



2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2020



CITY OF DENISON, TEXAS
300 West Main Street | Denison, Texas 75020
(P) 903.465.2720 | www.cityofdenison.com



***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

City of Denison, Texas

**For the Year Ended
September 30, 2020**

Prepared by

Bobby Atteberry
Interim 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
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March 12, 2021

Honorable Mayor and City Council
City of Denison
Denison, Texas

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report (“Annual Report”) of the City of Denison, Texas for the year ended September 30, 2020, 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, 2020. The independent auditor’s report is located in the beginning of the financial section of the Annual Report.

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 35th largest of 254 counties in Texas with a population of just over 131,014. 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 24,860 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 2020. Denison is clearly focused on the quality of life for all of its residents.

Business Highlights:

- Subway on Austin Avenue opened in November 2019
- HeyDay Entertainment, located in Gateway Village opened its doors on November 8, 2019. The Denison location includes a bowling alley, laser tag, ropes course, miniature golf, an arcade, and numerous dining options
- The RailYard Incubator brought the city's first experimental restaurant hub to downtown Denison in December 2019
- On January 13, 2020 Culver's of Denison held their grand opening
- January 14th was the unveiling of the Victron/Denison Travel Center project which will transform a plot of vacant land located at the intersection of US 75 and State Highway 91. The convenience store, scheduled to open in the fall of 2021, is expected to feature a Texas Best Smokehouse, a fried pie shop, homemade fudge, and a Fuzzy's Taco Shop. The 15,500 square foot center will be adjacent to Denison High School, and its design will incorporate school spirit
- Both Frutitas and SOHO Studio and Gallery had their ribbon cuttings on Main Street on January 21, 2020
- Reliable Healing Place Homes is looking to add an assisted living facility at the north end of Denison along Ansley Blvd near U.S. Highway 75. The Denison Planning and Zoning Commission approved a site plan for the new facility in January 2020
- Hotel Denison redevelopment began Phase One of their interior remodel in February. However, the renovation was put on hold in March due to COVID-19
- Grayson Title opened a new office at 1001 W. Main on February 10th
- Texoma Woodworks, a custom cabinet manufacturer on W. Morton received their Certificate of Occupancy on April 14, 2020
- Zig Zag Galleries located on Woodard Street held their Ribbon Cutting on June 4, 2020. Grand opening followed on June 6, 2020
- 1880 Ice House opened on Chestnut Street in June 2020. 1880 Ice House is an indoor/outdoor, Austin style beer garden and spirits parlor with beautiful Texas Live Oaks and a 6,600 square-foot patio brewery
- Urban Air adventure park opened its doors in June of 2020. It serves as the second major anchor for the retail portion of the Gateway Village development.

- The Residence at Gateway Village to add four new buildings with 96 new units with construction beginning in Summer of 2020.
- Hyde Park Apartments opened and began leasing 128 units to renters in May 2020.
- The highly anticipated food truck park Jake's Place on Texoma Parkway is expected to open in October 2020
- Hobo Joe's Restaurant expected to open its doors in October 2020
- CJ's Coffee at Gateway Village is expected to open in late winter of 2020
- Mudpies and Lullabies, a 7,140 square foot childcare facility to be located within Gateway Village. The facility is expected to hold between 150-160 children.

Other Highlights:

- 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.
- Art in the Park- two pieces of art have recently been installed at Waterloo Lake Park as part of the "Art in the Park" public art program. The first piece, Skipping Stone was installed in November 2019. The second piece, Congruence was installed in late December of 2019.
- City of Denison and Denison Animal Welfare Group (DAWG) partner to pursue new animal shelter. In 2019, DAWG purchased property on Morton Street to be the future home of a shelter. A Memorandum of Understanding (MOU) was created to lay the framework between DAWG and the City for the design, construction, and operation of a new animal shelter facility. Staff presented the MOU to the City Council on March 16, 2020. The MOU includes the City overseeing the facility including operations and maintenance and intends to only operate the animal shelter portion with DAWG continuing their work with the adoption portion.
- COVID-19 Mitigation and response. On March 19, 2020 Mayor Gott signed a Declaration of Local State of Disaster due to the COVID-19 pandemic. City Hall and other City facilities were closed to the public and all City events for March and April were cancelled or postponed. Staff continued to work behind the scenes so all City services could continue safely. All City facilities remained closed through May 4th
- Over the ensuing months after the arrival of the pandemic, the City took a proactive approach in the effort to slow the spread of the coronavirus. The Denison Public Library shifted gears in March from live children's programming to online programming with the Virtual Summer Reading Club 2020. Mayor Janet Gott created the Mayor's Business Reboot Team which was made up of business owners and stakeholders in our local business community and met weekly for several months.
- On May 16th, Parks and Recreation installed a self-serve kayak rental station at Waterloo Lake Regional Park near the boat dock. The kiosk provided adventurers with three options: single kayak, tandem kayak and stand-up kayak. The self-serve format allows Park user to have access to the rentals 7 days a week during regular park hours.
- The 2020 Streets Overlay project was completed in Spring 2020. Overlay was done for twenty-one residential blocks, the well-utilized alley behind the Post Office at 231 West Woodard Street and a public parking lot on West Chestnut Street in Downtown Denison were part of this project. With a focus on the north east neighborhoods in town, the project improved just over 3.04 lane miles of street, using 2,709 tons of material and an investment of \$430,494.41

- Accessible Playground Equipment- THF Park became the home to inclusive play equipment in March. The new features include a swing set with harness seats, a wheelchair platform swing and an inclusive play Rock'N Ship Glider.
- Theresa Drive Water Line Phase 2 project consists of over a mile of 16-inch diameter PVC water pipe, over 600 feet of which is to be installed by horizontal directional boring to go beneath a creek. The water line will connect to an existing 18-inch line within Waterloo Lake Drive at the northern end, and to the recently completed Teresa Water Line Phase 1, a 16-inch water line near Flowers Drive on the southern end of FM 691. The line will provide the link needed to efficiently convey water from the City's Tone and Hanna elevated tanks to the southern portion of the City and will provide improved resiliency and increased flow and pressure to many residents and customers, including the Texoma Medical Center and other nearby medical facilities. The project also includes the water line being mounted to the side of a new pedestrian bridge over Loy Lake Road which will allow pedestrians and cyclists to safely cross the busy road as they enjoy the City's new Katy Trail.
- The demolition and rebuild project for Fire Station #2 began in November of 2019. The project consisted of removal of the existing facility and complete construction of a 3,000 square foot fire station. It includes a six-bedroom two-bath structure with a great room, kitchen to accommodate three shifts, Captains office and an equipment bay. Also included was a complete outdoor kitchen. The project is an amazing upgrade to the previous station and has the latest technology available. Denison Firefighters moved into the facility in mid-May.
- The new Environmental Services Facility was completed in late July 2020. The 2,500 square foot building will serve a dual purpose. More than 1,000 square feet of the building will be utilized by the city's Environmental Services division to serve primarily as an office space. The remaining 1,400 square feet will serve as a space for repair and maintenance of sewer pumps and equipment for the WasteWater Maintenance Division.
- The City of Denison will continue to outsource their EMS services with LifeNet EMS into next year as staffing issues have persisted through the pandemic.
- The Denison Development Alliance and City of Denison took the first steps toward securing the former Johns Manville property in August 2020 when it approved a purchase agreement for the site. The 400-acre J-M Manufacturing Company plant property sits just south of the Red River on U.S. Highway 75. The building has been abandoned for over 30 years after an asbestos outbreak in the 1980s. For the past few decades, the city has worked slowly to clean up and redevelop the former pipeline production plant, which was built on the north side of town in 1957. At its peak, the site employed 500 workers, but this had dwindled to just 100 when the site closed in 1988.
- Denison police have been without a K-9 Unit since K-9 Ivar retired in the Fall of 2019. At the August 3, 2020 City Council meeting the Denison Rotary Club presented Police Chief Mike Gudgel with a \$25,000 check representing proceeds raised by the Denison Rotary Club for a new police K-9/drug dog. Having a K-9 Unit is a great tool that benefits the city, our community, and our citizens. The department will now begin the lengthy hiring process to find a new handler and K-9 Unit.
- A total of 173 new housing permits were issued from October 2019 to September 2020
- The City took ownership of Heritage Park located in Downtown Denison in November 2020. 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.

- We are in our seventh year of our in-house demolition program. 31 residential demolitions occurred in 2020.
- City Hall and the Denison Arts Council continue their collaboration of providing art exhibit opportunities within public space at the new City Hall.

MAJOR INITIATIVES

- A groundbreaking ceremony was held December 18, 2019 for Katy Trail Phase 1. Construction is anticipated to be completed by the end of January 2021 for Phase 1.
- The reconstruction of Flora Lane from Lum Lane to Imperial Drive began in 2020. The project is expected to be completed in early 2021.
- Main Street Façade Renovation- in late 2019, the Denison Development Alliance formed a committee to address “Slipcover Removal” on Downtown buildings. Members consist of Council Member Brian Hander, Main Street staff and community volunteers. A target list was developed by members and the Raynal Building at 202 W. Main St. was selected as the first project. And on April 8, the metal was removed to reveal a nicely preserved façade.
- The City of Denison was awarded a grant through the Federal Highway Administration in the amount of \$200,000 for the construction and renovation of existing trails, parking lots repairs, signs, bridges, resource surveys and engineering at Waterloo Lake Regional Park for trail improvements under the authority of the Recreational Trails Grant Program issued to Texas Parks and Wildlife Department, Recreational Trails Program in August 2018. Construction is expected to begin in August 2020 and be completed within 4-6 months.
- The Iron Ore Interceptor capital improvement project is approaching completion. This improvement began at Spur 503 and will end at the Iron Ore Lift Station resulting in 11,920 feet of new 30-inch gravity sewer line when finished. The Interceptor project will reduce inflow and infiltration, allow for more capacity for new development, minimize non-compliance and save on operation and maintenance costs. The project is scheduled for completion at the end of October 2020.
- The Denison rental registration and inspection program to begin January 2021. The program start date was initially set for May but had to be postponed due to COVID-19. It is a voluntary program where property owners or rental units can register their property in exchange for certain benefits the city will provide for registering. The City’s goal is to ensure that rental units are safe and properly maintained for the health and well-being of the Citizens of Denison. The City has adopted the voluntary registration and inspections to help meet this goal.
- 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 no later than early 2021. Phase One construction is expected to take around 18 months to complete.
- The City continues to work with TPJ properties on the Gateway Village development for US 75/691.
- Loy Lake Road Reconstruction. The design portion of the Loy Lake Road Reconstruction Project is underway. The reconstruction will replace utilities, improve drainage, add a sidewalk, and rebuild the street from Highway 75 to O’Dell. It will also include a pedestrian path underneath Highway 75.

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 Executive 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 Executive 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>
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
2019-2020	\$0.652034	1,754,054,513	10,589,079

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, 2019. This was the ninth 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

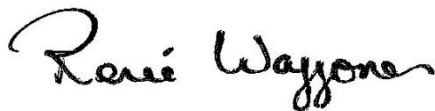
Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Accounting Division who were instrumental in the successful completion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

A handwritten signature in black ink, appearing to read "B. Atteberry". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Bobby Atteberry
INTERIM CITY MANAGER

A handwritten signature in black ink, appearing to read "Renee Waggoner". The signature is cursive and elegant, with a prominent loop at the end.

Renee' Waggoner
EXECUTIVE DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Denison
Texas**

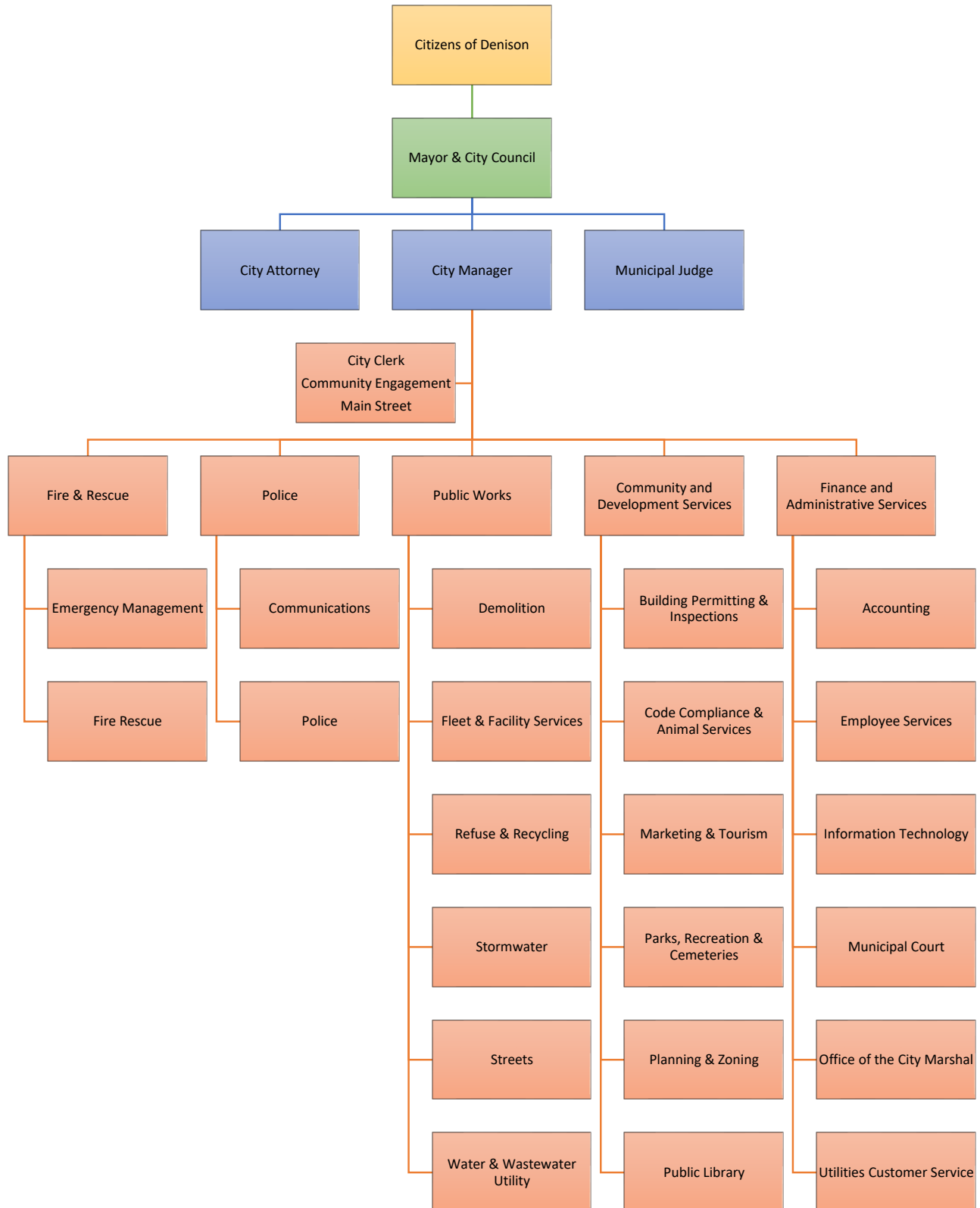
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

City of Denison 2019/2020 Budget Organizational Chart



City of Denison, Texas
ELECTED AND APPOINTED OFFICIALS
September 30, 2020

City Council

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

Appointed Officials

Bobby Atteberry	Interim 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





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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 77%, 76%, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Accounting Errors

As discussed in Note V.J to the financial statements, the City restated the beginning net position, and the respective fund balances, within government activities, the general fund, and nonmajor governmental funds 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, 2019.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 12, 2021



City of Denison, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

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, 2020. 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 \$63,858,504 at September 30, 2020. Of this, \$2,396,847 (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 \$17,943,044, an increase of \$8,197,523. This increase is primarily due to bond issuances in the current year.
- As of the end of the year, the unassigned fund balance of the general fund was \$5,884,269 or 21% of total general fund expenditures.
- The City had an overall increase in net position of \$3,490,200.
- The City's net pension liabilities totaled \$6,817,025 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, 2020

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, 2020

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-four 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 funds. 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, 2020

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 and deferred outflows exceed liabilities and deferred inflows by \$63,858,504 as of September 30, 2020, in the primary government.

