investment return over/under expectation. Both are reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government records deferred inflows for the difference in expected and actual actuarial gains and losses of the pension liability. This item is only recorded on the full accrual basis. In addition, the government records a deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**9. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied.

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*NOTES TO FINANCIAL STATEMENTS, Continued*  
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It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**10. 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 to have been 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 purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**11. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
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to report a negative unassigned fund balance in that fund. A summary of the City's fund balance policy as adopted by the Council follows:

The City shall maintain an unassigned fund balance between sixty and ninety days of general fund expenditures, and between sixty and ninety days of utility fund expenditures. The City will also contribute 5% of sales tax receipts to a "rainy-day" fund for general fund purposes, and 5% of utility sales to a "capital project" fund for business activity related capital needs. The City is currently in compliance with these policies.

**12. Pensions**

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

**13. Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

The maximum accrual of vacation leave is 240 hours for all non-civil service employees, civil service fire and police administration employees, and shift police civil service employees. Fire shift civil service employees may accrue vacation leave up to a maximum of 360 hours.

All civil service police and fire personnel accrue sick leave in accordance with Local Government Code 143. All non-civil service personnel who meet the definition of retirement under the Texas Municipal Retirement System at time of separation will receive a lump sum payment of accrued, but unused sick leave not to exceed 720 hours.

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*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

**14. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion due and payable from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and deferred charges are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**15. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, special revenue, and utility funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the division level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
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As of September 30, 2019, expenditures exceeded appropriations at the legal level of control as follows:

General fund:	
General government	\$ 448,524
Public safety	11,513
Capital outlay	4,307
Interest and fiscal charges	22,546
Cemetery Pre-Pay O&C fund:	
Transfers (out)	\$ 14,165
Federal Forfeitures fund:	
Public safety	\$ 21,341
Parks and Recreation fund:	
Transfers (out)	\$ 202,595
Law Enforcement Forfeitures fund:	
Public safety	\$ 34,789
Special Events fund:	
General government	\$ 40,304
Fire Training fund:	
Public safety	\$ 7,440
Police Training fund:	
Public safety	\$ 95

**A. Deficit Fund Equity**

The community development operating fund had a deficit fund balance of \$75,058, as of September 30, 2019. This deficit will be replenished in the subsequent periods.

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2019, the primary government had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 906,254	0.15
External investment pools	15,614,562	0.05
Total value	<u>\$ 16,520,816</u>	
Portfolio weighted average maturity		0.06

*Interest rate risk* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

*Credit risk* The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

*Custodial credit risk – deposits* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2019, the market values of pledged securities and FDIC exceeded bank balances.

*Custodial credit risk – investments* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus

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payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

**TexSTAR**

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

**B. Receivables**

The following comprise receivable balances of the primary government at year end:

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Utility</b>	<b>Total</b>
Property taxes	\$ 436,843	\$ 77,813	\$ -	\$ 514,656
Sales tax	1,009,943	-	-	1,009,943
Franchise taxes	55,974	-	-	55,974
Hotel taxes	74,168	-	-	74,168
Fines	1,036,329	-	-	1,036,329
Ambulance	773,529	-	-	773,529
Accounts	1,103,254	82,603	2,066,784	3,252,641
Grant receivable	4,761,114	-	-	4,761,114
Other receivables	365,999	-	-	365,999
Allowance	(1,395,527)	(3,327)	-	(1,398,854)
	<u>\$ 8,221,626</u>	<u>\$ 157,089</u>	<u>\$ 2,066,784</u>	<u>\$ 10,445,499</u>

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**C. Notes Receivable**

The City's discretely presented component unit, Denison Community Investment Corporation ("DCIC"), issues note receivables to local businesses. As of December 31, 2017 (the most recently available date), the outstanding note receivable balances were as follows:

<b>Description</b>	<b>Interest Rate</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>
Greg Guymon RE	4.00%	\$ 22,882	\$ -	\$ (22,882)	\$ -	\$ -
RMJ Likarish - 331 W. Woodward	4.00%	-	109,049	-	109,049	9,943
Gentry - Country Java	4.00%	108,345	-	(108,345)	-	-
Tyler Ward - Houston Street	4.00%	29,465	-	(5,977)	23,488	6,220
Jay Connelly	4.00%	73,851	-	(6,050)	67,801	6,828
Nitia, Inc	4.00%	88,461	-	(14,605)	73,856	15,200
Steelcore	4.00%	45,666	-	(9,205)	36,461	11,322
Parker - Ivahoe Ale House	5.00%	207,870	-	(19,167)	188,703	30,288
Parker - Ivahoe Ale House (add'l loan)	5.00%	32,839	-	(3,036)	29,803	4,797
Joyce Sturgess Loan	4.00%	9,823	-	(9,823)	-	-
Bent Leaf	4.00%	29,360	-	(4,001)	25,359	4,535
Gaytan Restaurants	4.00%	132,801	-	(22,425)	110,376	25,396
<b>Total notes receivable</b>		<u>\$ 781,363</u>	<u>\$ 109,049</u>	<u>\$ (225,516)</u>	<u>\$ 664,896</u>	<u>\$ 114,529</u>

All notes issued by DCIC are fully secured by either real estate property or personal property, such as machinery and equipment which all have uniform commercial code filings with the state.

**D. Grant Receivable**

On 11/16/2015, the City entered into a public/private partnership agreement to develop and build a sports complex and related facilities, with the Texoma Health Foundation (THF). The City agreed to contribute approximate \$8 million to the project. THF is to contribute \$7,935,192 over 10 years starting in 2016. Payments are split equally in the amount of \$793,519. The payments commenced in January of 2016 and terminate in January of 2025. The City received the third payment of \$793,519 during the year, leaving a remaining receivable balance of \$4,761,114.

**City of Denison, Texas**  
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**September 30, 2019**

**E. Capital Assets**

A summary of changes in governmental activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 3,462,608	\$ -	\$ -	\$ 3,462,608
Construction in progress	18,591,030	1,500,962	(19,070,171)	1,021,821
Total capital assets not being depreciated	<u>22,053,638</u>	<u>1,500,962</u>	<u>(19,070,171)</u>	<u>4,484,429</u>
Capital assets, being depreciated:				
Buildings and improvements	12,682,379	73,842	16,528,086	29,284,307
Infrastructure	31,917,497	234,217	-	32,151,714
Equipment	14,692,398	2,124,844	413,951	17,231,193
Total capital assets being depreciated	<u>59,292,274</u>	<u>2,432,903</u>	<u>16,942,037</u>	<u>78,667,214</u>
Less accumulated depreciation				
Buildings and improvements	(4,216,143)	(611,873)	3,695	(4,824,321)
Infrastructure	(15,234,145)	(820,123)	-	(16,054,268)
Equipment	(8,755,312)	(355,899)	230,316	(8,880,895)
Total accumulated depreciation	<u>(28,205,600)</u>	<u>(1,787,895)</u>	<u>234,011</u>	<u>(29,759,484)</u>
Net capital assets being depreciated	<u>31,086,674</u>	<u>645,008</u>	<u>17,176,048</u>	<u>48,907,730</u>
<b>Total Capital Assets</b>	<u><u>\$ 53,140,312</u></u>	<u><u>\$ 2,145,970</u></u>	<u><u>\$ (1,894,123)</u></u>	<u><u>\$ 53,392,159</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 173,260
Public safety	542,411
Public works	678,799
Community services	393,425
<b>Total Governmental Activities Depreciation Expense</b>	<u><u>\$ 1,787,895</u></u>

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 543,719	\$ -	\$ -	\$ 543,719
Construction in progress	5,877,089	1,635,027	(5,431,778)	2,080,338
Total capital assets not being depreciated	<u>6,420,808</u>	<u>1,635,027</u>	<u>(5,431,778)</u>	<u>2,624,057</u>
Capital assets, being depreciated:				
Buildings and improvements	24,092,742	7,174	1,786,269	25,886,185
Infrastructure	27,972,433	-	3,778,831	31,751,264
Machinery and equipment	14,412,193	307,775	1,630,452	16,350,420
Total capital assets being depreciated	<u>66,477,368</u>	<u>314,949</u>	<u>7,195,552</u>	<u>73,987,869</u>
Less accumulated depreciation				
Buildings and improvements	(7,475,067)	(552,761)	-	(8,027,828)
Infrastructure	(13,654,137)	(452,731)	-	(14,106,868)
Machinery and equipment	(6,855,951)	(469,455)	76,470	(7,248,936)
Total accumulated depreciation	<u>(27,985,155)</u>	<u>(1,474,947)</u>	<u>76,470</u>	<u>(29,383,632)</u>
Net capital assets being depreciated	38,492,213	(1,159,998)	7,272,022	44,604,237
<b>Total Capital Assets</b>	<u>\$ 44,913,021</u>	<u>\$ 475,029</u>	<u>\$ 1,840,244</u>	<u>\$ 47,228,294</u>

Depreciation was charged to business-type activities as follows:

Water	\$ 926,109
Sewer	548,838
<b>Total Business-Type Activities Depreciation Expense</b>	<u>\$ 1,474,947</u>

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**F. Other Long-term Liabilities**

Compensated absences represent the estimated liability for employees' accrued compensatory time and vacation leave for which employees are entitled to be paid upon termination. The following summarizes the changes in the compensated absences balances of the primary government during the year. In general, the City uses the general and utility funds to liquidate governmental and business-type activities compensated absences, respectively.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 2,587,399	\$ 1,483,794	\$ (1,328,776)	\$ 2,742,417	\$ 1,408,387
<b>Total Governmental Activities</b>	<u>\$ 2,587,399</u>	<u>\$ 1,483,794</u>	<u>\$ (1,328,776)</u>	<u>\$ 2,742,417</u>	<u>\$ 1,408,387</u>
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 620,461	\$ 266,065	\$ (340,492)	\$ 546,034	\$ 299,649
<b>Total Business-Type Activities</b>	<u>\$ 620,461</u>	<u>\$ 266,065</u>	<u>\$ (340,492)</u>	<u>\$ 546,034</u>	<u>\$ 299,649</u>

The following is a summary of changes in the City's discretely presented component unit's, Denison Business and Industrial Corporation, compensated absences for the year ended September 30, 2019.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Component Unit Activities:</b>					
Compensated Absences	\$ 72,396	\$ 23,127	\$ (18,432)	\$ 77,091	\$ 7,709
<b>Total Component Unit Activities</b>	<u>\$ 72,396</u>	<u>\$ 23,127</u>	<u>\$ (18,432)</u>	<u>\$ 77,091</u>	<u>\$ 7,709</u>

The following is a summary of changes in the landfill post-closure costs liability of the primary government for the year ended September 30, 2019.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Landfill post-closure costs	\$ 118,964	\$ -	\$ (32,128)	\$ 86,836	\$ 30,404
<b>Total Governmental Activities</b>	<u>\$ 118,964</u>	<u>\$ -</u>	<u>\$ (32,128)</u>	<u>\$ 86,836</u>	<u>\$ 30,404</u>

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**G. Long-term Debt**

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General obligation bonds	\$ 2,556,200	\$ -	\$ (473,800)	\$ 2,082,400	\$ 380,000
Certificates of obligation	14,369,982	-	(1,273,599)	13,096,383	1,305,742
Tax notes	635,000	-	(210,000)	425,000	210,000
Less deferred amounts:					
For issuance premiums	341,245	-	(38,628)	302,617	-
	<u>17,902,427</u>	<u>-</u>	<u>(1,996,027)</u>	<u>15,906,400</u>	<u>1,895,742</u>
Other liabilities:					
Capital leases payable	2,455,636	1,887,500	(530,098)	3,813,038	667,503
Notes payable	1,389,000	-	(169,000)	1,220,000	170,000
<b>Total Governmental Activities</b>	<u>\$ 21,747,063</u>	<u>\$ 1,887,500</u>	<u>\$ (2,695,125)</u>	<u>\$ 20,939,438</u>	<u>\$ 2,733,245</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 18,206,193</u>	
<b>Business-Type Activities:</b>					
Bonds, notes and other payables:					
General obligation bonds	\$ 748,800	\$ 3,060,000	\$ (351,200)	\$ 3,457,600	\$ 375,000
Certificates of obligation	31,090,022	5,255,000	(4,771,401)	31,573,621	1,679,258
Less deferred amounts:					
For issuance discount	(31,506)	-	18,474	(13,032)	-
For issuance premiums	1,455,795	801,311	(168,407)	2,088,699	-
	<u>33,263,111</u>	<u>9,116,311</u>	<u>(5,272,534)</u>	<u>37,106,888</u>	<u>2,054,258</u>
Other liabilities:					
Capital leases payable	353,968	-	(48,336)	305,632	48,981
<b>Total Business-Type Activities</b>	<u>\$ 33,617,079</u>	<u>\$ 9,116,311</u>	<u>\$ (5,320,870)</u>	<u>\$ 37,412,520</u>	<u>\$ 2,103,239</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 35,309,281</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. In addition, capital leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset. As of September 30, 2019, the total net carrying value of the capital lease assets for governmental activities and business-type activities were \$4,833,679 and \$338,739, respectively.

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

Long-term debt at year end was comprised of the following debt issues:

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>General Obligation Bonds:</b>			
\$3,442,800 General Obligation Refunding Bonds, Series 2013, due in installments through 2025, interest at 2.75%	\$ 2,082,400	\$ 657,600	\$ 2,740,000
\$3,060,000 General Obligation Refunding Bonds, Series 2019, due in installments through 2028, interest at 3% to 5%	-	2,800,000	2,800,000
<b>Total General Obligation Bonds</b>	<u>\$ 2,082,400</u>	<u>\$ 3,457,600</u>	<u>\$ 5,540,000</u>
<b>Certificates of Obligation:</b>			
\$7,000,000 Comb Tax and Revenue Certificates of Obligation, Series 2010, due in annual installments through 2029, interest at 3%	\$ -	\$ 4,345,000	\$ 4,345,000
\$6,665,000 Comb Tax and Revenue Certificates of Obligation, Series 2012, due in annual installments through 2028, interest at 3%	-	4,135,000	4,135,000
\$6,335,000 Comb Tax and Revenue Certificates of Obligation, Series 2015, due in annual installments through 2035, interest at 3-4%	-	5,540,000	5,540,000
\$2,240,000 Comb Tax and Surplus Revenue Certificates of Obligation, Series 2013, due in annual installments through 2033, interest at 2.75%	1,700,000	-	1,700,000
\$7,475,000 Comb Tax and Surplus Revenue Certificates of Obligation, Series 2016, due in annual installments through 2026, interest at 1.89%	5,395,000	-	5,395,000
\$1,725,000 Comb Tax and Surplus Revenue Certificates of Obligation, Series 2016, due in annual installments through 2036, interest at 3-5%	-	1,570,000	1,570,000
\$2,855,000 Combination Tax & Limited Surplus Revenue Certificates of Obligation, Series 2017, through 2027, interest at 2.16%	2,340,000	-	2,340,000
\$2,945,000 Combination Tax & Revenue Certificates of Obligation, Series 2017, through 2037, interest at 3%	2,741,383	-	2,741,383
\$1,000,000 Comb Tax & Limited Surplus Revenue Certificates of Obligation, Series 2018A, due through 2028, interest at 2.89%	920,000	-	920,000
\$3,925,000 Combination Tax & Revenue Certificates of Obligation, Series 2017, through 2037, interest at 3%	-	3,653,621	3,653,621
\$7,255,000 Comb Tax & Limited Surplus Revenue Certificates of Obligation, Series 2018, due through 2038, interest at 3.12% to 5.54%	-	7,075,000	7,075,000
\$5,255,000 Comb Tax & Limited Surplus Revenue Certificates of Obligation, Series 2019, due through 2039, interest at 3% to 4%	-	5,255,000	5,255,000
<b>Total Certificates of Obligation</b>	<u>\$ 13,096,383</u>	<u>\$ 31,573,621</u>	<u>\$ 44,670,004</u>
<b>Tax Notes</b>			
\$1,435,000 Tax Note, Series 2014, due in installments through 2021, interest at 1.24%	\$ 425,000	\$ -	\$ 425,000
<b>Total Tax Notes</b>	<u>\$ 425,000</u>	<u>\$ -</u>	<u>\$ 425,000</u>

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Total</b>
Less deferred amounts:			
Discounts and premiums	\$ 302,617	\$ 2,075,667	\$ 2,378,284
<b>Notes Payable:</b>			
\$1,550,000 Section 108 HUD loan, due in annual installments through 2026, interest is variable	1,220,000	-	1,220,000
<b>Capital Leases Payable:</b>			
\$373,500 Capital lease payable to JP Morgan Chase, due in annual installments of \$41,746 through 2022, interest at 2.42%	119,413	-	119,413
\$375,000 Capital lease payable to JP Morgan Chase, due in annual installments of \$57,498 through 2020, interest at 2.27%	56,202	-	56,202
\$207,000 Capital lease payable to JP Morgan Chase, due in annual installments of \$32,029 through 2020, interest at 2.27%	31,214	-	31,214
\$1,600,000 Capital lease payable to BB&T, due in annual installments of \$180,904 through 2024, interest at 2.39%	843,118	-	843,118
\$463,000 Capital lease payable to JP Morgan Chase, due in annual installments of \$51,382 through 2025, interest at 2.08%	260,693	-	260,693
\$525,509 Capital lease payable to JP Morgan Chase, due in annual installments of \$61,045 through 2027, interest at 3.045%	426,985	-	426,985
\$135,186 Capital lease payable to Bankcorp South, due in annual installments of \$23,938 through 2023, interest at 2.46%	90,079	-	90,079
\$259,366 Capital lease payable to Ricoh, due in monthly installments of \$4,323 through 2023, interest at 0%	101,585	101,585	203,170
\$122,581 Capital lease payable to Ferno, due in annual installments of \$40,860 through 2020, interest at 0%	40,860	-	40,860
\$210,000 Capital lease payable to BB&T, due in annual installments of \$44,611 through 2023, interest at 3.11%	165,389	-	165,389
\$1,677,500 Capital lease payable to JP Morgan Chase, due in annual installments of \$194,919 through 2029, interest at 3.05%	1,677,500	-	1,677,500
\$251,326 Capital lease payable to BB&T, due in annual installments of \$28,921 through 2027, interest at 2.88%	-	204,047	204,047
<b>Total Capital Leases Payable</b>	3,813,038	305,632	4,118,670
<b>Total Debt</b>	\$ 20,939,438	\$ 37,412,520	\$ 58,351,958

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

The annual requirements to amortize general obligation bonds outstanding at year ending were as follows:

General Obligation Bonds

Year ending September 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 380,000	\$ 65,835	\$ 375,000	\$ 145,578	\$ 755,000	\$ 211,413
2021	395,200	54,435	399,800	129,228	795,000	183,663
2022	311,600	42,579	383,400	111,734	695,000	154,313
2023	323,000	33,231	402,000	94,532	725,000	127,763
2024	330,600	23,541	419,400	76,472	750,000	100,013
2025	342,000	11,970	433,000	64,155	775,000	76,125
2026	-	-	330,000	52,250	330,000	52,250
2027	-	-	350,000	35,750	350,000	35,750
2028	-	-	365,000	18,250	365,000	18,250
	<u>\$ 2,082,400</u>	<u>\$ 231,591</u>	<u>\$ 3,457,600</u>	<u>\$ 727,949</u>	<u>\$ 5,540,000</u>	<u>\$ 959,540</u>

The annual requirements to amortize certificates of obligations outstanding at year ending were as follows:

Year ending September 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,305,742	\$ 297,988	\$ 1,679,258	\$ 1,196,019	\$ 2,985,000	\$ 1,494,007
2021	1,330,029	270,001	1,804,971	1,069,259	3,135,000	1,339,260
2022	1,364,316	241,364	1,765,684	998,875	3,130,000	1,240,239
2023	1,393,603	212,032	1,841,397	927,694	3,235,000	1,139,726
2024	1,420,746	181,263	1,929,254	848,147	3,350,000	1,029,410
2025	1,455,033	148,973	1,999,967	767,583	3,455,000	916,556
2026	1,494,320	115,789	2,085,680	688,023	3,580,000	803,812
2027	688,606	89,714	2,161,394	606,804	2,850,000	696,518
2028	390,036	74,368	2,254,964	522,110	2,645,000	596,478
2029	284,323	63,679	1,815,677	433,499	2,100,000	497,178
2030	291,467	54,717	1,338,533	373,911	1,630,000	428,628
2031	300,753	45,833	1,384,247	325,070	1,685,000	370,903
2032	312,183	36,639	1,437,817	277,459	1,750,000	314,098
2033	321,470	27,135	1,483,530	229,793	1,805,000	256,928
2034	175,757	19,676	1,529,243	181,663	1,705,000	201,339
2035	184,330	14,275	1,585,670	132,677	1,770,000	146,952
2036	188,617	8,681	1,171,383	89,572	1,360,000	98,253
2037	195,052	2,926	1,084,952	54,792	1,280,004	57,718
2038	-	-	850,000	24,803	850,000	24,803
2039	-	-	370,000	5,781	370,000	5,781
	<u>\$ 13,096,383</u>	<u>\$ 1,905,053</u>	<u>\$ 31,573,621</u>	<u>\$ 9,753,534</u>	<u>\$ 44,670,004</u>	<u>\$ 11,658,587</u>

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

The annual requirements to amortize tax notes outstanding at year ending were as follows:

<u>Tax Notes</u>			
<b>Year ending September 30,</b>	<b>Governmental Activities</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	
2020	\$ 210,000	\$ 3,968	\$ 213,968
2021	215,000	1,333	216,333
	<u>\$ 425,000</u>	<u>\$ 5,301</u>	<u>\$ 430,301</u>

The annual requirements to amortize capital leases outstanding at year ending were as follows:

Capital Leases Payable

<b>Year ending September 30,</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 667,503	\$ 82,653	\$ 48,981	5,877	\$ 716,484	\$ 88,530
2021	533,449	86,319	49,645	5,213	583,094	91,532
2022	547,101	72,668	50,327	4,530	597,428	77,198
2023	517,218	58,644	48,868	3,828	566,086	62,472
2024	438,292	45,244	25,816	3,105	464,108	48,349
2025	269,175	33,458	26,559	2,361	295,734	35,819
2026	230,294	25,671	27,324	1,597	257,618	27,268
2027	237,337	18,627	28,112	810	265,449	19,437
2028	183,552	11,367	-	-	183,552	11,367
2029	189,117	5,769	-	-	189,117	5,769
	<u>\$ 3,813,038</u>	<u>\$ 440,420</u>	<u>\$ 305,632</u>	<u>\$ 27,321</u>	<u>\$ 4,118,670</u>	<u>\$ 467,741</u>

The annual requirements to amortize notes payable outstanding at year ending were as follows:

<u>Notes Payable</u>			
<b>Year ending September 30,</b>	<b>Governmental Activities</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	
2020	\$ 170,000	\$ 31,671	\$ 201,671
2021	170,000	27,258	197,258
2022	171,000	22,845	193,845
2023	173,000	18,406	191,406
2024	175,000	13,915	188,915
2025	178,000	9,372	187,372
2026	183,000	4,751	187,751
	<u>\$ 1,220,000</u>	<u>\$ 128,218</u>	<u>\$ 1,348,218</u>

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

The following is a summary of changes in the City's discretely presented component unit's, Denison Business and Industrial Corporation, long-term liabilities for the year ended September 30, 2019.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Component Unit Activity</b>					
Notes payable	\$ 1,383,173	\$ -	\$ (491,172)	\$ 892,001	\$ 521,001
Compensated absences	157,335	28,197	(110,000)	75,532	50,532
<b>Total Governmental Activities</b>	<u>\$ 1,540,508</u>	<u>\$ 28,197</u>	<u>\$ (601,172)</u>	<u>\$ 967,533</u>	<u>\$ 571,533</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 396,000</u>	

Notes Payable

<u>Year ending September 30,</u>	<u>Component Unit Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 521,001	\$ 28,649	\$ 549,650
2021	70,000	9,576	79,576
2022	72,000	7,553	79,553
2023	74,000	5,472	79,472
2024	76,000	3,334	79,334
2025	79,000	1,126	80,126
	<u>\$ 892,001</u>	<u>\$ 55,710</u>	<u>\$ 398,061</u>

Landfill Closure and Post-closure Care Costs

The Cities of Sherman and Denison contracted with the Greater Texoma Utility Authority ("GTUA") for use of the Dripping Springs landfill. The City owns the permitted area but GTUA is responsible for the operation and maintenance. This landfill was considered full at September 30, 1993, for financial reporting purposes. State and Federal laws and regulations require the City of Denison to place a final cover on its Dripping Springs landfill site and to perform certain maintenance and monitoring functions at the site for up to thirty years after closure. The City is financially obligated for a portion of these costs related to gas and ground water monitoring. During the current year, the City paid \$13,348 toward the post-closure costs. These costs are expected to significantly decline in the near future. The City has recorded a liability of \$86,836 for the future costs, representing an estimated 4 years of remaining monitoring, including an assumed 2.5% inflation rate.

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**H. Advanced Refunding**

On April 1, 2019, the City issued \$3,060,000 in general obligation refunding bonds with an interest rate of 5%, and a premium on bond refunding of \$370,598. The proceeds were used to advance refund \$3,325,000 of outstanding 2008 certificate of obligation bonds which had an interest rate of 4.7%-5%. The net proceeds of \$3,365,533 (after payment of \$77,467 in issuance costs) were deposited with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the obligations are considered defeased and the liability for those bonds have been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$46,740. This amount is being amortized over the remaining life of the refunding debt. This advance refunding reduced its total debt service payments by \$432,414 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$388,054.

**I. Deferred Charges on Refunding**

A deferred charge resulting from the issuance of the 2019 General Obligation Refunding Bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. The current year balance for business-type activities totaled \$42,066. Current year amortization for business-type activities was \$4,674.

**J. Interfund Transactions**

Transfers between the primary government funds during the 2019 year were as follows:

<b>Transfer Out:</b>	<b>Transfer In:</b>			<b>Total</b>
	<b>General</b>	<b>Bond</b>	<b>Nonmajor</b>	
Utility fund	1,641,493	-	205,000	1,846,493
General	-	367,731	296,318	664,049
Nonmajor funds	272,430	-	168,682	441,112
<b>Total</b>	<b>\$ 1,913,923</b>	<b>\$ 367,731</b>	<b>\$ 670,000</b>	<b>\$ 2,951,654</b>

During the year, transfers are used to allocate administrative and overhead costs between funds, and to reimburse funds for costs incurred on another fund's behalf.

Further, capital was transferred from the governmental-activities to the proprietary fund in the amount of \$1,841,469.

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

The compositions of interfund balances as of year end were as follows:

<b>Due from other funds (Receiving Fund):</b>	<b>Due to other funds (Payable Fund):</b>
	<b>Nonmajor</b>
General Fund	75,965
<b>Total</b>	<b>\$ 75,965</b>

<b>Advances from other funds (Receiving Fund):</b>	<b>Advances to other funds (Payable Fund):</b>
	<b>Nonmajor</b>
General Fund	220,979
<b>Total</b>	<b>\$ 220,979</b>

The purpose of interfund receivables and payables is to loan cash between funds. All due to/from balances are expected to be settled within the next year.

In fiscal year ending September 30, 2019, the general fund advanced the parks and recreation fund \$220,979 paid towards a parks grant. The parks and recreation fund will pay back the general fund over the next three years.

**K. Restricted Net Position**

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted net position for the primary government was \$1,645,398. Of which, \$19,185 is restricted by enabling legislation.

**V. OTHER INFORMATION**

**A. 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 for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

**B. Contingent Liabilities**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities 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 claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

**C. Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations, if indicated.

**D. Defined Benefit Pension Plans**

**Texas Municipal Retirement System**

**1. Plan Description**

The City of Denison, Texas participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an 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)

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tMrs.com](http://www.tMrs.com).

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

**2. Benefits Provided**

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary 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 the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

Plan provisions for the City were as follows:

	<u>Plan Year 2018</u>	<u>Plan Year 2017</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	30% of CPI	30% of CPI

**Employees covered by benefit terms**

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

Inactive employees or beneficiaries currently receiving benefits	159
Inactive employees entitled to but not yet receiving benefits	114
Active employees	<u>228</u>
<b>Total</b>	<b><u>501</u></b>

**3. 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 of Denison, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Denison, Texas were 12.74% and 12.17% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$1,431,847, and were equal to the required contributions.

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

**Actuarial assumptions**

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

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

**Discount Rate**

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

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>Balance at 12/31/17</b>	\$ 63,996,301	\$ 61,685,295	\$ 2,311,006
Changes for the year:			
Service cost	1,698,110	-	1,698,110
Interest	4,259,941	-	4,259,941
Difference between expected and actual experience	15,566	-	15,566
Changes of assumptions	-	-	-
Contributions – employer	-	1,410,223	(1,410,223)
Contributions – employee	-	775,143	(775,143)
Net investment income	-	(1,846,896)	1,846,896
Benefit payments, including refunds of emp. contributions	(3,470,248)	(3,470,248)	-
Administrative expense	-	(35,711)	35,711
Other changes	-	(1,866)	1,866
Net changes	2,503,369	(3,169,355)	5,672,724
<b>Balance at 12/31/18</b>	<b>\$ 66,499,670</b>	<b>\$ 58,515,940</b>	<b>\$ 7,983,730</b>

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**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 calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

<b>1% Decrease</b>	<b>Current Single Rate</b>	<b>1% Increase</b>
<b>5.75</b>	<b>Assumption 6.75%</b>	<b>7.75%</b>
\$ 16,486,777	\$ 7,983,730	\$ 949,270

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2019, the city recognized pension expense for this plan of \$2,293,725.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ (231,780)
Changes in actuarial assumptions	5,318	-
Difference between projected and investment earnings	3,177,103	-
Contributions subsequent to the measurement date	1,066,649	-
<b>Total</b>	<b>\$ 4,249,070</b>	<b>\$ (231,780)</b>

The City reported \$1,066,649 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2020.

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	
2019	\$ 1,010,222
2020	324,553
2021	413,737
2022	1,202,129
2023	-
Thereafter	-
	\$ 2,950,641

**Denison Firemen’s Relief and Retirement Fund**

**6. Plan Description**

The Board of Trustees of the Fund is the administrator of the Fund, a single-employer defined benefit pension plan. The Fund is an independent entity for financial reporting purposes. The City of Denison, Texas is the only contributing employer. The members of the Fund also contribute to the Fund.

The Fund is established under the authority of the Texas Local Fire Fighters’ Retirement Act (“TLFFRA”). The Fund is administered by a Board of Trustees which is made up of three members elected from and by the Fund members, two representatives of the City of Denison, Texas, and two citizen members.

The Fund covers current and former fire fighters of the City of Denison, Texas, as well as certain beneficiaries of current and former fire fighters. The Fund is open to new entrants. An actuarial valuation of the Fund is performed every two years.

**7. Benefits Provided**

Effective October 1, 2004, the City of Denison contributes 15 percent of each Fund member’s total pay (including regular, longevity, overtime pay and pay received during a period of sick leave or vacation, but excluding lump sum distributions for unused sick leave or vacation). Fund members contribute to the fund at a rate of 12 percent of pay. Fund members receive a credit for service for the period during which they pay into, and keep on deposit in the fund, the contributions required by the Fund. Retirement, death, disability, and termination benefits are calculated based upon a member’s average salary for the 24 consecutive months that produce the highest average.

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

All active fire fighters of the City of Denison, Texas are members of the Denison Firemen's Relief and Retirement Fund.

The City contributed 100% toward the required postemployment benefit cost for current and two preceding years.

***Service Retirement Benefits***

A member is eligible for service retirement benefits upon completion of 20 years of service and attainment of age 50. A member who retires under the service retirement provisions of the Fund will receive a monthly benefit equal to the sum of (a) and (b), below, where: (a) Equals 2.65 percent of the member's highest 24-month average salary, multiplied by the member's years of credited service not in excess of 20, and (b) Equals 3.00 percent of the member's highest 24-month average salary multiplied by the member's years of credited service in excess of 20.

The maximum service retirement benefit is \$5,150 per month.

Service retirement benefits are payable for the member's lifetime. In the event the member's death precedes that of his spouse, three-fourths of the member's pension will be continued to the member's spouse for the spouse's lifetime. Monthly benefits to a widowed spouse upon remarriage will continue subject to the other terms of the Fund.

***Disability Benefits***

An active member who becomes disabled before the date he qualifies for service retirement will receive a monthly disability benefit equal to 50 percent of the member's average monthly compensation. However, if a member is eligible for a service retirement benefit, he will receive the service retirement benefit to which he is entitled instead of the disability benefit. The maximum disability benefit is \$5,150 per month.

If a member begins drawing disability benefits prior to age 50, but after the date he has completed 20 years of service, monthly disability benefits will end at age 50. Starting at age 50, the member will receive the amount of monthly termination benefit, described below, which the member has accumulated as of the date his service is terminated due to disability.

Disability benefits are payable in the same form as service retirement benefits. However, disability benefits stop if the member recovers to the point that he no longer meets the definition of disability under the Fund.

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
 September 30, 2019

**Employees covered by benefit terms**

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

Inactive employees or beneficiaries currently receiving benefits	54
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>52</u>
<b>Total</b>	<b><u>114</u></b>

**8. Contributions**

The contribution rate for employees is 12% of employee gross earnings, and the City matching percentage 15%, both as adopted by the governing body of the Fund. The City's contributions to the fund for the year ended September 30, 2019, were \$513,916, and were equal to the required contributions.

**9. Net Pension Liability**

The City's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018.

Total pension liability	\$ 23,290,447
Plan fiduciary net position	<u>16,588,602</u>
City's net pension liability	<u>\$ 6,701,845</u>
Plan fiduciary net position as a percentage of the total pension liability	71.22%

**Actuarial Assumptions**

The total pension liability in the December 31, 2017 actuarial valuation, measurement date of December 31, 2018, was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal Actuarial cost method
Amortization method	Open period, level percentage of pay
Asset valuation method	The fair value of assets plus 20% of the unrecognized gains & losses from each of the past four years. The resulting value is further limited to be no less than 80% and no greater than 110% of the fair value of assets.

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

Discount rate	7.50% per annum, compounded annually										
Compensation increases for Individual members	5.00% per year, compounded annually										
Increases in total payroll	3.50% per year, compounded annually										
Marital status											
a. Proportion married	Males: 100%, Females: 100%										
b. Difference in ages	Actual age difference are used for married members. Unmarried members are assumed to be married at retirement, Males are assumed to be two years older than their spouses.										
Contribution rates	Rates in effect are assumed to remain constant for future years										
Mortality rates	RP-2000 combined healthy tables for males and females with mortality improvement projected to valuation date using Scale AA.										
Termination rates	<table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Age</u></th> <th style="text-align: left;"><u>Termination Rate</u></th> </tr> </thead> <tbody> <tr> <td>25</td> <td>4.97%</td> </tr> <tr> <td>35</td> <td>2.49%</td> </tr> <tr> <td>45</td> <td>0.62%</td> </tr> <tr> <td>55</td> <td>0.00%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Termination Rate</u>	25	4.97%	35	2.49%	45	0.62%	55	0.00%
<u>Age</u>	<u>Termination Rate</u>										
25	4.97%										
35	2.49%										
45	0.62%										
55	0.00%										
Disability	<p>Rates developed from 1985 Society of Actuaries Disability Table Study using Class 1 male rates with a 90-day elimination period. Specimen rates are:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Age</u></th> <th style="text-align: left;"><u>Termination Rate</u></th> </tr> </thead> <tbody> <tr> <td>25</td> <td>0.111%</td> </tr> <tr> <td>35</td> <td>0.152%</td> </tr> <tr> <td>45</td> <td>0.335%</td> </tr> <tr> <td>55</td> <td>0.858%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Termination Rate</u>	25	0.111%	35	0.152%	45	0.335%	55	0.858%
<u>Age</u>	<u>Termination Rate</u>										
25	0.111%										
35	0.152%										
45	0.335%										
55	0.858%										
Assumed death benefit to children	Each member is assumed to have two children. The first child is assumed to have been born when the member was age 25. The second child is assumed to be two years younger. It is also assumed that benefits will be paid when each child reaches the age of 18.										

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

Assumed contribution rates

a. Members	12.00% of compensation
b. City	15.00% of compensation

Assumed form of payment

Members are assumed to receive a joint and 75% contingent service retirement benefit, which is the only form of service retirement benefit in the plan.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Cash and cash equivalents	1.65%	0.0000%
Fixed Income	3.80%	0.0390%
Equities	76.34%	5.0426%
Real Estate	<u>18.21%</u>	1.0466%
<b>Total</b>	<b>100.0%</b>	

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 12/31/17</b>	\$ 22,683,336	\$ 17,725,070	\$ 4,958,266
Changes for the year:			
Service cost	487,429	-	487,429
Interest	1,679,321	-	1,679,321
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	504,819	(504,819)
Contributions – employee	-	404,045	(404,045)
Net investment income	-	(461,618)	461,618
Benefit payments, including refunds of emp. contributions	(1,559,639)	(1,559,639)	-
Administrative expense	-	(24,075)	24,075
Other changes	-	-	-
Net changes	607,111	(1,136,468)	1,743,579
<b>Balance at 12/31/18</b>	<b>\$ 23,290,447</b>	<b>\$ 16,588,602</b>	<b>\$ 6,701,845</b>

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.50% as well as what the City's net pension liability would be if it were to be calculated using the discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

<b>1% Decrease 6.50%</b>	<b>Current Single Rate Assumption 7.50%</b>	<b>1% Increase 8.50%</b>
\$ 9,314,446	\$ 6,701,845	\$ 4,503,986

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued financial report. That report may be obtained from the finance department of the City.