The largest portion of the City's net position, \$51,216,167, 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 increase in cash on hand. This increase is a result of the proceeds received from bond issuances in the current year.

Business-type activities experienced an increase in capital assets primarily due to new investments in water/sewer infrastructure and street improvements.

Deferred outflow and inflows of resources experienced changes due to the market fluctuation and changes in investment returns impacting the pension liability balances.

City of Denison, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 21,044,827	\$ 16,109,599	\$ 37,154,426	\$ 12,460,606	\$ 17,199,445	\$ 29,660,051
Capital assets	54,354,313	53,462,479	107,816,792	53,392,159	47,228,294	100,620,453
Other long-term assets	4,301,840	-	4,301,840	3,967,595	-	3,967,595
Total Assets	79,700,980	69,572,078	149,273,058	69,820,360	64,427,739	134,248,099
Deferred Outflows of Resources	1,449,656	350,116	1,799,772	4,705,911	1,068,250	5,774,161
Other liabilities	6,143,630	4,913,389	11,057,019	5,287,484	3,517,229	8,804,713
Long-term liabilities	32,809,606	38,542,041	71,351,647	32,354,096	37,483,800	69,837,896
Total Liabilities	38,953,236	43,455,430	82,408,666	37,641,580	41,001,029	78,642,609
Deferred Inflows of Resources	4,270,791	534,869	4,805,660	955,370	55,977	1,011,347
Net Position:						
Net investment in capital assets	29,888,259	21,327,908	51,216,167	37,535,804	18,465,710	56,001,514
Restricted	10,245,490	-	10,245,490	1,645,398	-	1,645,398
Unrestricted	(2,207,140)	4,603,987	2,396,847	(3,251,881)	5,973,273	2,721,392
Total Net Position	\$ 37,926,609	\$ 25,931,895	\$ 63,858,504	\$ 35,929,321	\$ 24,438,983	\$ 60,368,304

City of Denison, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Statement of Activities:

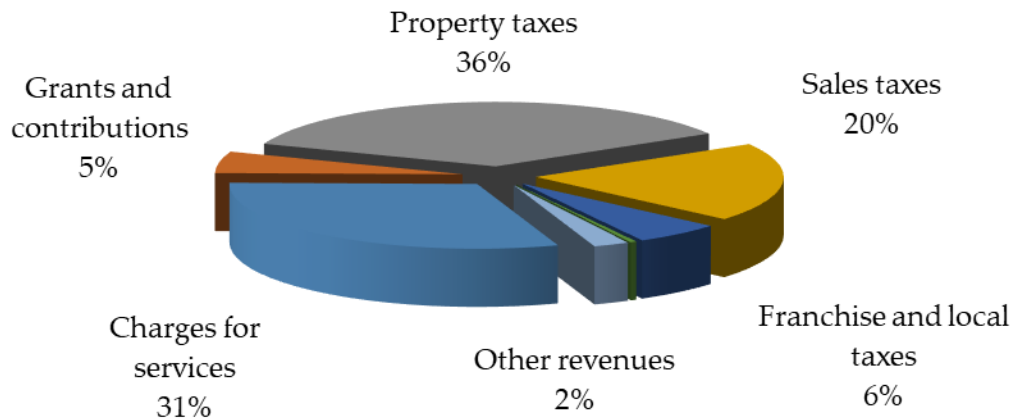
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 9,449,731	\$ 13,736,756	\$ 23,186,487	\$ 10,347,686	\$ 12,783,394	\$ 23,131,080
Operating grants and contributions	1,668,713	25,375	1,694,088	449,370	-	449,370
General revenues:						
Property taxes	11,069,151	-	11,069,151	10,049,035	-	10,049,035
Sales taxes	6,112,237	-	6,112,237	5,710,960	-	5,710,960
Franchise and local taxes	1,760,562	-	1,760,562	1,974,020	-	1,974,020
Investment income	126,053	139,798	265,851	216,726	285,187	501,913
Other revenues	719,271	-	719,271	624,662	-	624,662
Total Revenues	30,905,718	13,901,929	44,807,647	29,372,459	13,068,581	42,441,040
Expenses						
General government	5,041,618	-	5,041,618	5,675,190	-	5,675,190
Public safety	12,030,129	-	12,030,129	12,903,441	-	12,903,441
Community services	6,396,721	-	6,396,721	5,776,713	-	5,776,713
Public works	6,858,692	-	6,858,692	6,804,281	-	6,804,281
Interest and fiscal charges	651,586	1,152,784	1,804,370	506,897	1,207,345	1,714,242
Water & sewer	-	9,185,917	9,185,917	-	9,338,008	9,338,008
Total Expenses	30,978,746	10,338,701	41,317,447	31,666,522	10,545,353	42,211,875
Change in Net Position						
Before Transfers	(73,028)	3,563,228	3,490,200	(2,294,063)	2,523,228	229,165
Transfers	2,070,316	(2,070,316)	-	5,024	(5,024)	-
Total	2,070,316	(2,070,316)	-	5,024	(5,024)	-
Change in Net Position	1,997,288	1,492,912	3,490,200	(2,289,039)	2,518,204	229,165
Beginning Net Position	35,929,321	24,438,983	60,368,304	38,218,360	21,920,779	60,139,139
Ending Net Position	\$ 37,926,609	\$ 25,931,895	\$ 63,858,504	\$ 35,929,321	\$ 24,438,983	\$ 60,368,304

City of Denison, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

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

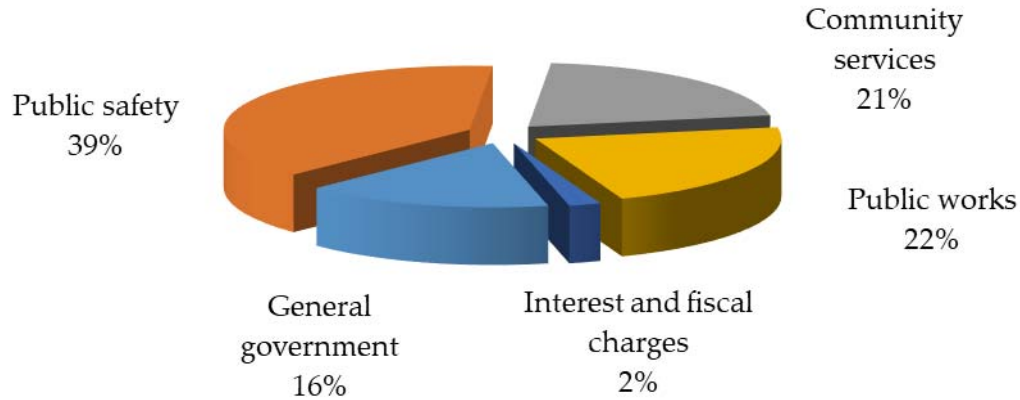


For the year ended September 30, 2020, revenues from governmental activities totaled \$30,905,718. Charges for services, property tax, and sales tax are the City's largest revenue sources. Grants and contributions increased by \$1,219,343 or 271% due primarily to nonrecurring intergovernmental funding received in the current year relating to COVID-19. Charges for services decreased by \$897,955 or 9% primarily due to a significant reduction in ambulance services in the current year. Property taxes increased by \$1,020,116 or 10% due to an increase in the tax rate and assessed property values. Sales taxes increased by \$401,277 or 7% due to growth and development within the City, as well as greater online sales during COVID-19, which drove up local sales tax dollars for items that may have otherwise been purchased in other cities. Franchise taxes decreased by \$213,458 or 11% primarily due to the passage of Texas Senate Bill 1152, which amended the Texas local government code 283.051 concerning telecommunication and cable television providers and reduced their required franchise tax payments to local municipalities. Investment income decreased \$90,673 or 42% due to lower balances held in interest-bearing accounts and the realization of lower interest rates during the year. Other revenues increased by \$94,609 or 15% as a result of nonrecurring refunds, as well as insurance and legal fee reimbursements received in the current year.

City of Denison, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses



For the year ended September 30, 2020, expenses for governmental activities totaled \$30,978,746. This represents a decrease of \$687,776 or 2% from the prior year. The City's largest functional expense is public safety of \$12,030,129. Public safety decreased by 7%, primarily due to nonrecurring grant related expenses incurred in the prior year. General government expenses decreased by \$633,572 or 11% primarily due to nonrecurring tourism attraction expenses, contract costs, and professional fees incurred in the prior year. Community services increased by \$620,008 or 11% primarily as a result of nonrecurring emergency management expenses relating to COVID-19 in the current year. Interest and fiscal charges increased by \$144,689 or 29% primarily due to the nonrecurring bond issuance costs recognized in the current year. All other expenses remained relatively consistent with the previous year.

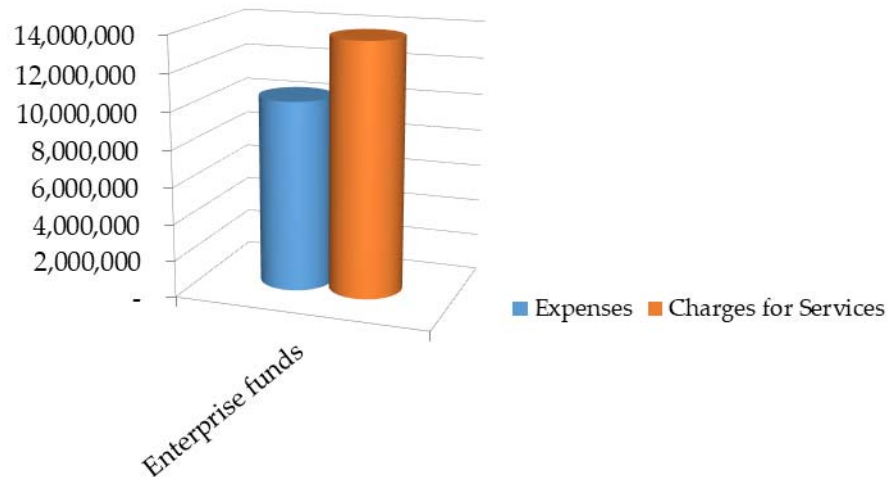
City of Denison, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

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, 2020, charges for services by business-type activities totaled \$13,736,756. This is an increase of \$953,362, or 7%, from the previous year. The increase is a result of greater water and sewer rates charged to customers, effective December 1, 2019. In addition, there was an increase in water consumption in the current year.

Total expenses decreased slightly by \$206,652 or 2% compared to the prior year. This is considered minimal.

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 \$6,610,893. Of this, \$104,351 is non-spendable inventories, \$147,979 is non-spendable advances, \$11,134 is committed to cemetery, \$248,565 is committed for contingency and \$214,595 is committed to vehicle replacement. Unassigned fund balance totaled \$5,884,269 as of year end.

General fund balance decreased by \$413,168 primarily due to receiving less charges for services revenues than anticipated. Charges for services is the City's largest revenue source at \$8,062,173, which consists of refuse, ambulance, and other service charges. Property tax increased by \$865,818 when

City of Denison, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

compared to the prior year due to an increase in the tax rate and assessed property values. Sales tax increased by \$401,277 due to COVID-19 fueling an increase in local purchases. Public safety expenditures increased by \$197,138 due primarily to increased personnel costs and supplies expenses. General government expenditures decreased \$393,414 due primarily to a reduction in personnel costs and advertising expenses in the current year. Community services expenditures increased by \$853,447 primarily due to nonrecurring emergency management expenses as relating to COVID-19.

The street improvement fund reflected a total fund balance of \$7,430,217, an increase of \$6,941,699 from the prior year. The increase is primarily a result of the recognition of proceeds received from the bond issuance occurring 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 \$1,075,510 in the general fund. This is a combination of a negative revenue variance of \$1,660,258, a positive expenditure variance \$644,251, and negative variance in other financing sources of \$59,503.

The original general fund budget deficit of \$184,569 was amended during the year to a final budgeted surplus of \$662,342. Significant amendments include a decrease in the streets, parks and recreation, police, and city manager and administration department expenses. 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 \$54,354,313 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 \$53,462,479 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- New elevator for city hall totaling \$68,368.
- Purchase of new fire suppression equipment for \$114,726.
- Purchase of new IT equipment totaling \$298,154.
- Purchased tract of land (104 E. Main St.) for \$47,737.
- Construction in progress related to the Theresa water line construction totaling \$2,497,146.
- Construction in progress for the Iron Ore Creek Interceptor totaling \$2,414,930.
- Construction in progress for the new environmental services offices and maintenance shop totaling \$366,679.

City of Denison, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2020

- Construction in progress for street improvements on Flora Lane totaling \$1,366,470.
- Water treatment and distribution equipment totaling \$500,565.

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 \$63,882,224. During the year, the City made payments on long-term debt totaling \$4,836,450. Additions to long-term debt include certificates of obligation totaling \$12,685,000 and general obligation bonds totaling \$4,045,000. In addition, the City refunded \$3,985,000 of certificates of obligation bonds in the current year. More detailed information about the City's long-term liabilities is presented in note IV. G 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 2020-2021:

- This budget will raise more revenue from total property taxes than last year's budget by an amount of \$101,473 (1.05% increase). The property tax revenue to be raised from new property added to the tax roll this year is \$524,195.
- The adopted property tax rate for fiscal year 2020-2021 has remained at \$0.652034 per \$100 valuation.
- Sales tax receipts were up in fiscal year 2020, and we expect an increase in fiscal year 2021 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, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 6,308,330	\$ 8,601,417	\$ 14,909,747	\$ 3,336,890
Investments	530,000	400,000	930,000	-
Restricted assets - cash	9,913,119	4,791,596	14,704,715	24,403
Restricted assets - investments	-	-	-	744,684
Receivables, net	3,156,712	2,114,115	5,270,827	410,284
Inventory	104,351	202,471	306,822	-
Current portion of grant receivables	793,519	-	793,519	-
Notes receivable	-	-	-	151,107
Interest in net position of recipient	238,796	-	238,796	-
Total Current Assets	21,044,827	16,109,599	37,154,426	4,667,368
Investments	-	-	-	486,206
Notes receivable - long-term portion	-	-	-	837,077
Long-term grant receivables	4,301,840	-	4,301,840	-
Capital assets:				
Non-depreciable	6,244,100	9,393,075	15,637,175	1,687,842
Net depreciable capital assets	48,110,213	44,069,404	92,179,617	2,959,535
Total Noncurrent Assets	58,656,153	53,462,479	112,118,632	5,970,660
Total Assets	79,700,980	69,572,078	149,273,058	10,638,028
Deferred Outflows of Resources				
Pension contributions	1,293,876	262,431	1,556,307	-
Pension experience vs assumption	155,780	50,293	206,073	-
Deferred charge on bond refunding	-	37,392	37,392	-
Total Deferred Outflows of Resources	1,449,656	350,116	1,799,772	-

City of Denison, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>Liabilities</u>				
Accounts payable and accrued liabilities	1,647,918	1,727,668	3,375,586	120,844
Customer deposits	-	438,732	438,732	-
Escrow payable	-	-	-	23,403
Accrued interest payable	82,637	142,770	225,407	1,762
Compensated absences - current	1,311,959	170,240	1,482,199	8,383
Landfill post closure costs - current	28,067	-	28,067	-
Long-term debt due within one year	3,073,049	2,433,979	5,507,028	70,000
Total Current Liabilities	6,143,630	4,913,389	11,057,019	224,392
Noncurrent liabilities:				
Net pension liabilities	6,046,309	770,716	6,817,025	-
Compensated absences - noncurrent	1,865,070	483,294	2,348,364	75,450
Landfill post closure costs - noncurrent	28,769	-	28,769	-
Long-term debt due in more than one year	24,869,458	37,288,031	62,157,489	301,000
Total Noncurrent Liabilities	32,809,606	38,542,041	71,351,647	376,450
Total Liabilities	38,953,236	43,455,430	82,408,666	600,842
<u>Deferred Inflows of Resources</u>				
Pension experience	527,723	34,626	562,349	-
Pension investment returns	3,743,068	500,243	4,243,311	-
Total Deferred Inflows of Resources	4,270,791	534,869	4,805,660	-
<u>Net Position</u>				
Net investment in capital assets	29,888,259	21,327,908	51,216,167	4,276,377
Restricted for:				
Capital improvements	8,940,353	-	8,940,353	-
Debt service	962,085	-	962,085	13,263
Municipal court	27,833	-	27,833	-
Public safety	138,899	-	138,899	-
Library	176,320	-	176,320	-
Unrestricted	(2,207,140)	4,603,987	2,396,847	5,747,546
Total Net Position	\$ 37,926,609	\$ 25,931,895	\$ 63,858,504	\$ 10,037,186

See Notes to Financial Statements.

City of Denison, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 5,041,618	\$ 1,231,546	\$ 259,008	\$ -
Public safety	12,030,129	910,917	1,409,705	-
Community services	6,396,721	1,652,774	-	-
Public works	6,858,692	5,654,494	-	-
Interest and fiscal charges	651,586	-	-	-
Total Governmental Activities	<u>30,978,746</u>	<u>9,449,731</u>	<u>1,668,713</u>	<u>-</u>
Business-Type Activities				
Water & Sewer	10,338,701	13,736,756	25,375	-
Total Business-Type Activities	<u>10,338,701</u>	<u>13,736,756</u>	<u>25,375</u>	<u>-</u>
Total Primary Government	<u>\$ 41,317,447</u>	<u>\$ 23,186,487</u>	<u>\$ 1,694,088</u>	<u>-</u>
Component units:				
Business and Industrial Corporation	1,351,496	494,009	-	14,994
Denison Public Library Endowment Fund	71,022	-	9,814	-
Denison Community Investment Corp.	13,526	-	-	-
Total Component Units	<u>\$ 1,436,044</u>	<u>\$ 494,009</u>	<u>\$ 9,814</u>	<u>\$ 14,994</u>

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

Primary Government

Governmental Activities	Business-Type Activities	Total	Component Units
\$ (3,551,064)	\$ -	\$ (3,551,064)	\$ -
(9,709,507)	-	(9,709,507)	-
(4,743,947)	-	(4,743,947)	-
(1,204,198)	-	(1,204,198)	-
(651,586)	-	(651,586)	-
<u>(19,860,302)</u>	<u>-</u>	<u>(19,860,302)</u>	<u>-</u>
-	3,423,430	3,423,430	-
-	3,423,430	3,423,430	-
<u>\$ (19,860,302)</u>	<u>\$ 3,423,430</u>	<u>\$ (16,436,872)</u>	<u>\$ -</u>
-	-	-	(842,493)
-	-	-	(61,208)
-	-	-	(13,526)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (917,227)</u>
11,069,151	-	11,069,151	-
6,112,237	-	6,112,237	2,037,412
1,760,562	-	1,760,562	-
126,053	139,798	265,851	56,616
719,271	-	719,271	65,333
2,070,316	(2,070,316)	-	-
<u>21,857,590</u>	<u>(1,930,518)</u>	<u>19,927,072</u>	<u>2,159,361</u>
1,997,288	1,492,912	3,490,200	1,242,134
35,929,321	24,438,983	60,368,304	8,795,052
<u>\$ 37,926,609</u>	<u>\$ 25,931,895</u>	<u>\$ 63,858,504</u>	<u>\$ 10,037,186</u>

City of Denison, Texas

BALANCE SHEET (Page 1 of 2)

GOVERNMENTAL FUNDS

September 30, 2020

	General	Street Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 4,853,578	\$ -	\$ 1,454,752	\$ 6,308,330
Investments	400,000	-	130,000	530,000
Restricted assets - cash	-	7,613,935	2,299,184	9,913,119
Receivables, net	8,086,510	-	165,561	8,252,071
Inventory	104,351	-	-	104,351
Advances to other funds	147,979	-	-	147,979
Interest in net position of recipient organization	-	-	238,796	238,796
Total Assets	\$ 13,592,418	\$ 7,613,935	\$ 4,288,293	\$ 25,494,646
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 1,308,023	\$ 183,718	\$ 156,177	\$ 1,647,918
Advances from other funds	-	-	147,979	147,979
Total Liabilities	1,308,023	183,718	304,156	1,795,897
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	478,158	-	82,203	560,361
Unavailable revenue - fines and forfeitures	21,852	-	-	21,852
Unavailable revenue - grants	5,095,359	-	-	5,095,359
Unavailable revenue - contractual services	78,133	-	-	78,133
Total Deferred Inflows of Resources	5,673,502	-	82,203	5,755,705

City of Denison, Texas

BALANCE SHEET (Page 2 of 2)

GOVERNMENTAL FUNDS

September 30, 2020

	General	Street Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<u>Fund Balances</u>				
Nonspendable:				
Inventory	104,351	-	-	104,351
Advances	147,979	-	-	147,979
Restricted for:				
Debt service	-	-	962,085	962,085
Capital improvements	-	7,430,217	1,510,136	8,940,353
Municipal court	-	-	27,833	27,833
Public safety	-	-	138,899	138,899
Community services	-	-	176,320	176,320
Committed to:				
Parks	-	-	356,167	356,167
Cemetery	11,134	-	-	11,134
Contingency	248,565	-	-	248,565
General government	-	-	27,087	27,087
Capital projects	-	-	465,366	465,366
Vehicle replacement	214,595	-	-	214,595
Assigned to:				
Capital projects	-	-	238,796	238,796
Unassigned reported in:				
General fund	5,884,269	-	(755)	5,883,514
Total Fund Balances	<u>6,610,893</u>	<u>7,430,217</u>	<u>3,901,934</u>	<u>17,943,044</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,592,418</u>	<u>\$ 7,613,935</u>	<u>\$ 4,288,293</u>	<u>\$ 25,494,646</u>

See Notes to Financial Statements.



City of Denison, Texas

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

September 30, 2020

Fund Balances - Total Governmental Funds \$ 17,943,044

Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	6,244,100
Capital assets - net depreciable	48,110,213

Deferred outflows (inflows) of resources, represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow (Inflow) of resources (expenditure/revenue) until then.

Pension contributions	1,293,876
Pension investment returns	(3,743,068)
Pension experience vs assumptions	155,780
Pension experience	(527,723)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Unavailable revenue items	660,346
Grant receivables	5,095,359

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Accrued interest	(82,637)
Compensated absences	(3,177,029)
Bond premium	(1,288,898)
Bonds, notes and other payables	(26,653,609)
Landfill post-closure care costs	(56,836)
Net pension liability - firefighter's pension fund	(3,659,034)
Net pension liability - TMRS	(2,387,275)

Net Position of Governmental Activities \$ 37,926,609

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, 2020

	General	Street Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property tax	\$ 8,866,255	\$ -	\$ 2,112,640	\$ 10,978,895
Sales tax	6,112,237	-	-	6,112,237
Franchise and local taxes	1,799,122	-	-	1,799,122
License and permits	767,573	-	-	767,573
Intergovernmental	280,829	-	1,053,639	1,334,468
Charges for services	8,062,173	-	575,723	8,637,896
Fines and forfeitures	300,806	-	15,653	316,459
Investment income	69,739	9,142	47,172	126,053
Other revenue	428,614	16,000	359,009	803,623
Total Revenues	26,687,348	25,142	4,163,836	30,876,326
Expenditures				
Current:				
General government	4,392,693	-	310,968	4,703,661
Public safety	11,402,600	-	41,719	11,444,319
Community services	5,760,167	-	492,196	6,252,363
Public works	5,986,582	244,910	-	6,231,492
Capital outlay	-	983,533	1,493,142	2,476,675
Debt Service:				
Principal	877,470	-	1,855,742	2,733,212
Interest and fiscal charges	94,394	-	413,003	507,397
Bond issuance costs	-	124,909	50,000	174,909
Total Expenditures	28,513,906	1,353,352	4,656,770	34,524,028
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,826,558)	(1,328,210)	(492,934)	(3,647,702)
Other Financing Sources (Uses)				
Transfers in	2,303,390	945,000	222,652	3,471,042
Transfers (out)	(890,000)	-	(510,726)	(1,400,726)
Bond issuance	-	6,300,000	2,450,000	8,750,000
Premium on bonds issued	-	1,024,909	-	1,024,909
Total Other Financing Sources (Uses)	1,413,390	8,269,909	2,161,926	11,845,225
Net Change in Fund Balances	(413,168)	6,941,699	1,668,992	8,197,523
Beginning fund balances	7,024,061	488,518	2,232,942	9,745,521
Ending Fund Balances	\$ 6,610,893	\$ 7,430,217	\$ 3,901,934	\$ 17,943,044

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, 2020

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

Net changes in fund balances - total governmental funds	\$	8,197,523
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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		3,013,046
Depreciation expense		(1,966,540)
Net effect of capital asset transfers and disposals		(84,352)

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

Unavailable revenues		(220,501)
Grant revenue		334,245

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		(434,612)
Pension expense - TMRS		(66,849)
Pension expense - Firemen's pension		206,305
Accrued interest		(7,908)

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		(8,750,000)
Premiums on bonds issued		(1,024,909)
Principal payments		2,733,212
Landfill post-closure cost		30,000

Change in Net Position of Governmental Activities	\$	1,997,288
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See Notes to Financial Statements.

City of Denison, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2020

	<u>Utility Fund</u>
<u>Assets</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 8,601,417
Investments	400,000
Receivables, net	2,114,115
Inventory	202,471
Restricted assets - cash	4,791,596
Total Current Assets	16,109,599
<u>Noncurrent Assets</u>	
Capital assets:	
Non-depreciable	9,393,075
Net depreciable capital assets	44,069,404
Total Assets	69,572,078
<u>Deferred Outflows of Resources</u>	
Pension contributions	262,431
Pension experience vs assumption	50,293
Deferred charge on bond refunding	37,392
Total Deferred Outflows of Resources	350,116
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	1,727,668
Customer deposits	438,732
Accrued interest	142,770
Compensated absences - current	170,240
Long-term liabilities due within one year	2,433,979
Total Current Liabilities	4,913,389
<u>Long-term Liabilities</u>	
Compensated absences - noncurrent	483,294
Long-term liabilities in more than one year	37,288,031
Net pension liability	770,716
Total Long-term Liabilities	38,542,041
<u>Deferred Inflows of Resources</u>	
Pension experience	34,626
Pension investment returns	500,243
Total Deferred Inflows of Resources	534,869
<u>Net Position</u>	
Net investment in capital assets	21,327,908
Unrestricted	4,603,987
Total Net Position	\$ 25,931,895

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, 2020

	Utility Fund
<u>Operating Revenues</u>	
Charges for services	\$ 13,650,665
Other revenue	86,091
Total Operating Revenues	13,736,756
 <u>Operating Expenses</u>	
Personnel services	4,016,710
Supplies and materials	1,250,245
Contractual services	1,564,175
Repairs and maintenance	830,344
Depreciation	1,524,443
Total Operating Expenses	9,185,917
Operating Income	4,550,839
 <u>Nonoperating Revenues (Expenses)</u>	
Intergovernmental	25,375
Investment income	139,798
Bond issuance expense	(85,119)
Interest expense	(1,067,665)
Total Nonoperating Revenues (Expenses)	(987,611)
Income Before Transfers	3,563,228
Transfers (out)	(2,070,316)
Total Transfers	(2,070,316)
Change in Net Position	1,492,912
Beginning net position	24,438,983
Ending Net Position	\$ 25,931,895

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, 2020

	Utility Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from customers	\$ 13,647,589
Payments to suppliers and service providers	(3,644,764)
Payments to employees for salaries and benefits	(2,555,055)
Net Cash Provided by Operating Activities	7,447,770
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfer (out)	(2,070,316)
Net Cash (Used) by Noncapital Financing Activities	(2,070,316)
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital purchases	(7,758,628)
Debt refunding	(4,036,725)
Proceeds from bond issuance	8,621,844
Diaster funding received	25,375
Bond issuance costs paid	(85,119)
Principal paid on debt	(2,103,238)
Interest paid on debt	(1,359,774)
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,696,265)
<u>Cash Flows from Investing Activities</u>	
Interest on investments	139,798
Proceeds from sales and maturities of investments	506,254
Net Cash Provided by Investing Activities	646,052
Net Increase (Decrease) in Cash and Cash Equivalents	(672,759)
Beginning cash and cash equivalents	14,065,772
Ending Cash and Cash Equivalents	\$ 13,393,013

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, 2020

	Utility Fund
<u>Reconciliation of Operating Income</u>	
<u>to Net Cash Provided by Operating Activities</u>	
Operating Income	\$ 4,550,839
Adjustments to reconcile operating income to net cash provided:	
Depreciation	1,524,443
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable	(47,331)
Inventory	(41,836)
Deferred Outflows of Resources:	
Pension contributions	(4,827)
Actual experience vs. assumption	(49,009)
Increase (Decrease) in:	
Accounts payable and accrued liabilities	1,319,221
Compensated absences	107,500
Net pension liability	(1,157,418)
Deferred Inflows of Resources:	
Pension investment returns	1,267,539
Investment experience	(21,351)
Net Cash Provided by Operating Activities	\$ 7,447,770

See Notes to Financial Statements.