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

For the year ended September 30, 2019, the City recognized pension expense for this plan of \$828,071.

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference between projected and investment earnings	\$ 1,096,946	\$ -
Differences between expected and actual economic experience	-	(779,567)
Contributions subsequent to the measurement date	386,079	-
<b>Total</b>	<b>\$ 1,483,025</b>	<b>\$ (779,567)</b>

The City reported \$386,079 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended December 31:**

2019	\$ 421,789
2020	(44,672)
2021	(47,713)
2022	233,044
2023	(125,355)
2024	(119,714)
2025	-
Thereafter	-
	<b>\$ 317,379</b>

	<b>Texas Municipal Retirement System Defined Benefit Plan</b>	<b>Denison Fireman's Relief and Retirement Fund</b>	<b>Total</b>
Net pension liability	\$ (7,983,730)	\$ (6,701,845)	\$ (14,685,575)
Deferred outflows of resources	4,249,070	1,483,025	5,732,095
Deferred inflows of resources	(231,780)	(779,567)	(1,011,347)
Pension expense	2,293,725	828,071	3,121,796
<b>Total</b>	<b>\$ (1,672,715)</b>	<b>\$ (5,170,316)</b>	<b>\$ (6,843,031)</b>

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

**E. Deferred Compensation Plan**

The City has established a deferred compensation plan (the 457 plan) in accordance with Internal Revenue Code, Section 457. The 457 plan, available to all employees, permits them to defer a portion of their salaries until future years. The benefits of the plan are not available to employees until termination, retirement, or unforeseeable emergency. Benefits are available to employee's beneficiaries in case of death.

All amounts of compensation deferred under the 457 plan, all property rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan) subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of the general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City that the City has no liability for investment losses under the 457 plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the 457 plan assets to satisfy the claims of general creditors in the future.

The City's deferred compensation plan is administered by a private corporation under contract with the City. Participant contributions totaled \$57,185 for the year ended September 30, 2019.

**F. Commitments and Contingencies**

Texoma Area Solid Waste Authority

The City has an unconditional obligation to pay its proportionate share of TASWA's bond debt service and annual operating and maintenance expenditures. The City pays its proportionate share of this obligation to TASWA through tipping fees. The City's budgeted commitment to TASWA for fiscal year 20 is \$950,000. Payments made by the City during the year totaled \$912,455.

Guarantee

The City has executed a guarantee to the Texas Commission on Environmental Quality ("TCEQ") on behalf of TASWA. In the event TASWA fails to perform any closure, post-closure, or corrective actions required by TCEQ, the City shall (i) perform such closure, post-closure, or corrective actions, (ii) pay a third party to perform such closure, post-closure or corrective actions, or (iii) establish a fully-funded trust pursuant to Texas law to remedy the failure at the TASWA facility.

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

If the City expends funds under this guarantee, the City would be unconditionally entitled to reimbursement from TASWA according to the terms of the Landfill Contract. Estimated costs guaranteed by the City are \$6,227,082 for closure and \$1,950,089 for post-closure. The landfill is estimated to be 17.2% full and has an estimated remaining useful life of 68.4 years. These estimates are evaluated annually and are subject to change due to inflation, changes in technology, or changes in regulation.

Greater Texoma Utility Authority

The City has entered into various contracts with the Greater Texoma Utility Authority ("Authority"), whereby the Authority provides water services to the City. As part of the contractual agreements, the Authority issues debt for the benefit of the City, the proceeds of which are used to finance construction of water and sewer facilities and infrastructure within the City. Although this debt is not that of the City, the City is contractually obligated for the repayment of principal and interest on the debt through a pledging of water revenues.

During the year ended September 30, 2019, the City paid \$273,419 to the Authority in accordance with these contracts. Future payments under these contracts average approximately \$289,527 per year for the next 11 years.

A summary of the remaining debt service as of September 30, 2019 is as follows:

Year Ending September 30,	Principal	Interest	Total
2020	\$ 225,720	\$ 59,588	\$ 285,308
2021	232,200	56,317	288,517
2022	237,600	52,407	290,007
2023	243,000	48,049	291,049
2024	249,480	43,240	292,720
2025	255,960	38,021	293,981
2026	262,440	32,411	294,851
2027	268,920	26,424	295,344
2028	275,400	20,070	295,470
2029	281,880	13,358	295,238
2030	255,960	6,348	262,308
<b>Total</b>	<b>\$ 2,788,560</b>	<b>\$ 396,233</b>	<b>\$ 3,184,793</b>

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

Construction Commitments

The City has active construction projects as of September 30, 2019. At year end, the City's commitments with contractors are as follows:

Governmental Funds

<b>Project</b>	<b>Project Budget Appropriation</b>	<b>Construction in Progress (Spent to Date)</b>	<b>Remaining Commitment</b>
Katy Trail Phase One	\$ 229,978	\$ 100,649	\$ 129,329
Flora Lane Reconstruction	184,450	140,188	44,262
Waterloo/Lang Reconstruction	246,846	-	246,846
Downtown Design	969,600	686,085	283,515
2019 Fall Overlay Program	196,619	-	196,619
West End Fire Station	756,995	-	756,995
Total Construction in Progress	<u>\$ 2,584,488</u>	<u>\$ 926,922</u>	<u>\$ 1,657,566</u>

Proprietary Funds

<b>Project</b>	<b>Project Budget Appropriation</b>	<b>Construction in Progress (Spent to Date)</b>	<b>Remaining Commitment</b>
Theresa (Katy Trail/Railroad) Water Line	\$ 349,350	\$ 312,264	\$ 37,086
Iron Ore Interceptor	3,686,372	54,403	3,631,969
West End Fire Station	18,250	-	18,250
West Loy Lake	205,700	86,630	119,070
Environmental Services	338,743	14,578	324,165
Water Master Plan	191,200	236,112	(44,912)
Renovate Clarifier #2	23,979	13,529	10,450
Renovate Clarifier #2	174,302	-	174,302
Iron Ore Interceptor	739,900	629,981	109,919
Texoma Pump Station	829,958	450,527	379,431
Total Construction in Progress	<u>\$ 6,557,754</u>	<u>\$ 1,798,024</u>	<u>\$ 4,759,730</u>

**City of Denison, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2019

**G. Additional Water and Sewer Information**

The following information is included at the request of the Texas Water Development Board for the year under audit.

Water Accountability Report:

Gallons Pumped	1,590,020,000
Gallons Billed	1,189,566,163

The City of Denison secures its water supply and sewer services from the Greater Texoma Utility Authority ("Authority"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the City. The District is governed by a 9-member board ("Board"). The Board has full power and discretion to establish its budget and to set rates for the services it provides by contracts with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the Authority. Because of these factors, the Authority is not included in the City's basic financial statements.

The City does not have meters on all water pumping stations to be able to accurately measure the total number of gallons pumped. Therefore, the above numbers do not accurately reflect the actual gallons pumped versus the total gallons billed.

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**H. Tax Abatement Disclosures**

The City of Denison negotiates tax abatement agreements on an individual basis. The City has three property tax abatement agreements with two separate entities and hotel tax abatements with one entity as of September 30, 2019:

<u>Purpose</u>	<u>Abatement Type</u>	<u>Percentage of Taxes Abated during the Fiscal Year</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Food processing company receives tax abatements for the acquisition and installation of personal property for facility improvements at a preexisting facility within the City. The estimated value of such is \$30,000,000.	Property Tax	50%	\$ 103,251
Food processing company receives tax abatements for constructing an additional 50,000 square feet of manufacturing/warehouse space.	Property Tax	50%	38,609
Developer received ad valorem rebate for constructing single family structures within the City.	Property Tax	100%	70,579
Hotel receives property tax abatements for constructing and operating a hotel and conference center facility within the City.	Property Tax	80%	29,003
Hotel receives hotel tax abatements for constructing and operating a hotel and conference center facility within the City.	Hotel	100%	227,496
		<b>Total</b>	<b>\$ 468,938</b>

Each agreement was negotiated under the property redevelopment and tax abatement act codified in chapter 312 of the Texas tax code which authorizes allowing localities to abate property taxes when the entity meets certain guidelines and criteria adopted by the governing body. The Tax Code provides that a tax abatement agreement may provide for the exemption of the real property in each year covered by the agreement only to the extent its increase in value for that year exceeds its value for the year in which the agreement is executed. Accordingly, only the increase in value may be abated. Moreover, the taxing unit could abate from one percent (1%) to one hundred percent (100%) the property taxes paid on the increase. A tax abatement agreement cannot exceed ten years in length.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities. The City has chosen to disclose information about its tax abatement agreements individually. It established a quantitative threshold of 100% percent of the total dollar amount of taxes abated during the year.

**City of Denison, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2019**

**I. Restatement**

The City restated its beginning net position within government activities, business-type activities, the general fund and the utility fund to properly reflect corrections of accrued receivables and capital assets in the prior year. The below tables summarize the changes to net position and the respective fund balances as a result of these changes.

	<b>Governmental Activities</b>	<b>General</b>	<b>General Bond</b>	<b>Nonmajor</b>
Prior year ending net position/ fund balance as reported	\$ 39,501,737	\$ 8,026,084	\$ 1,669,842	\$ 1,577,958
To correct accrued receivable	(328,044)	(328,044)	-	-
To correct compensated absences	(1,014,907)	-	-	-
To correct capital contribution	(81,721)	-	-	-
To correct retainage payable	-	-	(783,525)	783,525
To correct capital assets	141,295	-	-	-
<b>Restated beginning net position/fund balance</b>	<b>\$ 38,218,360</b>	<b>\$ 7,698,040</b>	<b>\$ 886,317</b>	<b>\$ 2,361,483</b>

	<b>Business-type Activities</b>	<b>Utility Fund</b>
Prior year ending net position as reported	\$ 22,621,081	\$ 22,621,081
To correct compensated absences	(313,451)	(313,451)
To correct accrued interest payable	(194,101)	(194,101)
To correct capital assets	(192,750)	(192,750)
<b>Restated beginning net position</b>	<b>\$ 21,920,779</b>	<b>\$ 21,920,779</b>

**J. Subsequent Events**

Subsequent to September 30, 2019, there were no material events through March 11, 2020, the date the financial statements were available to be issued.

***REQUIRED SUPPLEMENTARY INFORMATION***

# City of Denison, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Property tax	\$ 7,846,030	\$ 7,846,030	\$ 8,000,437	\$ 154,407
Sales tax	5,900,000	5,900,000	5,710,960	(189,040)
Franchise and local taxes	1,883,000	1,883,000	1,935,460	52,460
License and permits	605,000	605,000	607,804	2,804
Charges for services	9,099,954	9,099,954	8,953,765	(146,189)
Fines and forfeitures	640,000	640,000	305,184	(334,816)
Investment income	61,420	61,420	140,681	79,261
Other revenue	250,000	250,000	231,740	(18,260)
<b>Total Revenues</b>	<b>26,285,404</b>	<b>26,285,404</b>	<b>25,886,031</b>	<b>(399,373)</b>
<b><u>Expenditures</u></b>				
Current:				
General government				
City manager and admin.	2,054,496	1,872,366	2,354,538	(482,172)
Finance	643,095	646,643	614,713	31,930
Human resources	351,454	352,917	374,347	(21,430)
Information technology	999,783	1,063,191	957,751	105,440
Main street	218,746	219,159	313,775	(94,616)
Community engagement	182,666	183,307	170,983	12,324
Total	<b>4,450,240</b>	<b>4,337,583</b>	<b>4,786,107</b>	<b>(448,524) *</b>
Public safety				
Fire	5,194,968	5,420,438	5,537,691	(117,253)
Police	5,012,520	5,098,999	5,042,585	56,414
Dispatch	673,295	674,512	625,186	49,326
Total	<b>10,880,783</b>	<b>11,193,949</b>	<b>11,205,462</b>	<b>(11,513) *</b>
Community services				
Municipal court	310,116	310,116	286,616	23,500
Animal control	268,209	268,209	263,383	4,826
Cemetery	209,169	209,737	227,432	(17,695)
Code enforcement	334,172	334,642	310,838	23,804
Building inspections	555,286	555,286	498,019	57,267
Parks and recreation	2,798,153	2,807,778	2,580,758	227,020
Library	801,063	802,916	739,674	63,242
Total	<b>5,276,168</b>	<b>5,288,684</b>	<b>4,906,720</b>	<b>381,964</b>

# City of Denison, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public works				
Demolition	128,969	128,969	129,345	(376)
Garage	1,354,738	1,444,051	1,530,596	(86,545)
Streets	1,216,603	1,222,574	1,163,674	58,900
Solid waste	2,831,454	2,835,288	2,835,060	228
Planning	390,562	390,562	266,414	124,148
Building maintenance	187,795	191,452	197,883	(6,431)
Total	6,110,121	6,212,896	6,122,972	89,924
Capital outlay	-	1,926,588	1,930,895	(4,307) *
Debt Service:				
Principal	740,096	740,096	740,096	-
Interest and fiscal charges	40,580	40,580	63,126	(22,546) *
Total Expenditures	27,497,988	29,740,376	29,755,378	(15,002)
Revenues Over (Under) Expenditures	(1,212,584)	(3,454,972)	(3,869,347)	(414,375)
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,327,396	2,550,921	1,913,923	(636,998)
Transfers (out)	(815,105)	(1,237,679)	(664,049)	573,630
Lease proceeds	-	1,887,500	1,887,500	-
Total Other Financing Sources (Uses)	1,512,291	3,200,742	3,137,374	(63,368)
Net Change in Fund Balance	\$ 299,707	\$ (254,230)	(731,973)	\$ (477,743)
Beginning fund balance			7,698,040	
Ending Fund Balance			\$ 6,966,067	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

\* Expenditures exceeded appropriations at the legal level of control.

# City of Denison, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended

	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Total pension liability				
Service cost	\$ 1,385,094	\$ 1,471,283	\$ 1,570,742	\$ 1,592,801
Interest	3,806,514	3,948,676	4,004,811	4,138,491
Differences between expected and actual experience	(534,097)	(575,637)	(190,121)	(401,576)
Changes of assumptions	-	1,069,012	-	-
Benefit payments, including refunds of participant contributions	(2,391,085)	(2,948,365)	(3,136,017)	(3,695,995)
<b>Net change in total pension liability</b>	<b>2,266,426</b>	<b>2,964,969</b>	<b>2,249,415</b>	<b>1,633,721</b>
<b>Total pension liability - beginning</b>	<b>54,881,770</b>	<b>57,148,196</b>	<b>60,113,165</b>	<b>62,362,580</b>
<b>Total pension liability - ending (a)</b>	<b>57,148,196</b>	<b>60,113,165</b>	<b>62,362,580</b>	<b>63,996,301</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,253,742	\$ 1,241,360	\$ 1,194,194	\$ 1,307,587
Contributions - members	688,330	699,659	708,453	718,866
Net investment income	2,965,830	80,166	3,605,230	7,715,846
Benefit payments, including refunds of participant contributions	(2,391,085)	(2,948,365)	(3,136,017)	(3,695,995)
Administrative expenses	(30,966)	(48,830)	(40,721)	(39,994)
Other	(2,546)	(2,412)	(2,194)	(2,027)
<b>Net change in plan fiduciary net position</b>	<b>2,483,305</b>	<b>(978,422)</b>	<b>2,328,945</b>	<b>6,004,283</b>
<b>Plan fiduciary net position - beginning</b>	<b>51,847,184</b>	<b>54,330,489</b>	<b>53,352,067</b>	<b>55,681,012</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 54,330,489</b>	<b>\$ 53,352,067</b>	<b>\$ 55,681,012</b>	<b>\$ 61,685,295</b>
<b>Fund's net pension liability - ending (a) - (b)</b>	<b>\$ 2,817,707</b>	<b>\$ 6,761,098</b>	<b>\$ 6,681,568</b>	<b>\$ 2,311,006</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>				
	95.07%	88.75%	89.29%	96.39%
<b>Covered payroll</b>	\$ 9,833,286	\$ 9,995,129	\$ 10,120,762	\$ 10,269,508
<b>Fund's net pension liability as a percentage of covered payroll</b>	28.65%	67.64%	66.02%	22.50%

**Notes to schedule:**

1) This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

12/31/2018 <sup>1</sup>

\$ 1,698,110  
4,259,941

15,566

-

(3,470,248)

2,503,369

63,996,301

66,499,670

\$ 1,410,223  
775,143  
(1,846,896)

(3,470,248)

(35,711)

(1,866)

(3,169,355)

61,685,295

\$ 58,515,940

\$ 7,983,730

87.99%

\$ 11,005,252

72.54%

# City of Denison, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	9/30/2015	9/30/2016	9/30/2017	9/30/2018
Actuarially determined employer contributions	\$ 1,256,647	\$ 1,197,073	\$ 1,276,138	\$ 1,366,662
Contributions in relation to the actuarially determined contribution	\$ 1,256,647	\$ 1,197,073	\$ 1,276,138	\$ 1,366,662
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 10,050,835	\$ 10,014,944	\$ 10,309,965	\$ 10,729,319
Employer contributions as a percentage of covered payroll	12.50%	11.95%	12.38%	12.74%

1) This schedule is presented to illustrate the requirement to show information for ten fiscal years. However, until a full ten-year trend is compiled, only available information is shown.

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

#### Valuation Date:

Notes 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 Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

#### Other Information:

Notes There were no benefit changes during the year.

9/30/2019 <sup>1</sup>

\$ 1,431,847

\$ 1,431,847

\$ -

\$ 10,729,319

12.17%

# City of Denison, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DENISON FIREMEN'S RELIEF AND RETIREMENT FUND

Years Ended:

	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Total pension liability				
Service cost	\$ 519,493	\$ 540,273	\$ 561,884	\$ 584,359
Interest	1,570,247	1,636,517	1,691,849	1,754,603
Differences between expected and actual experience	-	(322,524)	-	(246,506)
Changes of assumptions	-	249,916	-	(750,691)
Benefit payments, including refunds of participant contributions	(1,212,961)	(1,318,961)	(1,504,730)	(1,428,216)
<b>Net change in total pension liability</b>	<b>876,779</b>	<b>785,221</b>	<b>749,003</b>	<b>(86,451)</b>
<b>Total pension liability - beginning</b>	<b>20,358,784</b>	<b>21,235,563</b>	<b>22,020,784</b>	<b>22,769,787</b>
<b>Total pension liability - ending (a)</b>	<b>21,235,563</b>	<b>22,020,784</b>	<b>22,769,787</b>	<b>22,683,336</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 487,188	\$ 493,062	\$ 500,182	\$ 501,647
Contributions - members	389,748	398,318	400,158	401,067
Net investment income	1,368,721	(1,053,804)	1,139,415	2,568,080
Benefit payments, including refunds of participant contributions	(1,212,961)	(1,318,961)	(1,504,730)	(1,428,216)
Administrative expenses	(21,105)	(26,839)	(28,393)	(38,876)
Other	-	(2,003)	-	-
<b>Net change in plan fiduciary net position</b>	<b>1,011,591</b>	<b>(1,510,227)</b>	<b>506,632</b>	<b>2,003,702</b>
<b>Plan fiduciary net position - beginning</b>	<b>15,713,372</b>	<b>16,724,963</b>	<b>15,214,736</b>	<b>15,721,368</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 16,724,963</b>	<b>\$ 15,214,736</b>	<b>\$ 15,721,368</b>	<b>\$ 17,725,070</b>
<b>Fund's net pension liability - ending (a) - (b)</b>	<b>\$ 4,510,600</b>	<b>\$ 6,806,048</b>	<b>\$ 7,048,419</b>	<b>\$ 4,958,266</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 78.76%	 69.09%	 69.04%	 78.14%
<b>Covered payroll</b>	\$ 3,247,920	\$ 3,287,080	\$ 3,334,547	\$ 3,344,313
<b>Fund's net position as a percentage of covered payroll</b>	138.88%	207.05%	211.38%	148.26%

**Notes to schedule:**

1) This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

<u>12/31/2018</u> <sup>1</sup>	
\$	487,429
	1,679,321
	-
	-
	<u>(1,559,639)</u>
	607,111
	<u>22,683,336</u>
	<u>23,290,447</u>
\$	504,819
	404,045
	(461,618)
	(1,559,639)
	(24,075)
	-
	<u>(1,136,468)</u>
	17,725,070
\$	<u>16,588,602</u>
\$	<u><u>6,701,845</u></u>

71.22%

\$ 3,365,460

199.14%

# City of Denison, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN DENISON FIREMEN'S RELIEF AND RETIREMENT FUND

Years Ended:

	9/30/2015	9/30/2016	9/30/2017	9/30/2018
Actuarially determined employer contributions	\$ 495,712	\$ 498,662	\$ 504,920	\$ 500,846
Contributions in relation to the actuarially determined contribution	\$ 495,712	\$ 498,662	\$ 504,920	\$ 500,846
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 3,304,750	\$ 3,324,413	\$ 3,366,133	\$ 3,338,973
Employer contributions as a percentage of covered payroll	15.00%	15.00%	15.00%	15.00%

1) This schedule is presented to illustrate the requirement to show information for ten fiscal years. However, until a full ten-year trend is compiled, only available information is shown.

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

#### Valuation Date:

Notes Actuarially determined contribution rates are determined by the contacted contribution rates.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	27.1 years
Asset Valuation Method	5 Year smoothed market; 20% market value corridor
Inflation	3.0%
Salary Increases	5% per year
Investment Rate of Return	7.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2017 valuation.
Mortality	RP-2000 combined healthy tables for males and females with mortality improvement projected to 2024 using Scale AA.

#### Other Information:

Notes There were no benefit changes during the year.

9/30/2019 <sup>1</sup>

\$ 513,916

\$ 513,916

\$ -

\$ 3,426,107

15.00%



***OTHER SUPPLEMENTARY INFORMATION  
COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES***

**City of Denison, Texas**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2019**

	Tax Increment Reinvestment Zone	General Interest & Sinking	Cemetery Pre-pay O&C
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 628,961	\$ 479,731	\$ 150,000
Restricted assets - cash	-	148,635	-
Receivables, net	-	74,487	-
Interest in net position of recipient organization	-	-	-
<b>Total Assets</b>	<b>\$ 628,961</b>	<b>\$ 702,853</b>	<b>\$ 150,000</b>
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 137,985
Due to other funds	-	-	5,184
Advances from other funds	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>143,169</b>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue - property taxes	-	72,709	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>72,709</b>	<b>-</b>
<b><u>Fund Balances</u></b>			
Restricted for:			
Debt service	-	630,144	-
Capital projects	-	-	-
Municipal court	-	-	-
Public safety	-	-	-
Community services	-	-	-
Committed to:			
Parks	-	-	-
General government	-	-	6,831
Capital projects	628,961	-	-
Assigned to:			
Capital projects	-	-	-
Unassigned	-	-	-
<b>Total Fund Balances</b>	<b>628,961</b>	<b>630,144</b>	<b>6,831</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 628,961</b>	<b>\$ 702,853</b>	<b>\$ 150,000</b>

<b>Special Events</b>	<b>Street Improvement</b>	<b>Parks &amp; Recreation</b>	<b>Community Development</b>	<b>Denison Public Library</b>
\$ 3,044	\$ -	\$ 515,197	\$ -	\$ -
-	493,519	-	-	146,704
-	-	82,602	-	-
-	-	-	-	-
<u>\$ 3,044</u>	<u>\$ 493,519</u>	<u>\$ 597,799</u>	<u>\$ -</u>	<u>\$ 146,704</u>
\$ 2,541	\$ 5,001	\$ 77,768	\$ 4,277	\$ 47
-	-	-	70,781	-
-	-	220,979	-	-
<u>2,541</u>	<u>5,001</u>	<u>298,747</u>	<u>75,058</u>	<u>47</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	488,518	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	146,657
-	-	299,052	-	-
503	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(75,058)	-
<u>503</u>	<u>488,518</u>	<u>299,052</u>	<u>(75,058)</u>	<u>146,657</u>
<u>\$ 3,044</u>	<u>\$ 493,519</u>	<u>\$ 597,799</u>	<u>\$ -</u>	<u>\$ 146,704</u>

**City of Denison, Texas**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2019**

	Mr. & Mrs. Jones Memorial Trust	Federal Foreitures	Fire Equipment
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted assets - cash	-	130,258	10,317
Receivables, net	-	-	-
Interest in net position of recipient organization	235,516	-	-
<b>Total Assets</b>	<b>\$ 235,516</b>	<b>\$ 130,258</b>	<b>\$ 10,317</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ -	\$ 30,650	\$ -
Due to other funds	-	-	-
Advances from other funds	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>30,650</b>	<b>-</b>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue - property taxes	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>			
Restricted for:			
Debt service	-	-	-
Capital projects	-	-	10,317
Municipal court	-	-	-
Public safety	-	99,608	-
Community services	-	-	-
Committed to:			
Parks	-	-	-
General government	-	-	-
Capital projects	-	-	-
Assigned to:			
Capital projects	235,516	-	-
Unassigned	-	-	-
<b>Total Fund Balances</b>	<b>235,516</b>	<b>99,608</b>	<b>10,317</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 235,516</b>	<b>\$ 130,258</b>	<b>\$ 10,317</b>



**City of Denison, Texas**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2019**

	<b>Law Enforcement Forfeitures</b>	<b>Police Training</b>	<b>Municipal Court Security</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ -	\$ -	\$ 2,374
Restricted assets - cash	20,524	-	-
Receivables, net	-	-	-
Interest in net position of recipient organization	-	-	-
<b>Total Assets</b>	<b>\$ 20,524</b>	<b>\$ -</b>	<b>\$ 2,374</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 700	\$ -	\$ -
Due to other funds	-	-	-
Advances from other funds	-	-	-
<b>Total Liabilities</b>	<b>700</b>	<b>-</b>	<b>-</b>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue - property taxes	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>			
Restricted for:			
Debt service	-	-	-
Capital improvements	-	-	-
Municipal court	-	-	2,374
Public safety	19,824	-	-
Community services	-	-	-
Committed to:			
Parks	-	-	-
General government	-	-	-
Capital projects	-	-	-
Assigned to:			
Capital projects	-	-	-
Unassigned	-	-	-
<b>Total Fund Balances</b>	<b>19,824</b>	<b>-</b>	<b>2,374</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 20,524</b>	<b>\$ -</b>	<b>\$ 2,374</b>

<b>Municipal Court Technology</b>	<b>Total</b>
\$ 16,811	\$ 1,797,848
-	958,800
-	157,089
-	235,516
<u>\$ 16,811</u>	<u>\$ 3,149,253</u>
\$ -	\$ 258,969
-	75,965
-	220,979
<u>-</u>	<u>555,913</u>
-	72,709
<u>-</u>	<u>72,709</u>
-	630,144
-	498,835
16,811	19,185
-	130,005
-	146,657
-	299,052
-	7,334
-	628,961
-	235,516
-	(75,058)
<u>16,811</u>	<u>2,520,631</u>
<u>\$ 16,811</u>	<u>\$ 3,149,253</u>

# City of Denison, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	Tax Increment Reinvestment Zone	General Interest & Sinking	Cemetery Pre-pay O&C
<b><u>Revenues</u></b>			
Property tax	\$ 368,019	\$ 1,671,613	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	14,165
Fines and forfeitures	-	-	-
Investment income	13,467	15,799	3,379
Other revenue	-	-	-
<b>Total Revenues</b>	381,486	1,687,412	17,544
<b><u>Expenditures</u></b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community services	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	80,000	952,399	-
Interest and fiscal charges	35,968	276,319	-
<b>Total Expenditures</b>	115,968	1,228,718	-
<b>Revenues Over (Under) Expenditures</b>	265,518	458,694	17,544
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	-	-	-
Transfers (out)	-	(108,682)	(14,165)
<b>Total Other Financing Sources (Uses)</b>	-	(108,682)	(14,165)
<b>Net Change in Fund Balances</b>	265,518	350,012	3,379
Beginning fund balances	363,443	280,132	3,452
<b>Ending Fund Balances</b>	\$ 628,961	\$ 630,144	\$ 6,831

<b>Special Events</b>	<b>Street Improvement</b>	<b>Parks &amp; Recreation</b>	<b>Community Development</b>	<b>Denison Public Library</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	51,296	116,874
-	-	512,059	80,859	-
-	-	-	-	-
162	5,215	11,079	-	3,261
177,119	3,900	1,500	206,978	-
<u>177,281</u>	<u>9,115</u>	<u>524,638</u>	<u>339,133</u>	<u>120,135</u>
191,304	-	-	193,387	78,806
-	-	-	-	-
-	-	518,711	-	-
-	259,188	-	-	-
-	468,565	-	-	-
-	-	-	169,000	-
-	-	-	37,978	-
<u>191,304</u>	<u>727,753</u>	<u>518,711</u>	<u>400,365</u>	<u>78,806</u>
<u>(14,023)</u>	<u>(718,638)</u>	<u>5,927</u>	<u>(61,232)</u>	<u>41,329</u>
-	670,000	-	-	-
-	-	(202,595)	-	-
-	<u>670,000</u>	<u>(202,595)</u>	-	-
(14,023)	(48,638)	(196,668)	(61,232)	41,329
14,526	537,156	495,720	(13,826)	105,328
<u>\$ 503</u>	<u>\$ 488,518</u>	<u>\$ 299,052</u>	<u>\$ (75,058)</u>	<u>\$ 146,657</u>

# City of Denison, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)

### NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	Mr. & Mrs. Jones Memorial Trust	Federal Foreitures	Fire Equipment
<b>Revenues</b>			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,200
Charges for services	-	-	-
Fines and forfeitures	-	82,320	-
Investment income	-	2,096	203
Other revenue	-	-	-
<b>Total Revenues</b>	-	84,416	1,403
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	46,341	-
Community services	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest and fiscal charges	9,433	-	-
<b>Total Expenditures</b>	9,433	46,341	-
<b>Revenues Over (Under) Expenditures</b>	(9,433)	38,075	1,403
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers (out)	-	(51,470)	-
<b>Total Other Financing Sources (Uses)</b>	-	(51,470)	-
<b>Net Change in Fund Balances</b>	(9,433)	(13,395)	1,403
Beginning fund balances	244,949	113,003	8,914
<b>Ending Fund Balances</b>	\$ 235,516	\$ 99,608	\$ 10,317

<u>Fire Training</u>	<u>Canine</u>	<u>Homeland Security Grant</u>	<u>Police Equipment</u>	<u>Vehicle Seizures</u>
\$ -	\$ -	\$ -	\$ -	\$ -
12,398	-	106,000	157,772	-
-	-	-	-	-
-	-	-	-	-
76	14	364	108	21
-	-	-	-	-
<u>12,474</u>	<u>14</u>	<u>106,364</u>	<u>157,880</u>	<u>21</u>
-	-	-	-	-
12,440	-	104,380	164,968	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>12,440</u>	<u>-</u>	<u>104,380</u>	<u>164,968</u>	<u>-</u>
34	14	1,984	(7,088)	21
-	-	-	-	-
(4,200)	-	-	-	-
<u>(4,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(4,166)	14	1,984	(7,088)	21
7,125	672	-	10,988	1,023
<u>\$ 2,959</u>	<u>\$ 686</u>	<u>\$ 1,984</u>	<u>\$ 3,900</u>	<u>\$ 1,044</u>

# City of Denison, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)

### NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	Law Enforcement Forfeitures	Police Training	Municipal Court Security
<b>Revenues</b>			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	5,590
Investment income	787	45	67
Other revenue	-	3,425	-
<b>Total Revenues</b>	787	3,470	5,657
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	81,689	3,470	-
Community services	-	-	1,741
Public works	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	81,689	3,470	1,741
<b>Revenues Over (Under) Expenditures</b>	(80,902)	-	3,916
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers (out)	-	-	(60,000)
<b>Total Other Financing Sources (Uses)</b>	-	-	(60,000)
<b>Net Change in Fund Balances</b>	(80,902)	-	(56,084)
Beginning fund balances	100,726	-	58,458
<b>Ending Fund Balances</b>	\$ 19,824	\$ -	\$ 2,374

<b>Municipal Court Technology</b>	<b>Total</b>
\$ -	\$ 2,039,632
-	445,540
-	607,083
7,453	95,363
421	56,564
-	392,922
7,874	3,637,104
-	463,497
-	413,288
20,757	541,209
-	259,188
-	468,565
-	1,201,399
-	359,698
20,757	3,706,844
(12,883)	(69,740)
-	670,000
-	(441,112)
-	228,888
(12,883)	159,148
29,694	2,361,483
\$ 16,811	\$ 2,520,631

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL BOND FUND**  
**For the Year Ended September 30, 2019**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 902,201	\$ 797,349	\$ (104,852)
Investment income	8,000	19,481	11,481
<b>Total Revenues</b>	<b>910,201</b>	<b>816,830</b>	<b>(93,371)</b>
<b><u>Expenditures</u></b>			
Current:			
General government	6,512	6,512	-
Community services	1,558,360	1,020,141	538,219
Debt Service:			
Principal	715,000	715,000	-
Interest and fiscal charges	108,722	108,653	69
<b>Total Expenditures</b>	<b>2,388,594</b>	<b>1,850,306</b>	<b>538,288</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(1,478,393)</b>	<b>(1,033,476)</b>	<b>444,917</b>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	-	367,731	367,731
Transfers (out)	(139,992)	-	139,992
<b>Total Other Financing Sources (Uses)</b>	<b>(139,992)</b>	<b>367,731</b>	<b>507,723</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,618,385)</b>	<b>(665,745)</b>	<b>\$ 952,640</b>
Beginning fund balance		886,317	
<b>Ending Fund Balance</b>		<b>\$ 220,572</b>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**TAX INCREMENT REINVESTMENT ZONE**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Property tax	\$ 388,000	\$ 368,019	\$ (19,981)
Investment income	2,600	13,467	10,867
<b>Total Revenues</b>	390,600	381,486	(9,114)
 <b><u>Expenditures</u></b>			
Debt Service:			
Principal	80,000	80,000	-
Interest and fiscal charges	36,013	35,968	45
<b>Total Expenditures</b>	116,013	115,968	45
<b>Revenues Over (Under) Expenditures</b>	274,587	265,518	(9,069)
<b>Net Change in Fund Balances</b>	\$ 274,587	265,518	\$ (9,069)
Beginning fund balances		363,443	
<b>Ending Fund Balances</b>		\$ 628,961	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL INTEREST AND SINKING**  
**For the Year Ended September 30, 2019**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Property tax	\$ 1,455,311	\$ 1,671,613	\$ 216,302
Investment income	6,000	15,799	9,799
<b>Total Revenues</b>	<u>1,461,311</u>	<u>1,687,412</u>	<u>226,101</u>
<b><u>Expenditures</u></b>			
Debt Service:			
Principal	952,399	952,399	-
Interest and fiscal charges	502,911	276,319	226,592
<b>Total Expenditures</b>	<u>1,455,310</u>	<u>1,228,718</u>	<u>226,592</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	(108,682)	(108,682)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(108,682)</u>	<u>(108,682)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ (102,681)</u>	350,012	<u>\$ 452,693</u>
Beginning fund balances		<u>280,132</u>	
<b>Ending Fund Balances</b>		<u>\$ 630,144</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CEMETERY PRE-PAY O&C**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Charges for services	\$ 10,000	\$ 14,165	\$ 4,165
Investment income	1,000	3,379	2,379
<b>Total Revenues</b>	11,000	17,544	6,544
 <b><u>Expenditures</u></b>			
Current:			
General government	10,000	-	10,000
<b>Total Expenditures</b>	10,000	-	10,000
<b>Revenues Over (Under) Expenditures</b>	1,000	17,544	16,544
 <b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	-	(14,165)	(14,165) *
<b>Total Other Financing Sources (Uses)</b>	-	(14,165)	(14,165)
<b>Net Change in Fund Balances</b>	\$ 1,000	3,379	\$ 2,379
Beginning fund balances		3,452	
<b>Ending Fund Balances</b>		\$ 6,831	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

\* Expenditures exceeded appropriations at the legal level of control.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**STREET IMPROVEMENT**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Investment income	\$ 1,250	\$ 5,215	\$ 3,965
Other revenue	-	3,900	3,900
<b>Total Revenues</b>	1,250	9,115	7,865
 <b><u>Expenditures</u></b>			
Public works	536,764	259,188	277,576
Capital outlay	670,000	468,565	201,435
<b>Total Expenditures</b>	1,206,764	727,753	479,011
<b>Revenues Over (Under) Expenditures</b>	(1,205,514)	(718,638)	486,876
 <b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	670,000	670,000	-
<b>Total Other Financing Sources (Uses)</b>	670,000	670,000	-
<b>Net Change in Fund Balances</b>	\$ (535,514)	(48,638)	\$ 486,876
Beginning fund balances		537,156	
<b>Ending Fund Balances</b>		\$ 488,518	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DENISON PUBLIC LIBRARY**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 128,100	\$ 116,874	\$ (11,226)
Investment income	1,000	3,261	2,261
<b>Total Revenues</b>	129,100	120,135	(8,965)
 <b><u>Expenditures</u></b>			
Current:			
General government	128,600	78,806	49,794
<b>Total Expenditures</b>	128,600	78,806	49,794
<b>Net Change in Fund Balances</b>	\$ 500	41,329	\$ 40,829
Beginning fund balances		105,328	
<b>Ending Fund Balances</b>		\$ 146,657	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FEDERAL FORFEITURES**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 45,000	\$ 82,320	\$ 37,320
Investment income	2,000	2,096	96
<b>Total Revenues</b>	47,000	84,416	37,416
 <b><u>Expenditures</u></b>			
Current:			
Public safety	25,000	46,341	(21,341) *
<b>Total Expenditures</b>	25,000	46,341	(21,341)
<b>Revenues Over (Under) Expenditures</b>	22,000	38,075	16,075
 <b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	(88,915)	(51,470)	37,445
<b>Total Other Financing Sources (Uses)</b>	(88,915)	(51,470)	37,445
<b>Net Change in Fund Balances</b>	\$ (66,915)	(13,395)	\$ 53,520
Beginning fund balances		113,003	
<b>Ending Fund Balances</b>		\$ 99,608	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