City of Denison, Texas
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2020

	Police Seizure Fund	Sister City Fund	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 115,967	\$ 16,333	\$ 132,300
Total Assets	115,967	16,333	132,300
<u>Liabilities</u>			
Other accrued liabilities	115,967	16,333	132,300
Total Liabilities	\$ 115,967	\$ 16,333	\$ 132,300

See Notes to Financial Statements.



City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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, 2020

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 2020 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, 2019. 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, 2020

Blended Component Unit

Tax Increment Reinvestment Zone

The City created the Tax Increment Financing Reinvestment Zone Fund (the "TIRZ") to encourage and accelerate planned development of a certain contiguous geographic area within its jurisdiction and extra-territorial jurisdiction. Of the five-member Board of Directors four are appointed by the Denison City Council and one member shall be appointed by the County Commissioners Court of Grayson. Any future debt obligations issued and backed by the TIRZ are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year.

The TIRZ Board of Directors acts primarily in an advisory role to the City Council, who exercise the ultimate financial control over the recommendations of the TIRZ board, including its budget and expenditures. The financial information of the TIRZ is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

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 Simmons 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.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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 \$15,742 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.

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:

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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.

Street Improvement Fund

The street improvement fund accounts for the maintenance, construction, and development of streets within the City.

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.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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.

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.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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 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.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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.

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

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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 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

City of Denison, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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.

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.

<u>Asset Description</u>	<u>Estimated Useful Years</u>
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 2020 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

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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.

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.

City of Denison, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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 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.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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.

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.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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.

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, street improvement, 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 for the general fund. For all other fund budgets, the legal level of control is the fund 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.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

As of September 30, 2020, expenditures exceeded appropriations at the legal level of control as follows:

General fund:

Human resources	\$	3,850
Main street		1,665
Fire		37,751
Municipal court		6,585
Emergency operations		95,312
Parks and recreation		42,485
Library		14,306
Garage		12,953
Interest and fiscal charges		82,341
Transfers (out)		183,750

Tax Increment Reinvestment fund:

Total expenditures	\$	496,408
Transfers (out)		126,030

General Bond fund:

Total expenditures	\$	1,144,790
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Fire Equipment fund:

Public safety	\$	2,521
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Fire Training fund:

Public safety	\$	3,547
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Police Training fund:

Public safety	\$	488
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A. Deficit Fund Equity

The community development operating fund had a deficit fund balance of \$755, as of September 30, 2020. This deficit will be replenished in the subsequent periods.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2020, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 930,000	0.21
External investment pools	8,316,240	0.12
Total value	\$ 9,246,240	
Portfolio weighted average maturity		0.13

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 AAAM, 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, 2020, 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

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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:

	General	Nonmajor Governmental Funds	Utility	Total
Property taxes	\$ 497,774	\$ 85,937	\$ -	\$ 583,711
Sales tax	1,051,127	-	-	1,051,127
Franchise taxes	55,974	-	-	55,974
Hotel taxes	41,634	-	-	41,634
Fines	999,430	-	-	999,430
Ambulance	195,331	-	-	195,331
Accounts	740,596	83,357	2,216,110	3,040,063
Grant receivable	5,095,359	-	-	5,095,359
Other receivables	516,607	-	-	516,607
Allowance	(1,107,322)	(3,733)	(101,995)	(1,213,050)
	<u>\$ 8,086,510</u>	<u>\$ 165,561</u>	<u>\$ 2,114,115</u>	<u>\$ 10,366,186</u>

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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, 2019 (the most recently available date), the outstanding note receivable balances were as follows:

Description	Interest Rate	Beginning Balance	Additions	Collections	Ending Balance	Amounts Due within One Year
RMJ Likarish - 331 W. Woodard Tyler	4.00%	\$ 109,049	-	\$ (9,943)	\$ 99,106	\$ 10,348
Ward - Houston Street	4.00%	23,488	-	(6,220)	17,268	6,474
Jay Connelly	4.00%	67,801	-	(67,801)	-	-
Nitia, Inc	4.00%	73,856	-	(15,200)	58,656	15,820
Steelcore	4.00%	36,461	-	(11,322)	25,139	10,894
Parker - Ivahoe Ale House	5.00%	188,703	-	(28,209)	160,494	27,706
Parker - Ivahoe Ale House (add'l loan)	5.00%	29,803	-	(4,468)	25,335	4,388
Bent Leaf	4.00%	25,359	-	(4,926)	20,433	4,334
Gaytan Restaurants	4.00%	110,376	-	(25,396)	84,980	26,430
Mr. Ruiz Mexican Grill	4.00%	-	8,500	(1,121)	7,379	3,240
Voska, LLC	4.00%	-	91,360	-	91,360	9,743
Bohemian Taco, LLC	4.00%	-	832	-	832	-
Railyard Incubator, LLC	4.50%	-	397,202	-	397,202	31,730
Total notes receivable		<u>\$ 664,896</u>	<u>\$ 497,894</u>	<u>\$ (174,606)</u>	<u>\$ 988,184</u>	<u>\$ 151,107</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 November 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 approximately \$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 fifth payment of \$793,519 during the year, leaving a remaining receivable balance of \$3,967,595.

As of September 30, 2020, the City also recognized a \$1,127,764 receivable for grant funds received as part of the federal government's CARES Act to assist with the recovery of the COVID-19 pandemic. These receivables were fully collected in the subsequent fiscal year.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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	\$ 47,737	\$ -	\$ 3,510,345
Construction in progress	1,021,821	1,825,351	(113,417)	2,733,755
Total capital assets not being depreciated	<u>4,484,429</u>	<u>1,873,088</u>	<u>(113,417)</u>	<u>6,244,100</u>
Capital assets, being depreciated:				
Buildings and improvements	29,284,307	68,368	33,687	29,386,362
Infrastructure	32,151,714	491,141	-	32,642,855
Equipment	17,231,193	580,449	(279,500)	17,532,142
Total capital assets being depreciated	<u>78,667,214</u>	<u>1,139,958</u>	<u>(245,813)</u>	<u>79,561,359</u>
Less accumulated depreciation				
Buildings and improvements	(4,824,321)	(712,213)	-	(5,536,534)
Infrastructure	(16,054,268)	(359,803)	-	(16,414,071)
Equipment	(8,880,895)	(894,524)	274,878	(9,500,541)
Total accumulated depreciation	<u>(29,759,484)</u>	<u>(1,966,540)</u>	<u>274,878</u>	<u>(31,451,146)</u>
Net capital assets being depreciated	<u>48,907,730</u>	<u>(826,582)</u>	<u>29,065</u>	<u>48,110,213</u>
Total Capital Assets	<u>\$ 53,392,159</u>	<u>\$ 1,046,506</u>	<u>\$ (84,352)</u>	<u>\$ 54,354,313</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 215,616
Public safety	523,950
Public works	501,107
Community services	725,867
Total Governmental Activities Depreciation Expense	<u>\$ 1,966,540</u>

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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	2,080,338	7,152,697	(383,679)	8,849,356
Total capital assets not being depreciated	<u>2,624,057</u>	<u>7,152,697</u>	<u>(383,679)</u>	<u>9,393,075</u>
Capital assets, being depreciated:				
Buildings and improvements	25,886,185	-	383,679	26,269,864
Infrastructure	31,751,264	34,681	-	31,785,945
Machinery and equipment	16,350,420	571,250	(15,015)	16,906,655
Total capital assets being depreciated	<u>73,987,869</u>	<u>605,931</u>	<u>368,664</u>	<u>74,962,464</u>
Less accumulated depreciation				
Buildings and improvements	(8,027,828)	(563,675)	-	(8,591,503)
Infrastructure	(14,106,868)	(471,055)	-	(14,577,923)
Machinery and equipment	(7,248,936)	(489,713)	15,015	(7,723,634)
Total accumulated depreciation	<u>(29,383,632)</u>	<u>(1,524,443)</u>	<u>15,015</u>	<u>(30,893,060)</u>
Net capital assets being depreciated	<u>44,604,237</u>	<u>(918,512)</u>	<u>383,679</u>	<u>44,069,404</u>
Total Capital Assets	<u>\$ 47,228,294</u>	<u>\$ 6,234,185</u>	<u>\$ -</u>	<u>\$ 53,462,479</u>

Depreciation was charged to business-type activities as follows:

Water	\$ 942,344
Sewer	582,099
Total Business-Type Activities Depreciation Expense	<u>\$ 1,524,443</u>

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

A summary of changes in component unit 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	\$ 1,687,842	\$ -	\$ -	\$ 1,687,842
Total capital assets not being depreciated	<u>1,687,842</u>	<u>-</u>	<u>-</u>	<u>1,687,842</u>
Capital assets, being depreciated:				
Buildings and improvements	4,488,456	-	-	4,488,456
Infrastructure	186,608	-	-	186,608
Machinery and equipment	11,883	-	-	11,883
Total capital assets being depreciated	<u>4,686,947</u>	<u>-</u>	<u>-</u>	<u>4,686,947</u>
Less accumulated depreciation				
Buildings and improvements	(1,567,364)	(115,820)	-	(1,683,184)
Infrastructure	(30,479)	(1,866)	-	(32,345)
Machinery and equipment	(11,883)	-	-	(11,883)
Total accumulated depreciation	<u>(1,609,726)</u>	<u>(117,686)</u>	<u>-</u>	<u>(1,727,412)</u>
Net capital assets being depreciated	<u>3,077,221</u>	<u>(117,686)</u>	<u>-</u>	<u>2,959,535</u>
Total Capital Assets	<u>\$ 4,765,063</u>	<u>\$ (117,686)</u>	<u>\$ -</u>	<u>\$ 4,647,377</u>

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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>
Governmental Activities:					
Compensated Absences	\$ 2,742,417	\$ 1,567,097	\$ (1,132,485)	\$ 3,177,029	\$ 1,311,959
Total Governmental Activities	<u>\$ 2,742,417</u>	<u>\$ 1,567,097</u>	<u>\$ (1,132,485)</u>	<u>\$ 3,177,029</u>	<u>\$ 1,311,959</u>
Other Long-term Liabilities Due in More than One Year				<u>\$ 1,865,070</u>	
Business-Type Activities:					
Compensated Absences	\$ 546,034	\$ 249,737	\$ (142,237)	\$ 653,534	\$ 170,240
Total Business-Type Activities	<u>\$ 546,034</u>	<u>\$ 249,737</u>	<u>\$ (142,237)</u>	<u>\$ 653,534</u>	<u>\$ 170,240</u>
Other Long-term Liabilities Due in More than One Year				<u>\$ 483,294</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, 2020.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Component Unit Activities:					
Compensated Absences	\$ 77,091	\$ 22,987	\$ (16,245)	\$ 83,833	\$ 8,383
Total Component Unit Activities	<u>\$ 77,091</u>	<u>\$ 22,987</u>	<u>\$ (16,245)</u>	<u>\$ 83,833</u>	<u>\$ 8,383</u>
Other Long-Term Liabilities Due in More Than One Year				<u>\$ 75,450</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, 2020.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Landfill post-closure costs	\$ 86,836	\$ -	\$ (30,000)	\$ 56,836	\$ 28,067
Total Governmental Activities	<u>\$ 86,836</u>	<u>\$ -</u>	<u>\$ (30,000)</u>	<u>\$ 56,836</u>	<u>\$ 28,067</u>
Long-term Liabilities Due in More than One Year				<u>\$ 28,769</u>	

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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>Refunding</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:						
Bonds, notes and other payables:						
General obligation bonds	\$ 2,082,400	\$ -	\$ -	\$ (380,000)	\$ 1,702,400	\$ 395,200
Certificates of obligation	13,096,383	8,750,000	-	(1,305,742)	20,540,641	1,760,466
Tax notes	425,000	-	-	(210,000)	215,000	215,000
Less deferred amounts:						
For issuance premiums	302,617	1,024,909	-	(38,628)	1,288,898	-
	<u>15,906,400</u>	<u>9,774,909</u>	<u>-</u>	<u>(1,934,370)</u>	<u>23,746,939</u>	<u>2,370,666</u>
Other liabilities:						
Capital leases payable	3,813,038	-	-	(667,470)	3,145,568	532,383
Notes payable	1,220,000	-	-	(170,000)	1,050,000	170,000
Total Governmental Activities	<u>\$ 20,939,438</u>	<u>\$ 9,774,909</u>	<u>\$ -</u>	<u>\$ (2,771,840)</u>	<u>\$ 27,942,507</u>	<u>\$ 3,073,049</u>
Long-term liabilities due in more than one year					<u>\$ 24,869,458</u>	
Business-Type Activities:						
Bonds, notes and other payables:						
General obligation bonds	\$ 3,457,600	\$ 4,045,000	\$ -	\$ (375,000)	\$ 7,127,600	\$ 814,800
Certificates of obligation	31,573,621	3,935,000	(3,985,000)	(1,679,258)	29,844,363	1,569,534
Less deferred amounts:						
For issuance discount	(13,032)	-	-	1,303	(11,729)	-
For issuance premiums	2,088,699	641,844	(51,725)	(173,694)	2,505,124	-
	<u>37,106,888</u>	<u>8,621,844</u>	<u>(4,036,725)</u>	<u>(2,226,649)</u>	<u>39,465,358</u>	<u>2,384,334</u>
Other liabilities:						
Capital leases payable	305,632	-	-	(48,980)	256,652	49,645
Total Business-Type Activities	<u>\$ 37,412,520</u>	<u>\$ 8,621,844</u>	<u>\$ (4,036,725)</u>	<u>\$ (2,275,629)</u>	<u>\$ 39,722,010</u>	<u>\$ 2,433,979</u>
Long-term liabilities due in more than one year					<u>\$ 37,288,031</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.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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>
General Obligation Bonds:			
\$3,442,800 General Obligation Refunding Bonds, Series 2013, due in installments through 2025, interest at 2.75%	\$ 1,702,400	\$ 537,600	\$ 2,240,000
\$3,060,000 General Obligation Refunding Bonds, Series 2019, due in installments through 2028, interest at 3% to 5%	-	2,545,000	2,545,000
\$4,045,000 General Obligation Refunding Bonds, Series 2020, due in installments through 2029, interest at 1.81%	-	4,045,000	4,045,000
Total General Obligation Bonds	<u>\$ 1,702,400</u>	<u>\$ 7,127,600</u>	<u>\$ 8,830,000</u>
Certificates of Obligation:			
\$6,665,000 Comb Tax and Revenue Certificates of Obligation, Series 2012, due in annual installments through 2028, interest at 3%	\$ -	\$ 3,655,000	\$ 3,655,000
\$6,335,000 Comb Tax and Revenue Certificates of Obligation, Series 2015, due in annual installments through 2035, interest at 3-4%	-	5,290,000	5,290,000
\$2,240,000 Comb Tax and Surplus Revenue Certificates of Obligation, Series 2013, due in annual installments through 2033, interest at 2.75%	1,600,000	-	1,600,000
\$7,475,000 Comb Tax and Surplus Revenue Certificates of Obligation, Series 2016, due in annual installments through 2026, interest at 1.89%	4,665,000	-	4,665,000
\$1,725,000 Comb Tax and Surplus Revenue Certificates of Obligation, Series 2016, due in annual installments through 2036, interest at 3-5%	-	1,505,000	1,505,000
\$2,855,000 Combination Tax & Limited Surplus Revenue Certificates of Obligation, Series 2017, through 2027, interest at 2.16%	2,070,000	-	2,070,000
\$2,945,000 Combination Tax & Revenue Certificates of Obligation, Series 2017, through 2037, interest at 3%	2,625,641	-	2,625,641
\$1,000,000 Comb Tax & Limited Surplus Revenue Certificates of Obligation, Series 2018A, due through 2028, interest at 2.89%	830,000	-	830,000
\$3,925,000 Combination Tax & Revenue Certificates of Obligation, Series 2017, through 2037, interest at 3%	-	3,499,363	3,499,363
\$7,255,000 Comb Tax & Limited Surplus Revenue Certificates of Obligation, Series 2018, due through 2038, interest at 3.12% to 5.54%	-	6,810,000	6,810,000
\$5,255,000 Comb Tax & Limited Surplus Revenue Certificates of Obligation, Series 2019, due through 2039, interest at 3% to 4%	-	5,150,000	5,150,000
\$2,450,000 Comb Tax & Limited Surplus Revenue Certificates of Obligation, Series 2020A, due through 2030, interest at 1.86%	2,450,000	-	2,450,000
\$6,300,000 Comb Tax and Revenue Certificates of Obligation, Series 2020B, due in annual installments through 2040, interest at 3% to 5%	6,300,000	3,935,000	10,235,000
Total Certificates of Obligation	<u>\$ 20,540,641</u>	<u>\$ 29,844,363</u>	<u>\$ 50,385,004</u>

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Tax Notes			
\$1,435,000 Tax Note, Series 2014, due in installments through 2021, interest at 1.24%	\$ 215,000	\$ -	\$ 215,000
Less deferred amounts:			
Discounts and premiums	1,288,898	2,493,395	3,782,293
Notes Payable:			
\$1,550,000 Section 108 HUD loan, due in annual installments through 2026, interest is variable	1,050,000	-	1,050,000
Capital Leases Payable:			
\$373,500 Capital lease payable to JP Morgan Chase, due in annual installments of \$41,746 through 2022, interest at 2.42%	80,557	-	80,557
\$1,600,000 Capital lease payable to BB&T, due in annual installments of \$180,904 through 2024, interest at 2.39%	682,364	-	682,364
\$463,000 Capital lease payable to JP Morgan Chase, due in annual installments of \$51,382 through 2025, interest at 2.08%	219,450	-	219,450
\$525,509 Capital lease payable to JP Morgan Chase, due in annual installments of \$61,045 through 2027, interest at 3.045%	379,113	-	379,113
\$135,186 Capital lease payable to Bankcorp South, due in annual installments of \$23,938 through 2023, interest at 2.46%	68,382	-	68,382
\$259,366 Capital lease payable to Ricoh, due in monthly installments of \$4,323 through 2023, interest at 0%	75,649	75,649	151,298
\$210,000 Capital lease payable to BB&T, due in annual installments of \$44,611 through 2023, interest at 3.11%	125,921	-	125,921
\$1,677,500 Capital lease payable to JP Morgan Chase, due in annual installments of \$194,919 through 2029, interest at 3.05%	1,514,132	-	1,514,132
\$251,326 Capital lease payable to BB&T, due in annual installments of \$28,921 through 2027, interest at 2.88%	-	181,003	181,003
Total Capital Leases Payable	<u>3,145,568</u>	<u>256,652</u>	<u>3,402,220</u>
Total Debt	<u>\$ 27,942,507</u>	<u>\$ 39,722,010</u>	<u>\$ 67,664,517</u>

As of September 30, 2020, the total net carrying value of the capital lease assets for governmental activities and business-type activities were \$3,824,431 and \$300,265, respectively.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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
2021	\$ 395,200	\$ 54,435	\$ 814,800	\$ 198,687	\$ 1,210,000	\$ 253,122
2022	311,600	42,579	803,400	173,636	1,115,000	216,215
2023	323,000	33,231	837,000	148,696	1,160,000	181,927
2024	330,600	23,541	864,400	122,672	1,195,000	146,213
2025	342,000	11,970	878,000	102,301	1,220,000	114,271
2026	-	-	790,000	82,206	790,000	82,206
2027	-	-	815,000	57,334	815,000	57,334
2028	-	-	840,000	31,327	840,000	31,327
2029	-	-	485,000	4,390	485,000	4,390
	<u>\$ 1,702,400</u>	<u>\$ 165,756</u>	<u>\$ 7,127,600</u>	<u>\$ 921,249</u>	<u>\$ 8,830,000</u>	<u>\$ 1,087,005</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
2021	\$ 1,760,466	\$ 546,465	\$ 1,569,534	\$ 1,049,930	\$ 3,330,000	\$ 1,596,395
2022	1,809,753	503,435	1,515,247	994,961	3,325,000	1,498,396
2023	1,859,429	458,622	1,580,571	933,624	3,440,000	1,392,246
2024	1,900,805	411,663	1,654,195	865,399	3,555,000	1,277,062
2025	1,949,325	366,369	1,715,675	797,892	3,665,000	1,164,261
2026	1,999,767	323,534	1,785,233	733,179	3,785,000	1,056,713
2027	1,208,286	283,591	1,846,714	665,032	3,055,000	948,623
2028	922,027	249,960	1,927,973	591,792	2,850,000	841,752
2029	833,624	220,324	1,476,376	515,701	2,310,000	736,025
2030	861,157	193,154	1,528,843	458,839	2,390,000	651,993
2031	617,753	169,371	1,582,247	402,232	2,200,000	571,603
2032	641,494	147,251	1,643,506	346,547	2,285,000	493,798
2033	663,092	124,328	1,696,908	290,500	2,360,000	414,828
2034	532,767	102,896	1,752,233	233,643	2,285,000	336,539
2035	553,651	82,969	1,816,349	175,583	2,370,000	258,552
2036	573,326	64,218	1,411,674	124,260	1,985,000	188,478
2037	588,994	46,783	1,331,011	82,185	1,920,005	128,968
2038	409,331	31,808	1,105,669	44,670	1,515,000	76,478
2039	421,641	19,343	633,359	17,863	1,055,000	37,206
2040	433,953	6,509	271,046	4,066	704,999	10,575
	<u>\$ 20,540,641</u>	<u>\$ 4,352,593</u>	<u>\$ 29,844,363</u>	<u>\$ 9,327,898</u>	<u>\$ 50,385,004</u>	<u>\$ 13,680,491</u>

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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

Tax Notes

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2021	\$ 215,000	\$ 1,333	\$ 216,333
	\$ 215,000	\$ 1,333	\$ 430,301

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

Capital Leases Payable

Year ending September 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 532,383	\$ 86,319	\$ 49,645	\$ 5,213	\$ 582,028	\$ 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	28,113	810	265,450	19,437
2028	183,552	11,367	-	-	183,552	11,367
2029	190,216	5,769	-	-	190,216	5,769
	\$ 3,145,568	\$ 357,767	\$ 256,652	\$ 21,444	\$ 3,402,220	\$ 379,211

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

Notes Payable

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2021	\$ 170,000	\$ 28,030	\$ 198,030
2022	171,000	23,661	194,661
2023	173,000	19,306	192,306
2024	175,000	14,776	189,776
2025	178,000	10,107	188,107
2026	183,000	5,234	188,234
	\$ 1,050,000	\$ 101,114	\$ 1,151,114

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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, 2020.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Component Unit Activity					
Notes payable	\$ 892,001	\$ -	\$ (521,001)	\$ 371,000	\$ 70,000
Deferred compensation	75,532	-	(75,532)	-	-
Total Governmental Activities	<u>\$ 967,533</u>	<u>\$ -</u>	<u>\$ (596,533)</u>	<u>\$ 371,000</u>	<u>\$ 70,000</u>
Long-term liabilities due in more than one year				<u>\$ 301,000</u>	

Notes Payable

<u>Year ending September 30,</u>	<u>Component Unit Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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>\$ 371,000</u>	<u>\$ 27,061</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 \$15,742 toward the post-closure costs. These costs are expected to significantly decline in the near future. The City has recorded a liability of \$56,836 for the future costs, representing an estimated 2 years of remaining monitoring, including an assumed 2.5% inflation rate.

H. Advanced Refunding

On May 20, 2020, the City issued \$4,045,000 in general obligation refunding bonds with an interest rate of 5%. The proceeds were used to advance refund \$3,985,000 of outstanding 2010 certificate of obligation bonds which had an interest rate of 3%. The net proceeds of \$4,042,456,

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

after issuance costs, were deposited into an irrevocable trust 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 \$5,732. This amount was expensed in full during the current year. This advance refunding reduced its total debt service payments by \$391,860 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$351,878.

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 \$37,392. Current year amortization for business-type activities was \$4,674.

J. Interfund Transactions

Transfers between the primary government funds during the 2020 year were as follows:

Transfer Out:	Transfer In:			Total
	General	Street Improvement	Nonmajor	
Utility fund	1,865,315	205,001	-	2,070,316
General	-	739,999	150,001	890,000
Nonmajor funds	438,075	-	72,651	510,726
Total	\$ 2,303,390	\$ 945,000	\$ 222,652	\$ 3,471,042

During the year, transfers are primarily used to allocate administrative and overhead costs between funds.

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

Advances from other funds (Receiving Fund):	Advances to other funds (Payable Fund): Nonmajor
General Fund	147,979
Total	\$ 147,979

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.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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In fiscal year ending September 30, 2020, the general fund advanced the parks and recreation fund \$147,979 paid towards a parks grant. The parks and recreation fund will pay back the general fund over the next two years.

K. Restricted Fund Balance

The City records restricted fund balance 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 fund balance for the governmental funds was \$10,245,490. Of which, \$27,833 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.

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

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at 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, 2020

Plan provisions for the City were as follows:

	<u>Plan Year 2019</u>	<u>Plan Year 2018</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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	176
Inactive employees entitled to but not yet receiving benefits	143
Active employees	<u>237</u>
Total	<u>556</u>

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 12.17% and 12.16% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$1,436,872, and were equal to the required contributions.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

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 are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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. 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

City of Denison, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

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

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/18	\$ 66,499,670	\$ 58,515,940	\$ 7,983,730
Changes for the year:			
Service cost	1,804,742	-	1,804,742
Interest	4,420,063	-	4,420,063
Difference between expected and actual experience	(82,160)	-	(82,160)
Changes of assumptions	283,838	-	283,838
Contributions – employer	-	1,437,441	(1,437,441)
Contributions – employee	-	827,133	(827,133)
Net investment income	-	9,040,300	(9,040,300)
Benefit payments, including refunds of emp. contributions	(3,839,260)	(3,839,260)	-
Administrative expense	-	(51,117)	51,117
Other changes	-	(1,535)	1,535
Net changes	2,587,223	7,412,962	(4,825,739)
Balance at 12/31/19	\$ 69,086,893	\$ 65,928,902	\$ 3,157,991

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:

1% Decrease 5.75	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 12,010,582	\$ 3,157,991	\$ (4,160,983)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmr.com.

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

For the year ended September 30, 2020, the City recognized pension expense for this plan of \$1,547,880.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	\$ -	\$ (141,878)
Changes in actuarial assumptions	206,073	-
Difference between projected and investment earnings	-	(2,049,733)
Contributions subsequent to the measurement date	1,075,306	-
Total	\$ 1,281,379	\$ (2,191,611)

The City reported \$1,075,306 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, 2021.

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:	
2020	\$ (638,287)
2021	(549,107)
2022	219,950
2023	(1,018,094)
2024	-
Thereafter	-
	\$ (1,985,538)

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

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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 January 1, 2020, the City of Denison contributes 18 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 13.25 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.

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.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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.

Employees covered by benefit terms

At the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	9
Active employees	<u>47</u>
Total	<u>109</u>

8. Contributions

Through December 31, 2019, the firefighter contribution rate was 12%. Beginning January 1, 2020, it was increased by the firefighters to 13.25%. The City has contributed 15% of payroll for a number of years. Beginning January 1, 2020, the City increased its rate to 18%. The City's contributions to the fund for the year ended September 30, 2020, were \$604,020, and were equal to the required contributions.

9. Net Pension Liability

The City's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Total pension liability	\$	23,884,175
Plan fiduciary net position		20,225,141
City's net pension liability	\$	3,659,034
Plan fiduciary net position as a percentage of the total pension liability		84.68%

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation, measurement date of December 31, 2019, 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.
Discount rate	7.50% per annum, compounded annually
Compensation increases	2.75% general annual compensation increase plus 1.89% per year for pay increases due to promotion and longevity over a 30-year career
Increases in total payroll	2.75% aggregate payroll growth
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	PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2019.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Termination rates	<u>Age</u>	<u>Termination Rate</u>
	25	4.97%
	35	2.49%
	45	0.62%
	55	0.00%

Disability Rates developed from 1985 Society of Actuaries Disability Table Study using Class 1 male rates with a 90-day elimination period. Specimen rates are:

<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.