\* Expenditures exceeded appropriations at the legal level of control.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FIRE EQUIPMENT**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ -	\$ 1,200	\$ 1,200
Investment income	-	203	203
<b>Total Revenues</b>	-	1,403	1,403
 <b><u>Expenditures</u></b>			
Current:			
Public safety	6,000	-	6,000
<b>Total Expenditures</b>	6,000	-	6,000
<b>Net Change in Fund Balances</b>	\$ (6,000)	1,403	\$ 7,403
Beginning fund balances		8,914	
<b>Ending Fund Balances</b>		\$ 10,317	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PARKS & RECREATION**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Charges for services	\$ 505,000	\$ 512,059	\$ 7,059
Investment income	4,000	11,079	7,079
Other revenue	-	1,500	1,500
<b>Total Revenues</b>	509,000	524,638	15,638
<b><u>Expenditures</u></b>			
Current:			
Culture and recreation	782,423	518,711	263,712
<b>Total Expenditures</b>	782,423	518,711	263,712
<b>Revenues Over (Under) Expenditures</b>	(273,423)	5,927	279,350
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	56,599	-	(56,599)
Transfers (out)	-	(202,595)	(202,595) *
<b>Total Other Financing Sources (Uses)</b>	56,599	(202,595)	(259,194)
<b>Net Change in Fund Balances</b>	\$ (216,824)	(196,668)	\$ 20,156
Beginning fund balances		495,720	
<b>Ending Fund Balances</b>		\$ 299,052	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

\* Expenditures exceeded appropriations at the legal level of control.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**LAW ENFORCEMENT FORFEITURES**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 40,000	\$ -	\$ (40,000)
Investment income	-	787	787
<b>Total Revenues</b>	40,000	787	(39,213)
 <b><u>Expenditures</u></b>			
Current:			
Public safety	46,900	81,689	(34,789) *
<b>Total Expenditures</b>	46,900	81,689	(34,789)
<b>Revenues Over (Under) Expenditures</b>	(6,900)	(80,902)	(74,002)
<b>Net Change in Fund Balances</b>	\$ (6,900)	(80,902)	\$ (74,002)
Beginning fund balances		100,726	
<b>Ending Fund Balances</b>		\$ 19,824	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

\* Expenditures exceeded appropriations at the legal level of control.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**SPECIAL EVENTS**  
**For the Year Ended September 30, 2019**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Other income	\$ 151,000	\$ 177,119	\$ 26,119
Investment income	50	162	112
<b>Total Revenues</b>	151,050	177,281	26,231
 <b><u>Expenditures</u></b>			
Current:			
General government	151,000	191,304	(40,304) *
<b>Total Expenditures</b>	151,000	191,304	(40,304)
<b>Revenues Over (Under) Expenditures</b>	50	(14,023)	(14,073)
 <b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	(50)	-	50
<b>Total Other Financing Sources (Uses)</b>	(50)	-	50
<b>Net Change in Fund Balances</b>	\$ -	(14,023)	\$ (14,023)
Beginning fund balances		14,526	
<b>Ending Fund Balances</b>		\$ 503	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

\* Expenditures exceeded appropriations at the legal level of control.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**MUNICIPAL COURT SECURITY**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 8,500	\$ 5,590	\$ (2,910)
Investment income	100	67	(33)
<b>Total Revenues</b>	8,600	5,657	(2,943)
 <b><u>Expenditures</u></b>			
Current:			
Public service	61,500	1,741	59,759
<b>Total Expenditures</b>	61,500	1,741	59,759
<b>Revenues Over (Under) Expenditures</b>	(52,900)	3,916	56,816
<b>Net Change in Fund Balances</b>	\$ (52,900)	(56,084)	\$ (3,184)
Beginning fund balances		58,458	
<b>Ending Fund Balances</b>		\$ 2,374	

Notes to Supplementary Information

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**MUNICIPAL COURT TECHNOLOGY**  
**For the Year Ended September 30, 2019**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 9,500	\$ 7,453	\$ (2,047)
Investment income	300	421	121
<b>Total Revenues</b>	9,800	7,874	(1,926)
 <b><u>Expenditures</u></b>			
Current:			
Public service	27,000	20,757	6,243
<b>Total Expenditures</b>	27,000	20,757	6,243
<b>Revenues Over (Under) Expenditures</b>	(17,200)	(12,883)	4,317
<b>Net Change in Fund Balances</b>	\$ (17,200)	(12,883)	\$ 4,317
Beginning fund balances		29,694	
<b>Ending Fund Balances</b>		\$ 16,811	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FIRE TRAINING**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ -	\$ 12,398	\$ 12,398
Investment income	-	76	76
<b>Total Revenues</b>	-	12,474	12,474
 <b><u>Expenditures</u></b>			
Current:			
Public safety	5,000	12,440	(7,440) *
<b>Total Expenditures</b>	5,000	12,440	(7,440)
<b>Revenues Over (Under) Expenditures</b>	(5,000)	34	5,034
 <b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	-	(4,200)	(4,200)
<b>Total Other Financing Sources (Uses)</b>	-	(4,200)	(4,200)
<b>Net Change in Fund Balances</b>	\$ (5,000)	(4,166)	\$ 834
Beginning fund balances		7,125	
<b>Ending Fund Balances</b>		\$ 2,959	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

\* Expenditures exceeded appropriations at the legal level of control.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOMELAND SECURITY GRANT**  
**For the Year Ended September 30, 2019**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 106,000	\$ 106,000	\$ -
Investment income	-	364	364
<b>Total Revenues</b>	106,000	106,364	364
 <b><u>Expenditures</u></b>			
Current:			
Public safety	106,000	104,380	1,620
<b>Total Expenditures</b>	106,000	104,380	1,620
<b>Net Change in Fund Balances</b>	\$ -	1,984	\$ 1,984
Beginning fund balances		-	
<b>Ending Fund Balances</b>		\$ 1,984	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**VEHICLE SEIZURES**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Investment income	\$ 6	\$ 21	\$ 15
<b>Total Revenues</b>	6	21	15
<b>Net Change in Fund Balances</b>	\$ 6	21	\$ 15
Beginning fund balances		1,023	
<b>Ending Fund Balances</b>		\$ 1,044	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CANINE**  
**For the Year Ended September 30, 2019**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Investment income	\$ 5	\$ 14	\$ 9
<b>Total Revenues</b>	5	14	9
<b>Net Change in Fund Balances</b>	\$ 5	14	\$ 9
Beginning fund balances		672	
<b>Ending Fund Balances</b>		\$ 686	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of Denison, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**POLICE TRAINING**  
**For the Year Ended September 30, 2019**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Investment income	\$ 15	\$ 45	\$ 30
Other revenue	3,000	3,425	425
<b>Total Revenues</b>	3,015	3,470	455
 <b><u>Expenditures</u></b>			
Current:			
Public safety	3,375	3,470	(95) *
<b>Total Expenditures</b>	3,375	3,470	(95)
<b>Revenues Over (Under) Expenditures</b>	(360)	-	360
<b>Net Change in Fund Balances</b>	\$ (360)	-	\$ 360
Beginning fund balances		-	
<b>Ending Fund Balances</b>		\$ -	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

\* Expenditures exceeded appropriations at the legal level of control.



**City of Denison, Texas**  
**COMBINING SCHEDULE OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**September 30, 2019**

	<b>Denison Business and Industrial Corporation</b>	<b>Denison Community Investment Corporation*</b>	<b>Denison Public Library Endowment Fund</b>	<b>Total</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 2,294,254	\$ 441,594	\$ 21,035	\$ 2,756,883
Restricted assets - cash	125,522	31,701	-	157,223
Retricted assets - investments	-	-	740,032	740,032
Receivables, net	392,677	4,647	-	397,324
Notes receivable	-	114,529	-	114,529
<b>Total Current Assets</b>	<b>2,812,453</b>	<b>592,471</b>	<b>761,067</b>	<b>4,165,991</b>
Investments	-	482,336	-	482,336
Note receivable - long-term portion	-	550,367	-	550,367
Capital assets:				
Non-depreciable	1,687,842	-	-	1,687,842
Net depreciable capital assets	3,077,221	-	-	3,077,221
<b>Total Noncurrent Assets</b>	<b>4,765,063</b>	<b>1,032,703</b>	<b>-</b>	<b>5,797,766</b>
<b>Total Assets</b>	<b>7,577,516</b>	<b>1,625,174</b>	<b>761,067</b>	<b>9,963,757</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	88,883	-	-	88,883
Escrow payable	-	31,701	-	31,701
Accrued interest payable	3,495	-	-	3,495
Compensated absences - current	7,709	-	-	7,709
Debt due within one year	571,533	-	-	571,533
	<b>671,620</b>	<b>31,701</b>	<b>-</b>	<b>703,321</b>
Noncurrent liabilities:				
Compensated absences - noncurrent	69,382	-	-	69,382
Debt due in more than one year	396,000	-	-	396,000
	<b>465,382</b>	<b>-</b>	<b>-</b>	<b>465,382</b>
<b>Total Liabilities</b>	<b>1,137,002</b>	<b>31,701</b>	<b>-</b>	<b>1,168,703</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	3,873,062	-	-	3,873,062
Restricted				
Debt service	13,257	-	-	13,257
Library	-	-	-	-
Unrestricted	2,554,195	1,593,473	761,067	4,908,735
<b>Total Net Position</b>	<b>\$ 6,440,514</b>	<b>\$ 1,593,473</b>	<b>\$ 761,067</b>	<b>\$ 8,795,054</b>

\*Note: As of December 31, 2018

**City of Denison, Texas**  
**COMBINING SCHEDULE OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**For the Year Ended September 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Component Units</b>				
<b>Governmental Activities</b>				
Business and Industrial	\$ 1,869,478	\$ 496,391	\$ -	\$ 20,092
Public Library Endowment Fund	68,377	-	10,620	-
<b>Total Governmental Activities</b>	<b>1,937,855</b>	<b>496,391</b>	<b>10,620</b>	<b>20,092</b>
<b>Business-Type Activities</b>				
Community Investment	23,516	-	-	-
<b>Total Business-Type Activities</b>	<b>23,516</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Component Units</b>	<b>\$ 1,961,371</b>	<b>\$ 496,391</b>	<b>\$ 10,620</b>	<b>\$ 20,092</b>

**General Revenues:**

Sales taxes  
Investment income  
Other revenues

**Total General Revenues**

**Change in Net Position**

Beginning Net Position

**Ending Net Position**

\*Note: For the year ended December 31, 2018

**Net (Expense) Revenue and Changes in Net Position**

<b>Denison Business and Industrial Corporation</b>	<b>Denison Community Investment Corporation*</b>	<b>Denison Public Library Endowment Fund</b>	<b>Total</b>
\$ (1,352,995)	\$ -	\$ -	\$ (1,352,995)
-	-	(57,757)	(57,757)
<u>(1,352,995)</u>	<u>-</u>	<u>(57,757)</u>	<u>(1,410,752)</u>
-	(23,516)	-	(23,516)
-	(23,516)	-	(23,516)
<u>\$ (1,352,995)</u>	<u>\$ (23,516)</u>	<u>\$ (57,757)</u>	<u>\$ (1,434,268)</u>
1,903,653	-	-	1,903,653
36,663	39,989	45,009	121,661
1,000	1,302	1,143	3,445
<u>1,941,316</u>	<u>41,291</u>	<u>46,152</u>	<u>2,028,759</u>
588,321	17,775	(11,605)	594,491
5,852,193	1,575,698	772,672	8,200,563
<u>\$ 6,440,514</u>	<u>\$ 1,593,473</u>	<u>\$ 761,067</u>	<u>\$ 8,795,054</u>



## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
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Financial Trends	132
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*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Revenue Capacity	144
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*These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.*

Debt Capacity	152
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*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

Demographic and Economic Information	159
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*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

Operating Information	162
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*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

**City of Denison, Texas**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years (Unaudited)**  
**(accrual basis of accounting)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 37,535,804	\$ 37,495,796	\$ 37,132,818	\$ 35,036,127
Restricted	1,645,398	773,847	501,914	481,114
Unrestricted	<u>(3,290,132)</u>	<u>(51,283)</u>	<u>(364,665)</u>	<u>1,024,406</u>
<b>Total governmental activities net position</b>	<b><u><u>\$ 35,891,070</u></u></b>	<b><u><u>\$ 38,218,360</u></u></b>	<b><u><u>\$ 37,270,067</u></u></b>	<b><u><u>\$ 36,541,647</u></u></b>
 <b>Business-type activities</b>				
Net investment in capital assets	\$ 18,465,710	\$ 18,227,222	\$ 17,982,620	\$ 17,690,856
Restricted	-	-	-	-
Unrestricted	<u>5,973,273</u>	<u>3,693,557</u>	<u>3,285,060</u>	<u>3,199,098</u>
<b>Total business-type activities net position</b>	<b><u><u>\$ 24,438,983</u></u></b>	<b><u><u>\$ 21,920,779</u></u></b>	<b><u><u>\$ 21,267,680</u></u></b>	<b><u><u>\$ 20,889,954</u></u></b>
 <b>Primary government</b>				
Net investment in capital assets	\$ 56,001,514	\$ 55,723,018	\$ 55,115,438	\$ 52,726,983
Restricted	1,645,398	773,847	501,914	481,114
Unrestricted	<u>2,683,141</u>	<u>3,642,274</u>	<u>2,920,395</u>	<u>4,223,504</u>
<b>Total primary government net position</b>	<b><u><u>\$ 60,330,053</u></u></b>	<b><u><u>\$ 60,139,139</u></u></b>	<b><u><u>\$ 58,537,747</u></u></b>	<b><u><u>\$ 57,431,601</u></u></b>

Source: Audited city financials

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 26,366,449	\$ 26,183,653	\$ 25,489,295	\$ 25,010,721	\$ 24,679,356	\$ 25,022,890
315,807	284,879	790,267	2,401,922	3,117,398	1,638,459
<u>2,058,721</u>	<u>1,251,676</u>	<u>6,124,351</u>	<u>3,383,793</u>	<u>2,587,671</u>	<u>6,047,351</u>
<u><u>\$ 28,740,977</u></u>	<u><u>\$ 27,720,208</u></u>	<u><u>\$ 32,403,913</u></u>	<u><u>\$ 30,796,436</u></u>	<u><u>\$ 30,384,425</u></u>	<u><u>\$ 32,708,700</u></u>
\$ 17,614,946	\$ 17,361,833	\$ 18,066,238	\$ 17,566,714	\$ 15,655,014	\$ 14,311,525
-	-	308,663	1,367,649	1,004,512	1,939,777
<u>3,399,905</u>	<u>3,361,574</u>	<u>2,691,624</u>	<u>2,564,301</u>	<u>4,367,729</u>	<u>3,228,748</u>
<u><u>\$ 21,014,851</u></u>	<u><u>\$ 20,723,407</u></u>	<u><u>\$ 21,066,525</u></u>	<u><u>\$ 21,498,664</u></u>	<u><u>\$ 21,027,255</u></u>	<u><u>\$ 19,480,050</u></u>
\$ 43,981,395	\$ 43,545,486	\$ 43,555,533	\$ 42,577,435	\$ 40,334,370	\$ 39,334,415
315,807	284,879	1,098,930	3,769,571	4,121,910	3,578,236
<u>5,458,626</u>	<u>4,613,250</u>	<u>8,815,975</u>	<u>5,948,094</u>	<u>6,955,400</u>	<u>9,276,099</u>
<u><u>\$ 49,755,828</u></u>	<u><u>\$ 48,443,615</u></u>	<u><u>\$ 53,470,438</u></u>	<u><u>\$ 52,295,100</u></u>	<u><u>\$ 51,411,680</u></u>	<u><u>\$ 52,188,750</u></u>

# City of Denison, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 5,674,881	\$ 5,592,849	\$ 6,217,065	\$ 4,676,013
Public safety	12,903,441	11,341,795	11,552,027	10,918,408
Community services	5,776,713	4,055,461	4,288,512	4,124,284
Public works	6,804,281	6,324,708	6,157,746	4,953,880
Interest on long-term debt	506,897	538,988	489,753	305,847
<b>Total governmental activities expenses</b>	<u>31,666,213</u>	<u>27,853,801</u>	<u>28,705,103</u>	<u>24,978,432</u>
Business-type activities:				
Water and sewer	10,545,353	9,771,531	9,557,924	9,456,049
<b>Total business-type activities expenses</b>	<u>10,545,353</u>	<u>9,771,531</u>	<u>9,557,924</u>	<u>9,456,049</u>
<b>Total primary government expenses</b>	<u>\$ 42,211,566</u>	<u>\$ 37,625,332</u>	<u>\$ 38,263,027</u>	<u>\$ 34,434,481</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,418,334	\$ 1,243,624	\$ 1,214,347	\$ 901,405
Public safety	1,829,812	2,353,054	1,860,847	2,237,545
Community services	1,688,766	1,446,762	1,405,039	1,170,975
Public works	5,410,774	5,394,334	5,178,881	4,948,606
Operating grants and contributions	449,370	819,419	224,280	1,199,819
Capital grants and contributions	-	-	272,525	-
<b>Total governmental activities program revenues</b>	<u>10,797,056</u>	<u>11,257,193</u>	<u>10,155,919</u>	<u>10,458,350</u>
Business-type activities:				
Charges for services:				
Water and sewer	12,783,394	12,555,348	11,925,469	11,035,471
Capital grants and contributions	-	-	-	-
<b>Total business-type activities program revenues</b>	<u>12,783,394</u>	<u>12,555,348</u>	<u>11,925,469</u>	<u>11,035,471</u>
<b>Total primary government program revenues</b>	<u>\$ 23,580,450</u>	<u>\$ 23,812,541</u>	<u>\$ 22,081,388</u>	<u>\$ 21,493,821</u>