Assumed contribution rates	
a. Members	13.25% of compensation
b. City	18.00% 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

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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, 2020 (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	3.8%	0.0000%
Closed-end mutual funds	5.5%	1.45%
Equities	72.1%	5.95%
Real Estate	<u>18.6%</u>	<u>3.95%</u>
Total	100.0%	5.10%

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/18	\$ 23,290,447	\$ 16,588,602	\$ 6,701,845
Changes for the year:			
Service cost	504,489	-	504,489
Interest	1,713,480	-	1,713,480
Difference between expected and actual experience	(693,239)	-	(693,239)
Changes of assumptions	966,083	-	966,083
Contributions – employer	-	529,465	(529,465)
Contributions – employee	-	423,572	(423,572)
Net investment income	-	4,623,990	(4,623,990)
Benefit payments, including refunds of emp. contributions	(1,897,085)	(1,897,085)	-
Administrative expense	-	(43,403)	43,403
Other changes	-	-	-
Net changes	593,728	3,636,539	(3,042,811)
Balance at 12/31/19	\$ 23,884,175	\$ 20,225,141	\$ 3,659,034

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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:

1% Decrease 6.50%	Current Single Rate Assumption 7.50%	1% Increase 8.50%
\$ 6,513,073	\$ 3,659,034	\$ 1,285,655

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, 2020, the City recognized pension expense for this plan of \$398,080.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between projected and investment earnings	\$ -	\$ (2,193,578)
Differences between expected and actual economic experience	-	(420,471)
Contributions subsequent to the measurement date	481,001	-
Total	\$ 481,001	\$ (2,614,049)

The City reported \$481,001 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, 2021.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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:	
2020	\$ (679,058)
2021	(682,103)
2022	(401,345)
2023	(759,744)
2024	(91,799)
2025	-
2026	-
Thereafter	-
	\$ (2,614,049)

	Texas Municipal Retirement System Defined Benefit Plan	Denison Fireman's Relief and Retirement Fund	Total
Net pension liability	\$ (3,157,991)	\$ (3,659,034)	\$ (6,817,025)
Deferred outflows of resources	1,281,379	481,001	1,762,380
Deferred inflows of resources	(2,191,611)	(2,614,049)	(4,805,660)
Pension expense	1,547,880	398,080	1,945,960
Total	\$ (2,520,343)	\$ (5,394,002)	\$ (7,914,345)

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

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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 \$49,960 for the year ended September 30, 2020.

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 2020 is \$915,000. Payments made by the City during the year totaled \$925,624.

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.

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 \$8,033,370 for closure and \$2,276,581 for post-closure. The landfill is estimated to be 19% full and has an estimated remaining useful life of 64.5 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.

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

During the year ended September 30, 2020, the City paid \$286,388 to the Authority in accordance with these contracts. Future payments under these contracts average approximately \$289,948 per year for the next 10 years.

A summary of the remaining debt service as of September 30, 2020 is as follows:

Year Ending September 30,	Principal	Interest	Total
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
Total	\$ 2,562,840	\$ 336,645	\$ 2,899,485

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Construction Commitments

The City has active construction projects as of September 30, 2020. At year end, the City's commitments with contractors are as follows:

Governmental Funds

Project	Project Budget Appropriation	Construction in Progress (Spent to Date)	Remaining Commitment
Katy Trail Phase One	\$ 229,978	\$ 109,417	\$ 120,561
Flora Lane Reconstruction	2,334,814	1,620,558	714,256
Waterloo/Lang Reconstruction	246,845	61,876	184,969
West End Fire Station	950,000	930,367	19,633
Total Construction in Progress	<u>\$ 3,761,637</u>	<u>\$ 2,722,218</u>	<u>\$ 1,039,419</u>

Proprietary Funds

Project	Project Budget Appropriation	Construction in Progress (Spent to Date)	Remaining Commitment
Texoma Pump Station	\$ 829,958	\$ 467,389	\$ 362,569
Theresa (Katy Trail/Railroad) Water Line	4,958,091	2,842,619	2,115,472
Iron Ore Interceptor	3,686,372	2,555,196	1,131,176
West End Fire Station	18,250	3,000	15,250
West Loy Lake	399,700	63,620	336,080
Iron Ore Interceptor	739,900	674,679	65,221
FM 1417 Water Line	889,239	198,450	690,789
Total Construction in Progress	<u>\$ 11,521,510</u>	<u>\$ 6,804,953</u>	<u>\$ 4,716,557</u>

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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	1,595,928,000
Gallons Billed	1,312,720,249
Other gallons processed *	14,393,150

*Emergency water main repairs, installation of water main, repair service main, replace water main, water leak, and fire hydrant flushing.

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, 2020

H. Tax Abatement Disclosures

The City of Denison negotiates tax abatement agreements on an individual basis. The City has four property tax abatement agreements with two separate entities, a sales tax abatement with one entity, and hotel tax abatements with one entity as of September 30, 2020:

<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%	\$ 104,921
Hotel receives hotel tax abatements for constructing and operating a hotel and conference center facility within the City.	Hotel Tax	100%	416,131
Developer receives ad valorem rebate for constructing single family structures within the City.	Property Tax	100%	66,625
Property owner/developer receives rebate of ten times the amount of increased city property taxes assessed and paid.	Property Tax	100%	57,434
Entertainment venue receives property tax rebate for constructing and operating facility within the City.	Property Tax	100%	18,730
Entertainment venue receives sales tax rebate for constructing and operating facility within the City.	Sales Tax	100%	46,743
Total			\$ 710,584

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

City of Denison, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

agreements individually. It established a quantitative threshold of 100% percent of the total dollar amount of taxes abated during the year.

I. Related Party Transactions

Janet Gott is the City Mayor. Mrs. Gott is related to the owner of a landscaping company that was contracted to perform landscaping services for the City. The services provided totaled \$330,407 during the fiscal year ending September 30, 2020.

J. Restatement

The City restated its beginning net position within government activities, the general fund and a nonmajor governmental fund to properly reflect corrections of deferred revenue and expenses in the prior year. The below tables summarize the changes to net position and the respective fund balances as a result of these changes.

	Governmental Activities	General	Community Development Operating
Prior year ending net position/ fund balance, as reported	\$ 35,891,070	\$ 6,966,067	\$ (75,058)
To correct deferred revenue	38,560	38,560	-
To correct expenses	(309)	19,434	(19,743)
Restated beginning net position/fund balance	\$ 35,929,321	\$ 7,024,061	\$ (94,801)

K. Subsequent Events

On December 17, 2020 the City entered into a capital lease agreement in the amount of \$1,100,000 with an interest rate of 1.1% and a maturity date of December 15, 2025.

On March 03, 2021 the City issued a \$15,940,000 Combination Tax and Surplus Revenue Certificate of Obligation with an interest rate of 2% to 4% and a maturity date of September 30, 2041.

Subsequent to September 30, 2020, there were no additional material events through March 12, 2021, 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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property tax	\$ 9,346,663	\$ 9,346,663	\$ 8,866,255	\$ (480,408)
Sales tax	6,254,000	6,254,000	6,112,237	(141,763)
Franchise and local taxes	1,958,000	1,958,000	1,799,122	(158,878)
License and permits	635,000	635,000	767,573	132,573
Intergovernmental	-	-	280,829	280,829
Charges for services	9,023,200	9,101,833	8,062,173	(1,039,660)
Fines and forfeitures	525,000	525,000	300,806	(224,194)
Investment income	132,110	132,110	69,739	(62,371)
Other revenue	395,000	395,000	428,614	33,614
Total Revenues	28,268,973	28,347,606	26,687,348	(1,660,258)
<u>Expenditures</u>				
Current:				
General government				
City manager and admin.	2,440,117	2,228,787	1,658,555	570,232
Finance	615,632	583,647	539,204	44,443
Human resources	358,063	345,960	349,810	(3,850) *
Information technology	1,407,677	1,424,033	1,361,741	62,292
Main street	222,009	279,099	280,764	(1,665) *
Community engagement	178,420	208,167	202,619	5,548
Total	5,221,918	5,069,693	4,392,693	677,000
Public safety				
Fire	5,700,854	5,722,268	5,760,019	(37,751) *
Police	5,210,008	4,956,887	4,928,684	28,203
Dispatch	683,177	724,300	713,897	10,403
Total	11,594,039	11,403,455	11,402,600	855
Community services				
Municipal court	269,981	251,005	257,590	(6,585) *
City marshal	123,888	115,202	112,223	2,979
Animal control	269,454	272,957	266,663	6,294
Cemetery	212,053	286,995	282,314	4,681
Code enforcement	319,216	319,518	318,332	1,186
Building inspections	496,902	412,265	406,099	6,166
Marketing and tourism	373,935	313,770	281,707	32,063
Emergency operations	-	377,480	472,792	(95,312) *
Parks and recreation	2,960,191	2,579,086	2,621,571	(42,485) *
Library	797,836	726,570	740,876	(14,306) *
Total	5,823,456	5,654,848	5,760,167	(105,319)

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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public works				
Demolition/mowing	117,042	101,469	101,101	368
Garage	1,465,689	1,462,205	1,475,158	(12,953) *
Streets	1,206,286	1,014,087	981,173	32,914
Solid waste	2,819,194	2,736,875	2,699,900	36,975
Planning	511,000	584,135	552,470	31,665
Building maintenance	195,993	188,224	176,780	11,444
Total	<u>6,315,204</u>	<u>6,086,995</u>	<u>5,986,582</u>	<u>100,413</u>
Debt Service:				
Principal	932,515	931,113	877,470	53,643
Interest and fiscal charges	5,553	12,053	94,394	(82,341) *
Total Expenditures	<u>29,892,685</u>	<u>29,158,157</u>	<u>28,513,906</u>	<u>644,251</u>
Revenues Over (Under) Expenditures	<u>(1,623,712)</u>	<u>(810,551)</u>	<u>(1,826,558)</u>	<u>(1,016,007)</u>
Other Financing Sources (Uses)				
Transfers in	2,179,143	2,179,143	2,303,390	124,247
Transfers (out)	(740,000)	(706,250)	(890,000)	(183,750) *
Total Other Financing Sources (Uses)	<u>1,439,143</u>	<u>1,472,893</u>	<u>1,413,390</u>	<u>(59,503)</u>
Net Change in Fund Balance	<u>\$ (184,569)</u>	<u>\$ 662,342</u>	<u>(413,168)</u>	<u>\$ (1,075,510)</u>
Beginning fund balance			7,024,061	
Ending Fund Balance			<u>\$ 6,610,893</u>	

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)
Net change in total pension liability	2,266,426	2,964,969	2,249,415	1,633,721
Total pension liability - beginning	54,881,770	57,148,196	60,113,165	62,362,580
Total pension liability - ending (a)	57,148,196	60,113,165	62,362,580	63,996,301
Plan fiduciary net position				
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)
Net change in plan fiduciary net position	2,483,305	(978,422)	2,328,945	6,004,283
Plan fiduciary net position - beginning	51,847,184	54,330,489	53,352,067	55,681,012
Plan fiduciary net position - ending (b)	\$ 54,330,489	\$ 53,352,067	\$ 55,681,012	\$ 61,685,295
Fund's net pension liability - ending (a) - (b)	\$ 2,817,707	\$ 6,761,098	\$ 6,681,568	\$ 2,311,006
Plan fiduciary net position as a percentage of the total pension liability	95.07%	88.75%	89.29%	96.39%
Covered payroll	\$ 9,833,286	\$ 9,995,129	\$ 10,120,762	\$ 10,269,508
Fund's net pension liability as a percentage of covered payroll	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.

<u>12/31/2018</u>	<u>12/31/2019</u>	¹
\$ 1,698,110	\$ 1,804,742	
4,259,941	4,420,063	
15,566	(82,160)	
-	283,838	
(3,470,248)	(3,839,260)	
<u>2,503,369</u>	<u>2,587,223</u>	
<u>63,996,301</u>	<u>66,499,670</u>	
<u>66,499,670</u>	<u>69,086,893</u>	
\$ 1,410,223	\$ 1,437,441	
775,143	827,133	
(1,846,896)	9,040,300	
(3,470,248)	(3,839,260)	
(35,711)	(51,117)	
(1,866)	(1,535)	
<u>(3,169,355)</u>	<u>7,412,962</u>	
<u>61,685,295</u>	<u>58,515,940</u>	
<u>\$ 58,515,940</u>	<u>\$ 65,928,902</u>	
<u>\$ 7,983,730</u>	<u>\$ 3,157,991</u>	
87.99%	95.43%	
\$ 11,005,252	\$ 11,749,623	
72.54%	26.88%	

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	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational

Other Information:

Notes There were no benefit changes during the year.

<u>9/30/2019</u>	<u>9/30/2020</u> ¹
\$ 1,431,847	\$ 1,436,872
<u>\$ 1,431,847</u>	<u>\$ 1,436,872</u>
<u>\$ -</u>	<u>\$ -</u>
<u><u>\$ 11,631,121</u></u>	<u><u>\$ 11,813,936</u></u>
12.31%	12.16%

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)
Net change in total pension liability	876,779	785,221	749,003	(86,451)
Total pension liability - beginning	20,358,784	21,235,563	22,020,784	22,769,787
Total pension liability - ending (a)	21,235,563	22,020,784	22,769,787	22,683,336
Plan fiduciary net position				
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)	-	-
Net change in plan fiduciary net position	1,011,591	(1,510,227)	506,632	2,003,702
Plan fiduciary net position - beginning	15,713,372	16,724,963	15,214,736	15,721,368
Plan fiduciary net position - ending (b)	\$ 16,724,963	\$ 15,214,736	\$ 15,721,368	\$ 17,725,070
Fund's net pension liability - ending (a) - (b)	\$ 4,510,600	\$ 6,806,048	\$ 7,048,419	\$ 4,958,266
 Plan fiduciary net position as a percentage of the total pension liability	 78.76%	 69.09%	 69.04%	 78.14%
Covered payroll	\$ 3,247,920	\$ 3,287,080	\$ 3,334,547	\$ 3,344,313
Fund's net position as a percentage of covered payroll	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>	<u>12/31/2019</u>	¹
\$ 487,429	\$ 504,489	
1,679,321	1,713,480	
-	(693,239)	
-	966,083	
(1,559,639)	(1,897,085)	
<u>607,111</u>	<u>593,728</u>	
<u>22,683,336</u>	<u>23,290,447</u>	
<u>23,290,447</u>	<u>23,884,175</u>	
\$ 504,819	\$ 529,465	
404,045	423,572	
(461,618)	4,623,990	
(1,559,639)	(1,897,085)	
(24,075)	(43,403)	
-	-	
<u>(1,136,468)</u>	<u>3,636,539</u>	
<u>17,725,070</u>	<u>16,588,602</u>	
<u>\$ 16,588,602</u>	<u>\$ 20,225,141</u>	
<u>\$ 6,701,845</u>	<u>\$ 3,659,034</u>	
71.22%	84.68%	
\$ 3,365,460	\$ 3,529,767	
199.14%	103.66%	

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	12.2 years
Asset Valuation Method	5 Year smoothed market; 20% market value corridor
Inflation	
Salary Increases	2.75% per year, plus promotion, step and longevity increases that vary by service
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 2019 valuation.
Mortality	PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2019.

Other Information:

Notes There were no benefit changes during the year.

<u>9/30/2019</u>	<u>9/30/2020</u> ¹
\$ 513,916	\$ 604,020
<u>\$ 513,916</u>	<u>\$ 604,020</u>
<u>\$ -</u>	<u>\$ -</u>
<u><u>\$ 3,426,107</u></u>	<u><u>\$ 3,355,667</u></u>
15.00%	18.00%



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

City of Denison, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Tax Increment Reinvestment Zone	General Interest & Sinking	Cemetery Pre-pay O&C
<u>Assets</u>			
Cash and cash equivalents	\$ 466,368	\$ 483,948	\$ -
Investments	-	-	130,000
Restricted assets - cash	-	478,136	15,760
Receivables, net	-	82,204	225
Interest in net position of recipient organization	-	-	-
Total Assets	\$ 466,368	\$ 1,044,288	\$ 145,985
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 1,002	\$ -	\$ 136,839
Advances from other funds	-	-	-
Total Liabilities	1,002	-	136,839
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	-	82,203	-
Total Deferred Inflows of Resources	-	82,203	-
<u>Fund Balances</u>			
Restricted for:			
Debt service	-	962,085	-
Capital projects	-	-	-
Municipal court	-	-	-
Public safety	-	-	-
Community services	-	-	-
Committed to:			
Parks	-	-	-
General government	-	-	9,146
Capital projects	465,366	-	-
Assigned to:			
Capital projects	-	-	-
Unassigned	-	-	-
Total Fund Balances	465,366	962,085	9,146
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 466,368	\$ 1,044,288	\$ 145,985

<u>Special Events</u>	<u>General Bond</u>	<u>Parks & Recreation</u>	<u>Community Development Operating</u>	<u>Denison Public Library</u>
\$ 18,693	\$ -	\$ 426,961	\$ -	\$ -
-	-	-	-	-
-	1,515,302	-	-	176,458
-	-	83,132	-	-
-	-	-	-	-
<u>\$ 18,693</u>	<u>\$ 1,515,302</u>	<u>\$ 510,093</u>	<u>\$ -</u>	<u>\$ 176,458</u>
\$ 752	\$ 10,044	\$ 5,947	\$ 755	\$ 138
-	-	147,979	-	-
<u>752</u>	<u>10,044</u>	<u>153,926</u>	<u>755</u>	<u>138</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,505,258	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	176,320
-	-	356,167	-	-
17,941	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(755)	-
<u>17,941</u>	<u>1,505,258</u>	<u>356,167</u>	<u>(755)</u>	<u>176,320</u>
<u>\$ 18,693</u>	<u>\$ 1,515,302</u>	<u>\$ 510,093</u>	<u>\$ -</u>	<u>\$ 176,458</u>

City of Denison, Texas
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Mr. & Mrs. Jones Memorial Trust	Federal Foreitures	Fire Equipment
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Restricted assets - cash	-	92,327	4,878
Receivables, net	-	-	-
Interest in net position of recipient organization	238,796	-	-
Total Assets	\$ 238,796	\$ 92,327	\$ 4,878
Liabilities			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Advances from other funds	-	-	-
Total Liabilities	-	-	-
Deferred Inflows of Resources			
Unavailable revenue - property taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances			
Restricted for:			
Debt service	-	-	-
Capital projects	-	-	4,878
Municipal court	-	-	-
Public safety	-	92,327	-
Community services	-	-	-
Committed to:			
Parks	-	-	-
General government	-	-	-
Capital projects	-	-	-
Assigned to:			
Capital projects	238,796	-	-
Unassigned	-	-	-
Total Fund Balances	238,796	92,327	4,878
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 238,796	\$ 92,327	\$ 4,878

City of Denison, Texas
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Law Enforcement Forfeitures	Police Training	Municipal Court Security
<u>Assets</u>			
Cash and cash equivalents	\$ -	\$ -	\$ 4,237
Investments	-	-	-
Restricted assets - cash	10,335	-	-
Receivables, net	-	-	-
Interest in net position of recipient organization	-	-	-
Total Assets	\$ 10,335	\$ -	\$ 4,237
Liabilities			
Accounts payable and accrued liabilities	\$ 700	\$ -	\$ -
Advances from other funds	-	-	-
Total Liabilities	700	-	-
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances			
Restricted for:			
Debt service	-	-	-
Capital improvements	-	-	-
Municipal court	-	-	4,237
Public safety	9,635	-	-
Community services	-	-	-
Committed to:			
Parks	-	-	-
General government	-	-	-
Capital projects	-	-	-
Assigned to:			
Capital projects	-	-	-
Unassigned	-	-	-
Total Fund Balances	9,635	-	4,237
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,335	\$ -	\$ 4,237

Municipal Court Technology	Truancy & Prevention Diversion	Municipal Jury	Total
\$ 20,622	\$ 2,916	\$ 58	\$ 1,454,752
-	-	-	130,000
-	-	-	2,299,184
-	-	-	165,561
-	-	-	238,796
<u>\$ 20,622</u>	<u>\$ 2,916</u>	<u>\$ 58</u>	<u>\$ 4,288,293</u>
\$ -	\$ -	\$ -	\$ 156,177
-	-	-	147,979
<u>-</u>	<u>-</u>	<u>-</u>	<u>304,156</u>
-	-	-	82,203
<u>-</u>	<u>-</u>	<u>-</u>	<u>82,203</u>
-	-	-	962,085
-	-	-	1,510,136
20,622	2,916	58	27,833
-	-	-	138,899
-	-	-	176,320
-	-	-	356,167
-	-	-	27,087
-	-	-	465,366
-	-	-	238,796
-	-	-	(755)
<u>20,622</u>	<u>2,916</u>	<u>58</u>	<u>3,901,934</u>
<u>\$ 20,622</u>	<u>\$ 2,916</u>	<u>\$ 58</u>	<u>\$ 4,288,293</u>

City of Denison, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2020

	Tax Increment Reinvestment Zone	General Interest & Sinking	Cemetery Pre-pay O&C
<u>Revenues</u>			
Property tax	\$ 565,118	\$ 1,547,522	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	6,570
Fines and forfeitures	-	-	-
Investment income	9,738	13,172	2,315
Other revenue	-	-	-
Total Revenues	574,856	1,560,694	8,885
<u>Expenditures</u>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community services	-	-	-
Capital outlay	491,141	-	-
Debt Service:			
Principal	90,000	865,742	-
Interest and fiscal charges	31,280	254,329	-
Bond issuance costs	-	-	-
Total Expenditures	612,421	1,120,071	-
Revenues Over (Under) Expenditures	(37,565)	440,623	8,885
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	-	-
Transfers (out)	(126,030)	(108,682)	(6,570)
Bond issuance	-	-	-
Total Other Financing Sources (Uses)	(126,030)	(108,682)	(6,570)
Net Change in Fund Balances	(163,595)	331,941	2,315
Beginning fund balances	628,961	630,144	6,831
Ending Fund Balances	\$ 465,366	\$ 962,085	\$ 9,146

Special Events	General Bond	Parks & Recreation	Community Development Operating	Denison Public Library
\$ -	\$ -	\$ -	\$ -	\$ -
-	793,519	-	159,046	90,996
-	-	480,515	88,638	-
-	-	-	-	-
13	6,326	7,459	-	2,543
103,167	-	13,340	210,077	-
<u>103,180</u>	<u>799,845</u>	<u>501,314</u>	<u>457,761</u>	<u>93,539</u>
85,742	-	-	161,350	63,876
-	-	-	-	-
-	310,781	174,755	-	-
-	1,002,001	-	-	-
-	730,000	-	170,000	-
-	95,029	-	32,365	-
-	50,000	-	-	-
<u>85,742</u>	<u>2,187,811</u>	<u>174,755</u>	<u>363,715</u>	<u>63,876</u>
<u>17,438</u>	<u>(1,387,966)</u>	<u>326,559</u>	<u>94,046</u>	<u>29,663</u>
-	222,652	-	-	-
-	-	(269,444)	-	-
-	2,450,000	-	-	-
<u>-</u>	<u>2,672,652</u>	<u>(269,444)</u>	<u>-</u>	<u>-</u>
17,438	1,284,686	57,115	94,046	29,663
503	220,572	299,052	(94,801)	146,657
<u>\$ 17,941</u>	<u>\$ 1,505,258</u>	<u>\$ 356,167</u>	<u>\$ (755)</u>	<u>\$ 176,320</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, 2020

	Mr. & Mrs. Jones Memorial Trust	Federal Foreitures	Fire Equipment
Revenues			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,000
Charges for services	-	-	-
Fines and forfeitures	-	611	-
Investment income	3,280	1,375	82
Other revenue	-	-	-
Total Revenues	<u>3,280</u>	<u>1,986</u>	<u>1,082</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	9,267	6,521
Community services	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Bond issuance costs	-	-	-
Total Expenditures	<u>-</u>	<u>9,267</u>	<u>6,521</u>
Revenues Over (Under) Expenditures	<u>3,280</u>	<u>(7,281)</u>	<u>(5,439)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Bond issuance	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,280	(7,281)	(5,439)
Beginning fund balances	235,516	99,608	10,317
Ending Fund Balances	<u>\$ 238,796</u>	<u>\$ 92,327</u>	<u>\$ 4,878</u>

Fire Training	Canine	Homeland Security Grant	Police Equipment	Vehicle Seizures
\$ -	\$ -	\$ -	\$ -	\$ -
5,731	-	-	3,347	-
-	-	-	-	-
-	-	-	-	-
41	45	25	-	213
-	28,961	-	-	-
<u>5,772</u>	<u>29,006</u>	<u>25</u>	<u>3,347</u>	<u>213</u>
-	-	-	-	-
5,047	-	-	6,952	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>5,047</u>	<u>-</u>	<u>-</u>	<u>6,952</u>	<u>-</u>
<u>725</u>	<u>29,006</u>	<u>25</u>	<u>(3,605)</u>	<u>213</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>725</u>	<u>29,006</u>	<u>25</u>	<u>(3,605)</u>	<u>213</u>
2,959	686	1,984	3,900	1,044
<u>\$ 3,684</u>	<u>\$ 29,692</u>	<u>\$ 2,009</u>	<u>\$ 295</u>	<u>\$ 1,257</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, 2020

	Law Enforcement Forfeitures	Police Training	Municipal Court Security
Revenues			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	5,808
Investment income	255	24	25
Other revenue	-	3,464	-
Total Revenues	<u>255</u>	<u>3,488</u>	<u>5,833</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	10,444	3,488	-
Community services	-	-	3,970
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Bond issuance costs	-	-	-
Total Expenditures	<u>10,444</u>	<u>3,488</u>	<u>3,970</u>
Revenues Over (Under) Expenditures	<u>(10,189)</u>	<u>-</u>	<u>1,863</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Bond issuance	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(10,189)	-	1,863
Beginning fund balances	19,824	-	2,374
Ending Fund Balances	<u>\$ 9,635</u>	<u>\$ -</u>	<u>\$ 4,237</u>

Municipal Court Technology	Truancy & Prevention Diversion	Municipal Jury	Total
\$ -	\$ -	\$ -	\$ 2,112,640
-	-	-	1,053,639
-	-	-	575,723
6,270	2,906	58	15,653
231	10	-	47,172
-	-	-	359,009
<u>6,501</u>	<u>2,916</u>	<u>58</u>	<u>4,163,836</u>
-	-	-	310,968
-	-	-	41,719
2,690	-	-	492,196
-	-	-	1,493,142
-	-	-	1,855,742
-	-	-	413,003
-	-	-	50,000
<u>2,690</u>	<u>-</u>	<u>-</u>	<u>4,656,770</u>
<u>3,811</u>	<u>2,916</u>	<u>58</u>	<u>(492,934)</u>
-	-	-	222,652
-	-	-	(510,726)
-	-	-	2,450,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,161,926</u>
3,811	2,916	58	1,668,992
16,811	-	-	2,232,942
<u>\$ 20,622</u>	<u>\$ 2,916</u>	<u>\$ 58</u>	<u>\$ 3,901,934</u>

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, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property tax	\$ 565,117	\$ 565,118	\$ 1
Other revenue	0	-	-
Investment income	18,000	9,738	(8,262)
Total Revenues	583,117	574,856	(8,261)
 <u>Expenditures</u>			
Current:			
Capital outlay	-	491,141	(491,141)
Debt Service:			
Principal	90,000	90,000	-
Interest and fiscal charges	26,013	31,280	(5,267)
Total Expenditures	116,013	612,421	(496,408) *
Revenues Over (Under) Expenditures	467,104	(37,565)	(504,669)
 <u>Other Financing Sources (Uses)</u>			
Transfers (out)	-	(126,030)	(126,030) *
Total Other Financing Sources (Uses)	-	(126,030)	(126,030)
Net Change in Fund Balances	\$ 467,104	(163,595)	\$ (630,699)
Beginning fund balances		628,961	
Ending Fund Balances		\$ 465,366	

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
GENERAL INTEREST AND SINKING
For the Year Ended September 30, 2020

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Property tax	\$ 1,342,788	\$ 1,547,522	\$ 204,734
Investment income	20,000	13,172	(6,828)
Total Revenues	<u>1,362,788</u>	<u>1,560,694</u>	<u>197,906</u>
<u>Expenditures</u>			
Debt Service:			
Principal	956,100	865,742	90,358
Interest and fiscal charges	278,005	254,329	23,676
Total Expenditures	<u>1,234,105</u>	<u>1,120,071</u>	<u>114,034</u>
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(108,683)	(108,682)	1
Total Other Financing Sources (Uses)	<u>(108,683)</u>	<u>(108,682)</u>	<u>1</u>
Net Change in Fund Balances	<u>\$ 20,000</u>	331,941	<u>\$ 311,941</u>
Beginning fund balances		630,144	
Ending Fund Balances		<u>\$ 962,085</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
GENERAL BOND FUND
For the Year Ended September 30, 2020