Source: Audited city financials

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 4,368,406	\$ 4,435,657	\$ 4,440,637	\$ 3,688,863	\$ 4,130,277	\$ 5,404,081
9,790,527	10,211,949	9,971,406	10,155,901	10,480,689	9,593,572
3,708,493	3,536,025	2,896,243	3,082,804	3,512,862	1,945,180
5,524,477	6,092,200	5,365,405	5,643,181	5,532,826	5,494,897
239,722	208,340	280,610	263,639	308,555	319,054
<u>23,631,625</u>	<u>24,484,171</u>	<u>22,954,301</u>	<u>22,834,388</u>	<u>23,965,209</u>	<u>22,756,784</u>
<u>9,350,407</u>	<u>8,633,070</u>	<u>8,877,882</u>	<u>8,559,045</u>	<u>7,820,060</u>	<u>7,669,479</u>
<u>9,350,407</u>	<u>8,633,070</u>	<u>8,877,882</u>	<u>8,559,045</u>	<u>7,820,060</u>	<u>7,669,479</u>
<u>\$ 32,982,032</u>	<u>\$ 33,117,241</u>	<u>\$ 31,832,183</u>	<u>\$ 31,393,433</u>	<u>\$ 31,785,269</u>	<u>\$ 30,426,263</u>
\$ 1,038,224	\$ 1,288,598	\$ 1,557,029	\$ 705,004	\$ 434,561	\$ 377,481
2,230,118	1,503,310	1,694,965	2,233,680	2,015,051	2,263,315
1,084,003	1,100,612	1,275,625	790,515	343,095	353,208
4,882,630	4,709,727	5,457,436	5,486,032	5,294,548	5,167,778
533,356	789,741	43,392	83,496	64,003	106,360
-	-	505,221	673,301	671,012	894,408
<u>9,768,331</u>	<u>9,391,988</u>	<u>10,533,668</u>	<u>9,972,028</u>	<u>8,822,270</u>	<u>9,162,550</u>
10,874,750	9,890,510	9,656,556	10,160,350	10,210,515	9,524,770
-	-	-	189,642	-	956,200
<u>10,874,750</u>	<u>9,890,510</u>	<u>9,656,556</u>	<u>10,349,992</u>	<u>10,210,515</u>	<u>10,480,970</u>
<u>\$ 20,643,081</u>	<u>\$ 19,282,498</u>	<u>\$ 20,190,224</u>	<u>\$ 20,322,020</u>	<u>\$ 19,032,785</u>	<u>\$ 19,643,520</u>

**City of Denison, Texas**  
**CHANGES IN NET POSITION (Continued)**  
**Last Ten Fiscal Years (Unaudited)**  
**(accrual basis of accounting)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Net (Expenses) Revenue</b>				
Governmental activities	\$ (20,869,157)	\$ (16,596,608)	\$ (18,549,184)	\$ (14,520,082)
Business-type activities	2,238,041	2,783,817	2,367,545	1,579,422
<b>Total primary government net expense</b>	<u>\$ (18,631,116)</u>	<u>\$ (13,812,791)</u>	<u>\$ (16,181,639)</u>	<u>\$ (12,940,660)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 10,049,035	\$ 8,861,579	\$ 8,507,756	\$ 7,669,631
Sales taxes	5,710,960	5,591,271	5,148,801	4,717,022
Franchise and local taxes	1,935,460	1,936,874	1,788,815	1,837,245
Other revenues	624,662	735,762	859,401	625,210
Investment earnings	216,726	163,508	105,995	45,826
Gain (Loss) on sale of capital assets	-	-	50,000	(567,217)
Change in interest in recipient org.	-	-	-	-
Transfers	5,024	1,539,284	2,023,317	1,687,361
<b>Total governmental activities</b>	<u>18,541,867</u>	<u>18,828,278</u>	<u>18,484,085</u>	<u>16,015,078</u>
Business-type activities:				
Miscellaneous	-	-	-	-
Investment earnings	285,187	108,868	33,498	28,985
Gain (Loss) on sale of capital assets	-	-	-	(45,943)
Transfers	(5,024)	(1,539,284)	(2,023,317)	(1,687,361)
<b>Total business-type activities</b>	<u>280,163</u>	<u>(1,430,416)</u>	<u>(1,989,819)</u>	<u>(1,704,319)</u>
<b>Total primary government</b>	<u>\$ 18,822,030</u>	<u>\$ 17,397,862</u>	<u>\$ 16,494,266</u>	<u>\$ 14,310,759</u>
<b>Change in Net Position</b>				
Governmental activities	\$ (2,327,290)	\$ 2,231,670	\$ (65,099)	\$ 1,494,996
Business-type activities	2,518,204	1,353,401	377,726	(124,897)
<b>Total primary government</b>	<u>\$ 190,914</u>	<u>\$ 3,585,071</u>	<u>\$ 312,627</u>	<u>\$ 1,370,099</u>

Note: City of Denison Texas first applied GASB Statement No.34 in fiscal year 2002.

Source: Audited city financials

2015	2014	2013	2012	2011	2010
\$ (13,863,294)	\$ (15,092,183)	\$ (12,420,633)	\$ (12,862,360)	\$ (15,142,939)	\$ (13,594,234)
1,524,343	1,257,440	778,674	1,790,947	2,390,455	2,811,491
<u>\$ (12,338,951)</u>	<u>\$ (13,834,743)</u>	<u>\$ (11,641,959)</u>	<u>\$ (11,071,413)</u>	<u>\$ (12,752,484)</u>	<u>\$ (10,782,743)</u>
\$ 7,170,676	\$ 6,793,411	\$ 6,422,518	\$ 6,316,736	\$ 6,075,353	\$ 5,670,045
4,417,481	4,154,796	4,228,912	4,037,861	3,746,744	3,788,852
1,861,481	1,965,979	1,848,653	1,847,884	1,786,751	1,715,403
32,325	375,221	239,834	255,223	282,430	203,306
143,629	33,241	42,015	26,380	35,599	97,678
-	-	-	-	-	-
-	-	12,855	17,654	(10,279)	6,394
1,258,471	1,225,000	1,233,324	1,033,309	902,066	909,596
<u>14,884,063</u>	<u>14,547,648</u>	<u>14,028,111</u>	<u>13,535,047</u>	<u>12,818,664</u>	<u>12,391,274</u>
-	-	3,150	-	-	-
25,572	13,976	19,362	44,603	58,816	94,240
-	-	-	-	-	-
(1,258,471)	(1,225,000)	(1,233,324)	(1,033,309)	(902,066)	(909,596)
<u>(1,232,899)</u>	<u>(1,211,024)</u>	<u>(1,210,812)</u>	<u>(988,706)</u>	<u>(843,250)</u>	<u>(815,356)</u>
<u>\$ 13,651,164</u>	<u>\$ 13,336,624</u>	<u>\$ 12,817,299</u>	<u>\$ 12,546,341</u>	<u>\$ 11,975,414</u>	<u>\$ 11,575,918</u>
\$ 1,020,769	\$ (544,535)	\$ 1,607,478	\$ 672,687	\$ (2,324,275)	\$ (1,202,960)
291,444	46,416	(432,138)	802,241	1,547,205	1,996,135
<u>\$ 1,312,213</u>	<u>\$ (498,119)</u>	<u>\$ 1,175,340</u>	<u>\$ 1,474,928</u>	<u>\$ (777,070)</u>	<u>\$ 793,175</u>



**City of Denison, Texas**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Sales Tax</b>	<b>Hotel/Motel Tax</b>	<b>Bingo and Mixed Beverage Tax</b>	<b>Total</b>
2010	\$ 5,670,045	\$ 1,502,820	\$ 3,788,852	\$ 164,530	\$ 48,053	\$ 11,174,300
2011	\$ 6,075,353	\$ 1,475,215	\$ 3,746,744	\$ 269,706	\$ 41,830	\$ 11,608,848
2012	\$ 6,316,736	\$ 1,485,993	\$ 4,037,861	\$ 328,853	\$ 33,038	\$ 12,202,481
2013	\$ 6,422,518	\$ 1,426,639	\$ 4,228,912	\$ 380,087	\$ 41,927	\$ 12,500,083
2014	\$ 6,793,411	\$ 1,475,585	\$ 4,154,796	\$ 435,366	\$ 55,028	\$ 12,914,186
2015	\$ 7,192,805	\$ 1,441,300	\$ 4,417,481	\$ 368,846	\$ 51,335	\$ 13,471,767
2016	\$ 7,471,696	\$ 1,383,876	\$ 4,562,899	\$ 409,558	\$ 43,811	\$ 13,871,840
2017	\$ 8,507,756	\$ 1,371,528	\$ 5,148,801	\$ 371,452	\$ 45,835	\$ 15,445,372
2018	\$ 8,616,569	\$ 1,457,997	\$ 5,553,586	\$ 477,341	\$ 48,112	\$ 16,153,605
2019	\$ 9,507,352	\$ 1,458,202	\$ 6,330,200	\$ 422,336	\$ 54,922	\$ 17,773,011

Source: Audited city financials

**City of Denison, Texas**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years (Unaudited)**  
**(modified accrual basis of accounting)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>General Fund</b>				
Nonspendable	\$ 327,573	\$ 88,498	\$ 109,918	\$ 113,434
Restricted	-	-	-	-
Committed	386,981	751,725	1,706,012	1,706,012
Assigned	-	-	-	-
Unassigned	6,251,513	6,857,817	6,187,054	5,743,218
<b>Total general fund</b>	<u>\$ 6,966,067</u>	<u>\$ 7,698,040</u>	<u>\$ 8,002,984</u>	<u>\$ 7,562,664</u>
<b>All Other Governmental Funds</b>				
Restricted	\$ 1,645,398	\$ 2,385,232	\$ 13,890,862	\$ 10,853,153
Committed	935,347	877,138	728,932	674,417
Assigned	235,516	245,622	247,863	277,204
Unassigned	(75,058)	(260,195)	(2,127)	(21,824)
<b>Total all other governmental funds</b>	<u>\$ 2,741,203</u>	<u>\$ 3,247,797</u>	<u>\$ 14,865,530</u>	<u>\$ 11,782,950</u>

Notes: The City implemented GASB Statement No. 54  
 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Source: Audited city financials

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 86,063	\$ 111,432	\$ 124,192	\$ 141,305	\$ 180,128	\$ 142,099
-	26,461	16,762	648,060	748,060	778,060
1,781,095	1,358,671	1,322,492	1,741,448	1,141,236	-
-	-	637,602	200,000	-	1,220,913
6,168,066	5,590,148	3,942,369	2,728,210	2,531,065	35,869,995
<u>\$ 8,035,224</u>	<u>\$ 7,086,712</u>	<u>\$ 6,043,417</u>	<u>\$ 5,459,023</u>	<u>\$ 4,600,489</u>	<u>\$ 38,011,067</u>
\$ 1,848,023	\$ 3,365,871	\$ 4,629,922	\$ 2,401,922	\$ 3,117,398	\$ 3,076,161
514,828	399,939	765,561	423,713	232,447	-
220,142	250,138	265,716	1,349,847	1,385,580	208,018
(16,858)	(11,919)	(7,567)	(46,610)	-	2,358,999
<u>\$ 2,566,135</u>	<u>\$ 4,004,029</u>	<u>\$ 5,653,632</u>	<u>\$ 4,128,872</u>	<u>\$ 4,735,425</u>	<u>\$ 5,643,178</u>

# City of Denison, Texas

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

**Last Ten Fiscal Years (Unaudited)**  
**(modified accrual basis of accounting)**

	2019	2018	2017	2016
<b>Revenues</b>				
Taxes	\$ 17,686,489	\$ 16,324,904	\$ 15,470,740	\$ 14,225,726
Licenses, permits, and fees	607,804	523,420	512,456	304,911
Operating contributions	797,349	25,900	224,280	406,300
Capital contributions	445,540	1,587,038	793,519	793,519
Intergovernmental	-	-	-	-
Charges for services	9,560,848	9,321,868	8,889,643	8,448,748
Fines and forfeitures	400,547	601,428	456,094	568,599
Investment earnings	216,726	163,508	105,995	45,826
From other agencies	-	-	-	-
Other revenues	624,662	735,762	859,401	774,822
<b>Total Revenues</b>	30,339,965	29,283,828	27,312,128	25,568,451
<b>Expenditures</b>				
Current:				
General government	5,256,116	5,496,424	5,545,323	4,686,707
Public safety	11,618,750	10,467,072	10,597,386	10,023,933
Community services	6,468,070	3,974,436	6,765,751	4,152,743
Public works	6,382,160	5,740,187	5,751,542	5,420,051
Capital outlay	2,399,460	16,041,273	1,930,282	744,496
Debt Service:				
Principal retirement	2,656,495	2,387,944	1,787,351	1,159,923
Interest and fiscal changes	531,477	580,881	534,827	311,704
<b>Total Expenditures</b>	35,312,528	44,688,217	32,912,462	26,499,557
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	(4,972,563)	(15,404,389)	(5,600,334)	(931,106)
<b>Other financing sources (uses)</b>				
Bond issuance	-	1,000,000	7,350,000	7,475,000
Payments on refunding bonds	-	-	-	-
Net bond premium and discounts	-	-	117,671	-
Capital lease issuance	1,887,500	790,378	-	463,000
Proceeds from sale of capital assets	-	-	50,000	50,000
Unrealized gain on investments	-	-	-	-
Insurance refund	-	-	-	-
Change in interest in recipient org.	-	-	-	-
Transfers, net	1,846,493	2,019,378	1,645,934	1,687,361
<b>Total Other Financing Sources (Uses)</b>	3,733,993	3,809,756	9,163,605	9,675,361
<b>Net change in fund balances</b>	\$ (1,238,570)	\$ (11,594,633)	\$ 3,563,271	\$ 8,744,255
<b>Debt service as percentage of noncapital expenditures</b>	10.2%	10.4%	8.3%	6.0%

Source: Audited city financials

2015	2014	2013	2012	2011	2010
\$ 13,479,894	\$ 12,897,439	\$ 12,544,400	\$ 12,154,825	\$ 11,585,461	\$ 11,159,232
261,607	280,531	253,606	414,469	174,622	222,503
79,525	72,329	-	16,682	60,524	93,927
-	-	125,022	124,063	234,322	159,641
453,831	717,412	267,500	100,000	-	-
8,448,544	8,458,972	8,048,351	8,288,931	7,520,141	7,719,009
543,089	520,751	581,630	574,437	360,698	329,457
32,325	33,241	42,016	26,380	35,599	97,678
-	-	-	549,238	441,007	750,083
543,241	774,833	903,449	255,223	282,430	203,306
<u>23,842,056</u>	<u>23,755,508</u>	<u>22,765,974</u>	<u>22,504,248</u>	<u>20,694,804</u>	<u>20,734,836</u>
4,156,486	4,844,552	4,524,438	3,469,523	3,954,476	4,944,257
9,643,623	9,506,635	9,113,861	9,770,046	9,893,278	9,090,265
6,292,975	6,379,924	3,196,805	3,006,264	3,384,874	1,839,769
2,317,968	2,677,186	4,870,220	5,135,350	4,961,129	4,970,773
3,318,030	2,790,311	1,555,758	759,821	769,304	1,065,112
1,094,496	955,440	1,071,841	845,590	772,842	879,903
281,184	257,640	250,202	273,271	311,542	320,378
<u>27,104,762</u>	<u>27,411,688</u>	<u>24,583,125</u>	<u>23,259,865</u>	<u>24,047,445</u>	<u>23,110,457</u>
<u>(3,262,706)</u>	<u>(3,656,180)</u>	<u>(1,817,151)</u>	<u>(755,617)</u>	<u>(3,352,641)</u>	<u>(2,375,621)</u>
-	1,435,000	5,682,800	-	-	-
-	-	(3,530,000)	-	-	-
-	-	337,469	-	-	-
1,600,000	582,000	400,049	123,951	302,753	410,000
-	-	500,000	47,785	29,491	14,194
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	6,394
1,258,471	1,225,000	1,184,068	1,033,309	902,066	909,596
<u>2,858,471</u>	<u>3,242,000</u>	<u>4,574,386</u>	<u>1,205,045</u>	<u>1,234,310</u>	<u>1,340,184</u>
<u>\$ (404,235)</u>	<u>\$ (414,180)</u>	<u>\$ 2,757,235</u>	<u>\$ 449,428</u>	<u>\$ (2,118,331)</u>	<u>\$ (1,035,437)</u>
5.8%	4.9%	5.7%	5.0%	4.7%	5.4%

# City of Denison, Texas

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended Sept. 30	Real & Non Real Property			Less: Productivity Loss & Homestead Cap	Total Assessed Value
	Residential Property	Commercial Property	Personal Property		
2010	\$ 552,621,936	\$ 410,587,579	\$ 273,770,033	(31,488,327)	\$ 1,205,491,221
2011	\$ 557,571,793	\$ 492,031,692	\$ 288,367,033	(25,072,375)	\$ 1,312,898,143
2012	\$ 530,274,934	\$ 507,147,343	\$ 273,003,942	(22,012,839)	\$ 1,288,413,380
2013	\$ 531,766,639	\$ 517,718,636	\$ 310,787,640	(22,604,860)	\$ 1,337,668,055
2014	\$ 531,789,823	\$ 536,927,831	\$ 303,858,382	(19,543,229)	\$ 1,353,032,807
2015	\$ 544,960,592	\$ 633,865,861	\$ 311,895,598	(24,957,931)	\$ 1,465,764,120
2016	\$ 568,909,108	\$ 684,004,866	\$ 334,436,044	(26,132,144)	\$ 1,561,217,874
2017	\$ 644,858,864	\$ 712,430,939	\$ 321,533,002	(49,001,553)	\$ 1,629,821,252
2018	\$ 708,301,353	\$ 773,117,625	\$ 311,424,971	(47,844,376)	\$ 1,744,999,573
2019	\$ 823,905,532	\$ 829,016,556	\$ 318,085,182	(64,664,017)	\$ 1,906,343,253

**Source:** Grayson County Appraisal District - Certified Grand Totals Reports As of Certification

**Notes:** Property is reassessed at least every three years.

Tax rates are per \$100 of assessed value.

Residential: includes single family, vacant lots, acreage, farm and ranch, and minerals

Commercial: includes real property, industrial and utilities

<b>Total Direct Tax Rate</b>	<b>Actual Taxable Value</b>	<b>Taxable Value as a Percentage of Assessed Value</b>
0.594072	\$ 945,023,306	78.39%
0.594072	\$ 1,039,137,992	79.15%
0.653377	\$ 1,018,414,023	79.04%
0.653377	\$ 1,006,714,831	75.26%
0.653377	\$ 1,052,058,806	77.76%
0.653377	\$ 1,107,802,263	75.58%
0.653377	\$ 1,181,434,177	75.67%
0.643377	\$ 1,325,736,786	81.34%
0.633377	\$ 1,429,444,394	81.92%
0.633377	\$ 1,573,456,675	82.54%



**City of Denison, Texas**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year Ended Sept. 30	City Direct Rates			Overlapping Rates		
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Denison Independent School District	Grayson County	Grayson County Junior College
2010	0.498544	0.095528	0.594072	1.277100	0.490900	0.183715
2011	0.514572	0.079500	0.594072	1.271200	0.490900	0.181800
2012	0.571038	0.082339	0.653377	1.468200	0.490900	0.181800
2013	0.571038	0.082339	0.653377	1.481200	0.490900	0.181800
2014	0.581121	0.072256	0.653377	1.499200	0.490900	0.181610
2015	0.569980	0.083397	0.653377	1.499200	0.490900	0.181500
2016	0.575883	0.077494	0.653377	1.499200	0.490900	0.181400
2017	0.578521	0.064856	0.643377	1.499200	0.473719	0.181300
2018	0.530791	0.102586	0.633377	1.499200	0.460366	0.181200
2019	0.521438	0.111939	0.633377	1.499200	0.441810	0.177334

**Source:** Grayson County Appraisal District - Tax Rates

**Notes:** Overlapping rates are those of local and county governments that apply to property owners within the City of Denison.

**City of Denison, Texas**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**Current Fiscal Year and Nine Years Ago (Unaudited)**

Taxpayer	Type of Business	2019		
		Taxable Assessed Value	Rank	Percentage of Taxable Value
UHS of Texoma Inc. (Texoma Medical Center)	Medical Facility	\$ 140,000,000	1	7.97%
Universal Health Services	Medical Facility	38,520,595	2	2.19%
Ruiz Food Products, Inc.	Food Processing	35,356,794	3	2.01%
Grayson Properties LP	Housing Development	22,240,055	4	1.27%
Ruiz Food Products, Inc.	Food Processing	22,002,900	5	1.25%
Spectrum Brands INC	Manufacturing	20,476,462	6	1.17%
Covenant Denison Holdings LLC	Housing Development	18,934,873	7	1.08%
MFT Twin Oaks LLC	Housing Development	13,757,842	8	0.78%
Union Pacific Railroad Co	Railroad	13,603,193	9	0.77%
Oncor Electric Delivery Co LLC	Electric Provider	13,199,186	10	0.75%
UHS of Texoma Inc	Medical Facility	-	n/a	n/a
Wal-Mart Stores Inc. #3521	Large Retailer	-	n/a	n/a
Wal-Mart Stores Inc #0147	Large Retailer	-	n/a	n/a
Caterpillar Global Mining	Mining Equipment & Services	-	n/a	n/a
Top Ten Taxpayers Total:		<u>\$ 338,091,900</u>		<u>19.25%</u>
City-Wide Total Taxable Value:		<u>\$ 1,755,957,532</u>		

**Source:** Grayson Central Appraisal District - Top Ten Taxpayers

2010

Taxable Assessed *Value	Rank	Percentage of Taxable Value
\$ 30,251,269	2	2.98%
24,500,000	3	2.41%
7,885,987	8	0.78%
-	n/a	n/a
-	n/a	n/a
31,103,480	1	3.06%
-	n/a	n/a
-	n/a	n/a
20,380,030	4	2.01%
11,082,070	5	1.09%
11,035,372	6	1.09%
9,259,114	7	0.91%
6,682,047	9	0.66%
6,101,008	10	0.60%
\$ 158,280,377		15.60%
\$ 1,014,797,660		



**City of Denison, Texas**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year Ended Sept. 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2010	\$ 5,729,597	\$ 5,500,916	96.01%	\$ 204,114	\$ 5,705,030	99.57%
2011	\$ 6,068,138	\$ 5,888,654	97.04%	\$ 159,344	\$ 6,047,999	99.67%
2012	\$ 6,411,247	\$ 6,229,600	97.17%	\$ 162,079	\$ 6,391,680	99.69%
2013	\$ 6,418,152	\$ 6,270,222	97.70%	\$ 129,185	\$ 6,399,407	99.71%
2014	\$ 6,691,394	\$ 6,548,938	97.87%	\$ 117,465	\$ 6,666,402	99.63%
2015	\$ 7,055,238	\$ 6,927,406	98.19%	\$ 98,261	\$ 7,025,667	99.58%
2016	\$ 7,501,037	\$ 7,381,511	98.41%	\$ 83,915	\$ 7,465,426	99.53%
2017	\$ 8,309,353	\$ 8,164,388	98.26%	\$ 95,421	\$ 8,259,809	99.40%
2018	\$ 8,688,391	\$ 8,542,962	98.33%	\$ 71,366	\$ 8,614,328	99.15%
2019	\$ 9,520,567	\$ 9,349,717	98.21%	\$ -	\$ 9,349,717	98.21%

**Source:** Grayson County Tax Assessor and Collector:  
Recap & Standings Report.  
Tax Roll & Levy Annual Report.

**City of Denison, Texas**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Governmental Activities					
	Certificates of Obligation	General Obligation Bonds	Capital Lease	Notes Payable	Tax Notes	Issuance Premiums
2010	\$ -	\$ 7,559,628	\$ 834,593	\$ -	\$ -	\$ -
2011	\$ -	\$ 7,123,340	\$ 799,504	\$ -	\$ -	\$ -
2012	\$ -	\$ 6,659,311	\$ 527,865	\$ -	\$ -	\$ -
2013	\$ 2,553,952	\$ 6,762,864	\$ 600,197	\$ -	\$ -	\$ -
2014	\$ 2,473,620	\$ 5,041,618	\$ 970,311	\$ -	\$ 1,435,000	\$ -
2015	\$ 2,373,290	\$ 4,481,172	\$ 2,264,737	\$ -	\$ 1,240,000	\$ -
2016	\$ 9,747,960	\$ 3,905,726	\$ 2,376,817	\$ -	\$ 1,040,000	\$ -
2017	\$ 14,707,290	\$ 3,209,084	\$ 2,004,263	\$ 1,550,000	\$ 840,000	\$ 379,873
2018	\$ 14,369,982	\$ 2,556,200	\$ 2,455,635	\$ 1,389,000	\$ 635,000	\$ 341,245
2019	\$ 13,096,383	\$ 2,082,400	\$ 3,813,038	\$ 1,220,000	\$ 425,000	\$ 302,617

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

**Business-Type Activities**

<b>Certificates of Obligation</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Capital Lease</b>	<b>Issuance Discount</b>	<b>Issuance Premiums</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita*</b>
\$ 12,719,126	\$ -	\$ 2,910,000	\$ 522,132	\$ -	\$ -	\$ 24,545,479	5%	\$ 1,011
\$ 12,375,736	\$ -	\$ 2,140,000	\$ 616,115	\$ -	\$ -	\$ 23,054,695	5%	\$ 979
\$ 18,521,074	\$ -	\$ 1,340,000	\$ 383,291	\$ -	\$ -	\$ 27,431,541	6%	\$ 1,204
\$ 17,880,139	\$ -	\$ -	\$ 92,740	\$ -	\$ -	\$ 27,889,892	6%	\$ 1,231
\$ 17,924,299	\$ 1,021,100	\$ -	\$ 17,756	\$ -	\$ -	\$ 28,883,705	6%	\$ 1,271
\$ 23,369,865	\$ 1,006,391	\$ -	\$ 9,110	\$ -	\$ -	\$ 34,744,565	7%	\$ 1,517
\$ 23,896,855	\$ 991,682	\$ -	\$ -	\$ -	\$ -	\$ 41,959,040	9%	\$ 1,790
\$ 26,767,548	\$ 897,773	\$ -	\$ -	\$ (34,527)	\$ (31,507)	\$ 50,289,797	10%	\$ 2,126
\$ 31,090,022	\$ 748,800	\$ -	\$ 353,968	\$ (31,506)	\$ 1,455,795	\$ 55,364,141	9%	\$ 2,271
\$ 31,573,621	\$ 3,457,600	\$ -	\$ 305,632	\$ (13,032)	\$ 2,088,699	\$ 58,351,958	10%	\$ 2,323

**City of Denison, Texas**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year</b>	<b>Estimated Population</b>	<b>Assessed Value</b>	<b>Gross Bonded Debt</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>% of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
2010	24,269	\$ 1,205,491,221	\$ 21,945,000	\$ 565,060	\$ 21,379,940	1.77%	\$ 881
2011	23,539	\$ 1,312,898,143	\$ 20,400,000	\$ 400,570	\$ 19,999,430	1.52%	\$ 850
2012	22,784	\$ 1,288,413,380	\$ 25,320,000	\$ 102,360	\$ 25,217,640	1.96%	\$ 1,107
2013	22,665	\$ 1,337,668,055	\$ 25,785,000	\$ 248,424	\$ 25,536,576	1.91%	\$ 1,127
2014	22,722	\$ 1,353,032,807	\$ 25,715,000	\$ 6,139	\$ 25,708,861	1.90%	\$ 1,131
2015	22,907	\$ 1,465,764,120	\$ 30,285,000	\$ 108,000	\$ 30,177,000	2.06%	\$ 1,317
2016	23,447	\$ 1,561,217,874	\$ 39,167,644	\$ 207,881	\$ 38,959,763	2.50%	\$ 1,662
2017	23,654	\$ 1,629,821,252	\$ 46,801,568	\$ 224,608	\$ 46,576,960	2.86%	\$ 1,969
2018	24,380	\$ 1,744,999,573	\$ 49,741,249	\$ 280,132	\$ 49,461,117	2.83%	\$ 2,029
2019	25,118	\$ 1,906,343,253	\$ 50,937,621	\$ 628,365	\$ 50,309,256	2.64%	\$ 2,003

**Sources:** Assessed Value obtained from the Grayson County Appraisal District  
Gross Bonded Debt obtained from the Schedule of Bonds Payable and Total Bonds for Fiscal Year.  
Debt Service Figures Obtained from Financial Statements.

**City of Denison, Texas**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2019 (Unaudited)**

Governmental Subdivision	Gross Bonded Debt	Percentage of Debt Applicable to Area	City Share of Overlapping Debt
Denison Independent School District	\$ 75,939,560	73.64%	\$ 55,921,892
Grayson County	\$ 41,185,000	0.00%	\$ 6,433,097
Grayson County JCD	\$ 25,385,000	15.65%	\$ 3,972,753
Pottsboro Independent School District	\$ 8,265,000	4.04%	\$ 333,906
Sherman Independent School District	\$ 214,515,000	0.80%	\$ 1,716,120
	<u>\$ 365,289,560</u>		<u>\$ 68,377,767</u>
City of Denison			<u>\$ 20,939,438</u>
Total Direct and Overlapping Debt			<u>\$ 89,317,205</u>
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			5.12%
Per capita overlapping bonded debt			\$ 3,556

**Source:** "Texas Municipal Report" as of September 30, 2019, prepared by the Municipal Advisory Council.

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

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

**City of Denison, Texas**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years (Unaudited)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Tax Rate Limit	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Current Tax Rate	<u>0.594072</u>	<u>0.594072</u>	<u>0.653377</u>	<u>0.653377</u>	<u>0.653377</u>	<u>0.653377</u>
Available Tax Rate	<u>\$ 1.90593</u>	<u>\$ 1.90593</u>	<u>\$ 1.84662</u>	<u>\$ 1.84662</u>	<u>\$ 1.84662</u>	<u>\$ 1.84662</u>

Note: There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), that limits the maximum tax rate, for all city purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
<u>0.653377</u>	<u>0.643377</u>	<u>0.633377</u>	<u>0.633377</u>
<u><u>\$ 1.84662</u></u>	<u><u>\$ 1.85662</u></u>	<u><u>\$ 1.86662</u></u>	<u><u>\$ 1.86662</u></u>

**City of Denison, Texas**  
**PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years (Unaudited)**

**Water and Sewer Revenue Bonds**

Fiscal Year	Total Revenues <sup>a</sup>	Less: Operating Expenses <sup>b</sup>	Net Available Revenue <sup>c</sup>	Debt Service		Times Coverage
				Principal	Interest	
2010	\$ 9,520,204	\$ 6,171,153	\$ 3,349,051	\$ 2,075,000	\$ 538,350	1.28
2011	\$ 10,210,515	\$ 6,604,232	\$ 3,606,283	\$ 1,295,000	\$ 555,490	1.95
2012	\$ 10,349,992	\$ 7,160,820	\$ 3,189,172	\$ 905,000	\$ 805,485	1.86
2013	\$ 9,659,707	\$ 7,645,062	\$ 2,014,645	\$ 775,000	\$ 713,910	1.35
2014	\$ 9,890,510	\$ 6,965,274	\$ 2,925,236	\$ 1,060,000	\$ 675,713	1.69
2015	\$ 10,874,750	\$ 7,746,416	\$ 3,128,334	\$ 976,000	\$ 615,713	1.97
2016	\$ 11,035,471	\$ 7,521,650	\$ 3,513,821	\$ 1,111,000	\$ 941,888	1.71
2017	\$ 11,925,469	\$ 7,535,900	\$ 4,389,569	\$ 1,370,000	\$ 796,903	2.03
2018	\$ 12,555,348	\$ 8,744,362	\$ 3,810,986	\$ 1,580,819	\$ 1,002,773	1.48
2019	\$ 12,555,811	\$ 7,351,257	\$ 5,204,554	\$ 1,807,250	\$ 1,199,012	1.73

**Notes:** a Total Revenues does not include non-operating revenues.  
b Operating Expenses only, no transfers or depreciation.  
c Includes Principal and Interest

**City of Denison, Texas**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Estimated Population	Personal Income	Per Capita Income <sup>2</sup>	Median Age <sup>3</sup>	Grade School Enrollment <sup>4</sup> (DISD figures only)	Unemployment Rate <sup>5</sup>
2010	24,269	\$ 486,836,140	\$ 20,060	40.2	2,127	8.60%
2011	23,539	\$ 476,782,445	\$ 20,255	39.9	2,145	8.80%
2012	22,784	\$ 480,332,288	\$ 21,082	40.5	2,111	6.70%
2013	22,665	\$ 449,152,305	\$ 19,817	40.5	2,184	7.20%
2014	22,722	\$ 507,473,148	\$ 22,334	41.8	2,215	5.70%
2015	22,907	\$ 473,716,760	\$ 20,680	41.8	2,600	4.10%
2016	23,447	\$ 492,036,702	\$ 20,985	39.5	2,555	3.60%
2017	23,654	\$ 528,288,436	\$ 22,334	41.8	2,610	3.00%
2018	24,380	\$ 614,229,720	\$ 25,194	39.5	2,675	3.50%
2019	25,118	\$ 633,802,494	\$ 25,233	39.5	2,660	2.90%

**Sources:**

- 1 Estimated based on demographic data obtained from the Denison Development Alliance.
- 2 Estimated based on demographic data obtained from the Denison Development Alliance.
- 3 Estimated based on demographic data obtained from the Denison Development Alliance.
- 4 Denison ISD Human Resources Department.
- 5 U.S. Department of Labor: <http://www.bls.gov/lau/#tables> (Unemployment Rates for Metropolitan Areas> Sherman Denison Statistical Area)

# City of Denison, Texas

## PRINCIPAL EMPLOYERS

Current Fiscal Year and Six Years Ago (Unaudited)

<u>Name of Employer</u>	<u>Location</u>	<u>Product</u>
Texoma Medical Center	5016 US Hwy 75 S	Health Care Services
Ruiz Foods	2410 Texoma Drive	El Monterey Frozen Foods
Walmart	401 N Us Hwy 75	Retail
CIGNA	4636 US Hwy 75 S	Insurance Claims Processing
Denison Independent School District	1201 S Rusk	Education - Public Schools
Caterpillar	3501 FM 1417	Drilling Machinery
City of Denison	300 W Main	Government Agency
Dialogue Direct Contact Centers	2415 S Austin	Customer Sales & Service
ACS Manufacturing	1601 Commerce Blvd	Acoustical Equipment Enclosures
Grayson College	6101 Grayson Dr	Education - College
Kwikset Corporation		Door Locks
Champion Cooler Corporation		Evaporative Coolers

Total Employment Above:

Total Estimated Population:

**Source:** Denison Development Alliance (DDA) website.

\* The City could not provide information going back 10 years. The furthest available information was for fiscal year 2013.

2019			2013*		
No. of Employees	Rank	Percentage of Total City Employment	No. of Employees	Rank	Percentage of Total City Employment
3,500	1	13.93%	1,375	1	6.07%
1,198	2	4.77%	705	3	3.11%
900	3	3.58%	n/a	n/a	n/a
700	4	2.79%	1,212	2	5.35%
680	5	2.71%	624	4	2.75%
400	6	1.59%	460	5	2.03%
372	7	1.48%	310	7	1.37%
345	8	1.37%	408	6	1.80%
340	9	1.35%	n/a	n/a	n/a
240	10	0.96%	230	9	1.01%
n/a	n/a	n/a	260	8	1.15%
n/a	n/a	n/a	220	10	0.97%
<u>8,675</u>		<u>34.54%</u>	<u>5,804</u>		<u>25.61%</u>
<u>25,118</u>			<u>22,665</u>		

# City of Denison, Texas

## *FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM* Last Ten Fiscal Years (Unaudited)

<b>Function / Program</b>	<b>Full-time Equivalent Employees for Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>*2012</b>	<b>2013</b>	<b>2014</b>
General government	31	30	32	35	25
Cemetery	4	4	5	5	6
Library	n/a	13	8	11	17
Municipal Court	2	2	2	2	3
Police & Communications	55	55	53	41	56
Fire (& EMS)	48	49	34	40	35
Emergency Medical Services	40	41	27	33	28
Animal Control	2	2	2	2	2
Public Works	58	56	51	55	58
Parks and Recreation	21	19	13	15	15
Water and Sewer Systems	54	52	49	53	51
	<b>315</b>	<b>324</b>	<b>275</b>	<b>291</b>	<b>295</b>

**Source:** Employee Services Division

**Notes:** An FTE is determined by converting the hours worked by all employees (both full-time & part-time) under that function/program into the hours equivalent to a full-time worker. An FTE is considered to 2,080 hours (8 hr per day x 5 work days x 52 weeks) for the fiscal year.

- \* 2012 - FTE calculations for Fire & EMS employees were changed from the standard 2,080 hours per year to 2,912 hours pursuant to the Fair Labor Standards Act 207k exemption.
- 2016 - Fire and Emergency Medical Service Personnel were combined under the same division.
- 2016 - Parks Maintenance Division moved from Public Works to Parks & Recreation.

**Full-time Equivalent Employees for Fiscal Year**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
26	27	27	30	31
5	5	5	5	4
12	12	12	14	14
3	3	4	4	4
58	60	57	58	60
31	62	59	61	61
31	-	-	0	0
2	2	2	2	2
51	44	44	43	43
17	28	28	32	34
55	63	58	56	58
<b>292</b>	<b>306</b>	<b>296</b>	<b>305</b>	<b>311</b>

**City of Denison, Texas**  
**OPERATING INDICATORS BY FUNCTIONS/PROGRAM**  
**Last Ten Fiscal Years (Unaudited)**

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Public Safety					
Municipal Court					
Number of cases filed	5,512	5,759	4,999	7,405	9,035
Police					
Physical Arrests	1,756	1,490	1,495	2,093	2,215
Traffic Violations 1	3,509	3,755	3,173	8,662	9,053
Fire					
Number of Incidents/Responses 2	3,171	5,015	4,571	4,080	3,992
Animal Control					
Number of calls	3,078	3,704	3,827	3,552	2,826
Public Works					
Streets maintained (miles)	171.4	171.4	171.6	172.0	172.1
Water and Wastewater					
New connections	11	5	21	17	22
Annual gallons of water pumped (thousands)	1,410,194	2,018,041	1,789,752	1,336,516	1,645,984
Miles of water mains maintained	212.7	213.3	214.5	216.3	217.1

**Source:** City Departments

**Notes:** 1. FY2013 is the first year that traffic violations include warnings in addition to actual citations.

2. FY2009 is first year that fire engines were sent out with ambulance runs.

Beginning with FY2015 totals include both fire and medical responses.

Indicators are not available for the general government function

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
5,455	5,852	5,248	3,748	3,567
1,873	1,994	1,809	1,197	848
8,978	9,595	8,101	6,752	6,672
5,150	4,931	5,413	5,557	5,386
3,224	3,612	2,609	2,537	3,208
172.6	173.2	173.2	174.7	175.3
38	92	161	177	184
1,660,087	1,641,722	1,476,599	1,687,602	1,590,020
219.1	219.1	221.2	223.5	223.9

**City of Denison, Texas**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years (Unaudited)**

<b>Function/Program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Public Safety</b>						
Police						
Stations	1	1	1	1	1	1
Patrol Units	10	10	10	13	12	13
Fire						
Stations	3	3	3	3	3	3
<b>Public Works</b>						
Streets (miles)	171.4	171.4	171.6	172.0	172.1	172.6
<b>Parks and Recreation</b>						
Parks (acreage)	345.6	345.6	345.6	345.6	348.2	348.2
Number of playgrounds	13	13	13	13	14	14
<b>Water and Wastewater</b>						
Water main (miles)	212.7	213.3	214.5	216.3	217.1	219.1
Sewer mains (miles)	192.8	192.9	193.6	198.5	198.6	200.0
Storm drainage (miles)	10.9	10.9	10.9	11.2	11.2	11.8

Source: City departments

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1	1	1	1
13	13	13	15
3	3	3	3
173.2	173.2	174.7	175.3
338.1	338.1	400	565.6
12	13	16	16
219.1	221.2	223.5	223.9
200.1	200.6	201.9	202.3
11.8	12.1	13.1	13.7



**CONTINUING DISCLOSURE**  
*(Unaudited)*



**City of Denison, Texas**  
**VALUATION, EXEMPTIONS, AND GENERAL OBLIGATION DEBT**  
**September 30, 2019 (Unaudited)**

2018 -19 Market Valuation Established by Grayson County Appraisal District	\$	1,971,007,270
Less:		
Productivity Loss	\$	22,460,161
Homestead Cap	\$	42,203,856
Exemption DP - Disabled	\$	6,007,694
Exemption OV65 - Over 65	\$	31,109,295
Exemption DV - Disabled Veterans	\$	13,795,532
Exemption EX - Exempt Property	\$	197,652,635
Exemption FR	\$	55,890,773
Exemption AB	\$	27,182,214
Exemption PC	\$	573,261
Exemption PPV	\$	53,941
Exemption SO	\$	368,839
		<u>\$ 397,298,201</u>
2018-19 Taxable Assessed Valuation	\$	<u>1,573,709,069</u>
General Obligation Debt Payable from Ad Valorem Taxes	\$	42,155,000
Less: Self-supporting Debt ( <i>Combination Tax &amp; Revenue Certificates of Obligation</i> )	\$	<u>17,157,415</u>
Net General Obligation Debt Payable from Ad Valorem Taxes	\$	<u>24,997,585</u>
General Obligation Interest and Sinking Fund as of September 30, 2019	\$	<u>628,365</u>
Ratio General Obligation Tax Debt to Taxable Assessed Valuation		1.59%
2019 Estimated Population		25,118
Per Capita Taxable Assessed Valuation	\$	62,653
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes	\$	1,678

**Source:** Grayson County Appraisal District - 2017 Certified Roll (As of Certification)

**CITY OF DENISON, TEXAS**  
**TAXABLE ASSESSED VALUATIONS BY CATEGORY**  
**Last Ten Fiscal Years (Unaudited)**

Category	2019		2018	
	Amount	% of Total	Amount	% of Total
Real-Residential Single-Family	\$ 857,100,275	43.49%	\$ 734,358,391	40.96%
Real-Residential Mobile Home	\$ 5,494,764	0.28%	\$ 6,280,213	0.35%
Real-Other Improvements	\$ 1,720,187	0.09%	\$ 1,540,512	0.09%
Real-Residential, Multi-Family	\$ 40,188,925	2.04%	\$ 35,344,836	1.97%
Real-Vacant Lots/Tracts	\$ 37,310,013	1.89%	\$ 33,165,813	1.85%
Real-Acreage Farm and Ranch	\$ 22,723,871	1.15%	\$ 22,095,042	1.23%
Real-Undeveloped Land	\$ 13,524,591	0.69%	\$ 12,479,957	0.70%
Real-Commercial	\$ 425,900,291	21.61%	\$ 381,817,579	21.30%
Real-Industrial	\$ 47,668,977	2.42%	\$ 51,460,502	2.87%
Real and Intangible Personal, Utilities	\$ 42,870,428	2.18%	\$ 39,250,234	2.19%
Tangible Personal, Commercial	\$ 108,174,038	5.49%	\$ 99,966,693	5.58%
Tangible Commercial, Industrial	\$ 158,207,243	8.03%	\$ 163,816,357	9.14%
Tangible Personal, Mobile Homes	\$ 449,928	0.02%	\$ 452,794	0.03%
Tangible Personal, Other	\$ 207,200,656	10.51%	\$ 205,980,645	11.49%
Real Property, Inventory	\$ 2,473,083	0.13%	\$ 4,834,381	0.27%
Total Appraised Value	1,971,007,270	100.00%	1,792,843,949	100.00%
Less: Total Exemptions/Reductions	64,664,017		47,844,376	
Taxable Assessed Value	<u>\$ 1,906,343,253</u>		<u>\$ 1,744,999,573</u>	

Category	2014		2013	
	Amount	% of Total	Amount	% of Total
Real-Residential Single-Family	\$ 559,623,842	40.77%	\$ 561,472,662	41.28%
Real-Residential Mobile Home	\$ 3,886,979	0.28%	\$ 3,925,666	0.29%
Real-Other Improvements	\$ 1,458,822	0.11%	\$ 1,487,142	0.11%
Real-Residential, Multi-Family	\$ 29,691,769	2.16%	\$ 30,411,718	2.24%
Real-Vacant Lots/Tracts	\$ 30,121,292	2.19%	\$ 24,361,849	1.79%
Real-Acreage Farm and Ranch	\$ 15,379,772	1.12%	\$ 17,684,249	1.30%
Real-Undeveloped Land	\$ 6,625,957	0.48%	\$ 4,723,367	0.35%
Real-Commercial	\$ 305,451,398	22.25%	\$ 302,320,816	22.23%
Real-Industrial	\$ 37,498,437	2.73%	\$ 37,746,105	2.77%
Real and Intangible Personal, Utilities	\$ 44,544,120	3.25%	\$ 38,268,594	2.81%
Tangible Personal, Commercial	\$ 92,536,831	6.74%	\$ 93,601,112	6.88%
Tangible Commercial, Industrial	\$ 160,374,293	11.68%	\$ 173,093,377	12.72%
Tangible Personal, Mobile Homes	\$ 424,896	0.03%	\$ 451,212	0.03%
Tangible Personal, Other	\$ 83,953,423	6.12%	\$ 69,386,328	5.10%
Real Property, Inventory	\$ 1,004,205	0.07%	\$ 1,338,718	0.10%
Total Appraised Value	1,372,576,036	100.00%	1,360,272,915	100.00%
Less: Total Exemptions/Reductions	19,543,229		22,604,860	
Taxable Assessed Value	<u>\$ 1,353,032,807</u>		<u>\$ 1,337,668,055</u>	

Source: Grayson County Central Appraisal District certified taxable assessed values

2017		2016		2015	
Amount	% of Total	Amount	% of Total	Amount	% of Total
\$ 667,525,220	39.76%	\$ 587,302,253	37.00%	\$ 566,235,637	37.98%
\$ 4,401,753	0.26%	\$ 4,029,401	0.25%	\$ 3,982,701	0.27%
\$ 1,466,787	0.09%	\$ 1,336,417	0.08%	\$ 1,514,841	0.10%
\$ 30,576,020	1.82%	\$ 30,076,264	1.89%	\$ 31,909,976	2.14%
\$ 33,787,863	2.01%	\$ 28,284,957	1.78%	\$ 28,829,301	1.93%
\$ 21,078,706	1.26%	\$ 21,390,265	1.35%	\$ 21,688,398	1.45%
\$ 10,539,000	0.63%	\$ 9,711,330	0.61%	\$ 8,950,434	0.60%
\$ 353,777,915	21.07%	\$ 336,482,483	21.20%	\$ 312,816,944	20.98%
\$ 53,673,514	3.20%	\$ 52,798,639	3.33%	\$ 38,837,036	2.61%
\$ 49,086,040	2.92%	\$ 48,097,814	3.03%	\$ 44,869,875	3.01%
\$ 98,977,449	5.90%	\$ 93,540,112	5.89%	\$ 94,281,026	6.32%
\$ 167,041,409	9.95%	\$ 186,369,686	11.74%	\$ 165,902,052	11.13%
\$ 429,433	0.03%	\$ 423,919	0.03%	\$ 413,726	0.03%
\$ 184,973,399	11.02%	\$ 186,363,033	11.74%	\$ 169,408,224	11.36%
\$ 1,488,297	0.09%	\$ 1,143,445	0.07%	\$ 1,081,880	0.07%
1,678,822,805	100.00%	1,587,350,018	100.00%	1,490,722,051	100.00%
49,001,553		26,132,144		24,957,931	
<u>\$ 1,629,821,252</u>		<u>\$ 1,561,217,874</u>		<u>\$ 1,465,764,120</u>	

2012		2011		2010	
Amount	% of Total	Amount	% of Total	Amount	% of Total
\$ 563,161,497	42.98%	\$ 580,484,463	43.39%	\$ 578,307,175	46.75%
\$ 3,887,118	0.30%	\$ 4,182,089	0.31%	\$ 4,220,988	0.34%
\$ 1,413,979	0.11%	\$ 1,136,259	0.08%	\$ 1,098,695	0.09%
\$ 30,373,661	2.32%	\$ 33,320,301	2.49%	\$ 34,782,414	2.81%
\$ 24,651,930	1.88%	\$ 24,144,792	1.80%	\$ 23,495,072	1.90%
\$ 17,827,080	1.36%	\$ 17,678,512	1.32%	\$ 18,004,710	1.46%
\$ 6,349,730	0.48%	\$ 6,529,124	0.49%	\$ 5,493,133	0.44%
\$ 297,402,264	22.70%	\$ 296,867,989	22.19%	\$ 215,864,002	17.45%
\$ 32,967,662	2.52%	\$ 33,724,249	2.52%	\$ 35,338,300	2.86%
\$ 39,254,829	3.00%	\$ 42,258,210	3.16%	\$ 39,112,840	3.16%
\$ 109,109,301	8.33%	\$ 115,293,916	8.62%	\$ 79,185,413	6.40%
\$ 118,851,644	9.07%	\$ 125,598,081	9.39%	\$ 150,339,529	12.15%
\$ 554,685	0.04%	\$ 531,103	0.04%	\$ 856,729	0.07%
\$ 63,294,105	4.83%	\$ 54,960,029	4.11%	\$ 49,511,372	4.00%
\$ 1,326,734	0.10%	\$ 1,261,401	0.09%	\$ 1,369,176	0.11%
1,310,426,219	100.00%	1,337,970,518	100.00%	1,236,979,548	100.00%
22,012,839		25,072,375		31,488,327	
<u>\$ 1,288,413,380</u>		<u>\$ 1,312,898,143</u>		<u>\$ 1,205,491,221</u>	

**City of Denison, Texas**  
**VALUATION AND GENERAL OBLIGATION DEBT HISTORY**  
**September 30, 2019 (Unaudited)**

Fiscal Year Ended 9/30	Estimated Population	Certified Assessed Valuation	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year*	Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation	Net G.O. Tax Debt Per Capita
2010	24,269	\$ 1,205,491,221	\$ 49,672	\$ 6,890,000	0.57%	\$ 284
2011	23,539	\$ 1,312,898,143	\$ 55,775	\$ 6,455,000	0.49%	\$ 274
2012	22,784	\$ 1,288,413,380	\$ 56,549	\$ 6,005,000	0.47%	\$ 264
2013	22,665	\$ 1,337,668,055	\$ 59,019	\$ 6,165,000	0.46%	\$ 272
2014	22,722	\$ 1,353,032,807	\$ 59,547	\$ 5,435,000	0.40%	\$ 239
2015	22,907	\$ 1,465,764,120	\$ 63,988	\$ 4,925,000	0.34%	\$ 215
2016	23,447	\$ 1,561,217,874	\$ 66,585	\$ 4,400,000	0.28%	\$ 188
2017	23,654	\$ 1,629,821,252	\$ 68,903	\$ 3,860,000	0.24%	\$ 163
2018	24,380	\$ 1,744,999,573	\$ 71,575	\$ 3,305,000	0.19%	\$ 136
2019	25,118	\$ 1,906,343,253	\$ 75,896	\$ 5,540,000	0.29%	\$ 221

**Sources:** Certified Assessed Valuation obtained from the Grayson County Appraisal District

**Notes:** \* Does not include self-supporting debt

**City of Denison, Texas**  
**TAX RATE LEVY AND COLLECTION HISTORY**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year</b>	<b>Tax Rate</b>	<b>General Fund</b>	<b>Interest and Sinking Fund</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>% of Levy Collected</b>	<b>% of Total Tax Collections to Tax Levy</b>
2010	\$ 0.594072	\$ 0.498544	\$ 0.095528	\$ 5,729,597	\$ 5,500,916	96.01%	98.63%
2011	\$ 0.594072	\$ 0.498544	\$ 0.095528	\$ 6,068,138	\$ 5,888,654	97.04%	97.66%
2012	\$ 0.653377	\$ 0.571038	\$ 0.082339	\$ 6,411,247	\$ 6,229,600	97.17%	99.36%
2013	\$ 0.653377	\$ 0.571038	\$ 0.082339	\$ 6,418,152	\$ 6,270,222	97.70%	99.30%
2014	\$ 0.653377	\$ 0.581121	\$ 0.072256	\$ 6,691,394	\$ 6,548,938	97.87%	99.19%
2015	\$ 0.653377	\$ 0.569980	\$ 0.083397	\$ 7,055,238	\$ 6,927,406	98.19%	99.05%
2016	\$ 0.653377	\$ 0.575883	\$ 0.077494	\$ 7,501,037	\$ 7,381,511	98.41%	98.41%
2017	\$ 0.643377	\$ 0.578521	\$ 0.064856	\$ 8,309,353	\$ 8,164,388	98.26%	99.40%
2018	\$ 0.633377	\$ 0.530791	\$ 0.102586	\$ 8,688,391	\$ 8,542,962	98.33%	99.15%
2019	\$ 0.633377	\$ 0.521438	\$ 0.111939	\$ 9,520,568	\$ 9,349,717	98.21%	98.21%

**Source:** Grayson County Tax Assessor & Collector Recap & Standings Report

**City of Denison, Texas**  
**INTEREST AND SINKING FUND BUDGET PROJECTION**  
**September 30, 2019 (Unaudited)**

Tax Supported Debt Service Requirements, Fiscal Year Ending September 30, 2019	\$	1,333,788
Tax Supported Other Fees & Payments	\$	9,000
Interest and Sinking Fund, September 30, 2019	\$	628,365
Budgeted Interest and Sinking Fund Tax Levy	\$	1,342,788
Budgeted Interest for Interest and Sinking Fund	\$	20,000
		\$ 1,991,153
Estimated Balance, September 30, 2020	\$	648,365

**City of Denison, Texas**  
**MUNICIPAL SALES TAX HISTORY**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year</b>	<b>Economic Development</b>	<b>City of Denison</b>	<b>Total Collected</b>	<b>% of Ad Valorem Tax Levy</b>	<b>Equivalent of Ad Valorem Tax Rate</b>	<b>Per Capita</b>
2010	\$ 1,275,187	\$ 3,825,561	\$ 5,100,748	89.02%	\$ 0.528870	\$ 210
2011	\$ 1,227,685	\$ 3,746,744	\$ 4,974,429	81.98%	\$ 0.486998	\$ 211
2012	\$ 1,345,954	\$ 4,037,861	\$ 5,383,815	83.97%	\$ 0.548670	\$ 236
2013	\$ 1,409,657	\$ 4,228,912	\$ 5,638,569	87.85%	\$ 0.574014	\$ 249
2014	\$ 1,383,599	\$ 4,154,796	\$ 5,538,395	82.77%	\$ 0.540793	\$ 244
2015	\$ 1,483,577	\$ 4,450,730	\$ 5,934,307	84.11%	\$ 0.549569	\$ 259
2016	\$ 1,561,591	\$ 4,684,773	\$ 6,246,364	83.27%	\$ 0.483293	\$ 266
2017	\$ 1,719,068	\$ 5,157,204	\$ 6,876,272	82.75%	\$ 0.532416	\$ 291
2018	\$ 1,860,856	\$ 5,582,867	\$ 7,443,723	85.67%	\$ 0.542642	\$ 305
2019	\$ 1,903,653	\$ 5,710,960	\$ 7,614,613	79.98%	\$ 0.506579	\$ 303

**City of Denison, Texas**  
**CASH AND INVESTMENTS FOR PRIMARY GOVERNMENT**  
**September 30, 2019 (Unaudited)**

<u>Type of Investment</u>			
Cash on Hand	0.01%	\$	2,830
Savings and Checking Accounts	25.31%	\$	5,741,584
Money Market Accounts	1.90%	\$	430,582
Governmental Pool Accounts	68.82%	\$	15,614,562
Certificates of Deposit	<u>3.96%</u>	<u>\$</u>	<u>898,000</u>
	<u>100.00%</u>	<u>\$</u>	<u>22,687,558</u>