	Original & Final	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 843,519	\$ 793,519	\$ (50,000)
Investment income	3,000	6,326	3,326
Total Revenues	846,519	799,845	(46,674)
<u>Expenditures</u>			
Current:			
Community services	217,954	310,781	(92,827)
Capital outlay	-	1,002,001	(1,002,001)
Debt Service:			
Principal	730,000	730,000	-
Interest and fiscal charges	95,067	95,029	38
Bond issuance costs	-	50,000	(50,000)
Total Expenditures	1,043,021	2,187,811	(1,144,790) *
Revenues Over (Under) Expenditures	(196,502)	(1,387,966)	(1,191,464)
<u>Other Financing Sources (Uses)</u>			
Transfers in	108,683	222,652	113,969
Bond issuance	-	2,450,000	2,450,000
Total Other Financing Sources (Uses)	108,683	2,672,652	2,563,969
Net Change in Fund Balance	\$ (87,819)	1,284,686	\$ 1,372,505
Beginning fund balance		220,572	
Ending Fund Balance		\$ 1,505,258	

Notes to 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 REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CEMETERY PRE-PAY O&C
For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 15,000	\$ 6,570	\$ (8,430)
Investment income	1,000	2,315	1,315
Total Revenues	16,000	8,885	(7,115)
Revenues Over (Under) Expenditures	16,000	8,885	(7,115)
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(15,000)	(6,570)	8,430
Total Other Financing Sources (Uses)	(15,000)	(6,570)	8,430
Net Change in Fund Balances	\$ 1,000	2,315	\$ 1,315
Beginning fund balances		6,831	
Ending Fund Balances		\$ 9,146	

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
STREET IMPROVEMENT
For the Year Ended September 30, 2020

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Investment income	\$ 5,000	\$ 9,142	\$ 4,142
Other revenue	-	16,000	16,000
Total Revenues	<u>5,000</u>	<u>25,142</u>	<u>20,142</u>
<u>Expenditures</u>			
Public works	267,000	244,910	22,090
Capital outlay	1,090,000	983,533	106,467
Debt Service:			
Bond issuance costs	-	124,909	(124,909)
Total Expenditures	<u>1,357,000</u>	<u>1,353,352</u>	<u>3,648</u>
Revenues Over (Under) Expenditures	<u>(1,352,000)</u>	<u>(1,328,210)</u>	<u>23,790</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	945,000	945,000	-
Bond issuance	-	6,300,000	6,300,000
Premium on bond issuance	-	1,024,909	1,024,909
Total Other Financing Sources (Uses)	<u>945,000</u>	<u>8,269,909</u>	<u>7,324,909</u>
Net Change in Fund Balances	<u>\$ (407,000)</u>	<u>6,941,699</u>	<u>\$ 7,348,699</u>
Beginning fund balances		488,518	
Ending Fund Balances		<u>\$ 7,430,217</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
DENISON PUBLIC LIBRARY
For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 101,200	\$ 90,996	\$ (10,204)
Investment income	2,000	2,543	543
Total Revenues	103,200	93,539	(9,661)
 <u>Expenditures</u>			
Current:			
General government	107,600	63,876	43,724
Total Expenditures	107,600	63,876	43,724
Net Change in Fund Balances	\$ (4,400)	29,663	\$ 34,063
Beginning fund balances		146,657	
Ending Fund Balances		\$ 176,320	

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, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ -	\$ 611	\$ 611
Investment income	1,000	1,375	375
Total Revenues	1,000	1,986	986
 <u>Expenditures</u>			
Current:			
Public safety	70,000	9,267	60,733
Total Expenditures	70,000	9,267	60,733
Revenues Over (Under) Expenditures	(69,000)	(7,281)	61,719
Net Change in Fund Balances	\$ (69,000)	(7,281)	\$ 61,719
Beginning fund balances		99,608	
Ending Fund Balances		\$ 92,327	

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 EQUIPMENT
For the Year Ended September 30, 2020

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Intergovernmental	\$ -	\$ 1,000	\$ 1,000
Investment income	100	82	(18)
Total Revenues	<u>100</u>	<u>1,082</u>	<u>982</u>
<u>Expenditures</u>			
Current:			
Public safety	4,000	6,521	(2,521)
Total Expenditures	<u>4,000</u>	<u>6,521</u>	<u>(2,521) *</u>
Net Change in Fund Balances	<u>\$ (3,900)</u>	<u>(5,439)</u>	<u>\$ (1,539)</u>
Beginning fund balances		10,317	
Ending Fund Balances		<u>\$ 4,878</u>	

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
PARKS & RECREATION
For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 505,000	\$ 480,515	\$ (24,485)
Investment income	5,000	7,459	2,459
Other revenue	-	13,340	13,340
Total Revenues	510,000	501,314	(8,686)
<u>Expenditures</u>			
Current:			
Culture and recreation	696,787	174,755	522,032
Total Expenditures	696,787	174,755	522,032
Revenues Over (Under) Expenditures	(186,787)	326,559	513,346
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(77,767)	(269,444)	(191,677)
Total Other Financing Sources (Uses)	(77,767)	(269,444)	(191,677)
Net Change in Fund Balances	\$ (264,554)	57,115	\$ 321,669
Beginning fund balances		299,052	
Ending Fund Balances		\$ 356,167	

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
LAW ENFORCEMENT FORFEITURES
For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 30,000	\$ -	\$ (30,000)
Investment income	800	255	(545)
Total Revenues	30,800	255	(30,545)
 <u>Expenditures</u>			
Current:			
Public safety	34,100	10,444	23,656
Total Expenditures	34,100	10,444	23,656
Revenues Over (Under) Expenditures	(3,300)	(10,189)	(6,889)
Net Change in Fund Balances	\$ (3,300)	(10,189)	\$ (6,889)
Beginning fund balances		19,824	
Ending Fund Balances		\$ 9,635	

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
SPECIAL EVENTS
For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Other income	\$ 172,000	\$ 103,167	\$ (68,833)
Investment income	100	13	(87)
Total Revenues	172,100	103,180	(68,920)
<u>Expenditures</u>			
Current:			
General government	172,000	85,742	86,258
Total Expenditures	172,000	85,742	86,258
Revenues Over (Under) Expenditures	100	17,438	17,338
Net Change in Fund Balances	\$ 100	17,438	\$ 17,338
Beginning fund balances		503	
Ending Fund Balances		\$ 17,941	

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
MUNICIPAL COURT SECURITY
For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 7,000	\$ 5,808	\$ (1,192)
Investment income	100	25	(75)
Total Revenues	7,100	5,833	(1,267)
 <u>Expenditures</u>			
Current:			
Public service	5,000	3,970	1,030
Total Expenditures	5,000	3,970	1,030
Revenues Over (Under) Expenditures	2,100	1,863	(237)
Net Change in Fund Balances	\$ 2,100	1,863	\$ (237)
Beginning fund balances		2,374	
Ending Fund Balances		\$ 4,237	

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
MUNICIPAL COURT TECHNOLOGY
For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 8,000	\$ 6,270	\$ (1,730)
Investment income	500	231	(269)
Total Revenues	8,500	6,501	(1,999)
 <u>Expenditures</u>			
Current:			
Public service	25,000	2,690	22,310
Total Expenditures	25,000	2,690	22,310
Revenues Over (Under) Expenditures	(16,500)	3,811	20,311
Net Change in Fund Balances	\$ (16,500)	3,811	\$ 20,311
Beginning fund balances		16,811	
Ending Fund Balances		\$ 20,622	

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, 2020

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Intergovernmental	\$ 750	\$ 5,731	\$ 4,981
Investment income	100	41	(59)
Total Revenues	<u>850</u>	<u>5,772</u>	<u>4,922</u>
<u>Expenditures</u>			
Current:			
Public safety	1,500	5,047	(3,547)
Total Expenditures	<u>1,500</u>	<u>5,047</u>	<u>(3,547) *</u>
Revenues Over (Under) Expenditures	<u>(650)</u>	<u>725</u>	<u>1,375</u>
Net Change in Fund Balances	<u>\$ (650)</u>	<u>725</u>	<u>\$ 1,375</u>
Beginning fund balances		<u>2,959</u>	
Ending Fund Balances		<u>\$ 3,684</u>	

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, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 36,234	\$ -	\$ (36,234)
Investment income	100	25	(75)
Total Revenues	36,334	25	(36,309)
 <u>Expenditures</u>			
Current:			
Public safety	36,234	-	36,234
Total Expenditures	36,234	-	36,234
Net Change in Fund Balances	\$ 100	25	\$ (75)
Beginning fund balances		1,984	
Ending Fund Balances		\$ 2,009	

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, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Investment income	\$ 25	\$ 213	\$ 188
Total Revenues	25	213	188
Net Change in Fund Balances	\$ 25	213	\$ 188
Beginning fund balances		1,044	
Ending Fund Balances		\$ 1,257	

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, 2020

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Other revenue	\$ -	\$ 28,961	\$ 28,961
Investment income	15	45	30
Total Revenues	<u>15</u>	<u>29,006</u>	<u>28,991</u>
Net Change in Fund Balances	<u>\$ 15</u>	29,006	<u>\$ 28,991</u>
Beginning fund balances		686	
Ending Fund Balances		<u>\$ 29,692</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
POLICE TRAINING
For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Investment income	\$ 50	\$ 24	\$ (26)
Other revenue	3,000	3,464	464
Total Revenues	3,050	3,488	438
 <u>Expenditures</u>			
Current:			
Public safety	3,000	3,488	(488)
Total Expenditures	3,000	3,488	(488) *
Revenues Over (Under) Expenditures	50	-	(50)
Net Change in Fund Balances	\$ 50	-	\$ (50)
Beginning fund balances		-	
Ending Fund Balances		\$ -	

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
POLICE EQUIPMENT
For the Year Ended September 30, 2020

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Investment income	\$ 8,000	\$ 3,347	\$ (4,653)
Other revenue	100	-	(100)
Total Revenues	<u>8,100</u>	<u>3,347</u>	<u>(4,753)</u>
 <u>Expenditures</u>			
Current:			
Public safety	10,000	6,952	3,048
Total Expenditures	<u>10,000</u>	<u>6,952</u>	<u>3,048</u>
Revenues Over (Under) Expenditures	<u>(1,900)</u>	<u>(3,605)</u>	<u>(1,705)</u>
Net Change in Fund Balances	<u>\$ (1,900)</u>	<u>(3,605)</u>	<u>\$ (1,705)</u>
Beginning fund balances		<u>3,900</u>	
Ending Fund Balances		<u>\$ 295</u>	

Notes to Supplementary Information

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

City of Denison, Texas
COMBINING SCHEDULE OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
September 30, 2020

	Denison Business and Industrial Corporation	Denison Community Investment Corporation*	Denison Public Library Endowment Fund	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 3,187,040	\$ 146,793	\$ 3,057	\$ 3,336,890
Restricted assets - cash	1,000	23,403	-	24,403
Retricted assets - investments	-	-	744,684	744,684
Receivables, net	403,712	6,572	-	410,284
Notes receivable, current	-	151,107	-	151,107
Total Current Assets	3,591,752	327,875	747,741	4,667,368
Investments	-	486,206	-	486,206
Note receivable - long-term portion	-	837,077	-	837,077
Capital assets:				
Non-depreciable	1,687,842	-	-	1,687,842
Net depreciable capital assets	2,959,535	-	-	2,959,535
Total Noncurrent Assets	4,647,377	1,323,283	-	5,970,660
Total Assets	8,239,129	1,651,158	747,741	10,638,028
<u>Liabilities</u>				
Accounts payable and accrued liabilities	120,844	-	-	120,844
Escrow payable	-	23,403	-	23,403
Accrued interest payable	1,762	-	-	1,762
Compensated absences - current	8,383	-	-	8,383
Debt due within one year	70,000	-	-	70,000
	200,989	23,403	-	224,392
Noncurrent liabilities:				
Compensated absences - noncurrent	75,450	-	-	75,450
Debt due in more than one year	301,000	-	-	301,000
	376,450	-	-	376,450
Total Liabilities	577,439	23,403	-	600,842
<u>Net Position</u>				
Net investment in capital assets	4,276,377	-	-	4,276,377
Restricted				
Debt service	13,263	-	-	13,263
Unrestricted	3,372,050	1,627,755	747,741	5,747,546
Total Net Position	\$ 7,661,690	\$ 1,627,755	\$ 747,741	\$ 10,037,186

*Note: As of December 31, 2019

City of Denison, Texas
COMBINING SCHEDULE OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component Units				
Governmental Activities				
Business and Industrial	\$ 1,351,496	\$ 494,009	\$ -	\$ 14,994
Public Library Endowment Fund	71,022	-	9,814	-
Total Governmental Activities	1,422,518	494,009	9,814	14,994
Business-Type Activities				
Community Investment	13,526	-	-	-
Total Business-Type Activities	13,526	-	-	-
Total Component Units	\$ 1,436,044	\$ 494,009	\$ 9,814	\$ 14,994

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, 2019

Net (Expense) Revenue and Changes in Net Position

Denison Business and Industrial Corporation	Denison Community Investment Corporation*	Denison Public Library Endowment Fund	Total
\$ (842,493)	\$ -	\$ -	\$ (842,493)
-	-	(61,208)	(61,208)
<u>(842,493)</u>	<u>-</u>	<u>(61,208)</u>	<u>(903,701)</u>
-	(13,526)	-	(13,526)
-	(13,526)	-	(13,526)
<u>\$ (842,493)</u>	<u>\$ (13,526)</u>	<u>\$ (61,208)</u>	<u>\$ (917,227)</u>
2,037,412	-	-	2,037,412
25,257	13,376	17,983	56,616
1,000	34,432	29,901	65,333
<u>2,063,669</u>	<u>47,808</u>	<u>47,884</u>	<u>2,159,361</u>
1,221,176	34,282	(13,324)	1,242,134
6,440,514	1,593,473	761,065	8,795,052
<u>\$ 7,661,690</u>	<u>\$ 1,627,755</u>	<u>\$ 747,741</u>	<u>\$ 10,037,186</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.

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Financial Trends	134
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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	146
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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	154
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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	161
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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	164
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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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental activities				
Net investment in capital assets	\$ 29,888,259	\$ 37,535,804	\$ 37,495,796	\$ 37,132,818
Restricted	10,245,490	1,645,398	773,847	501,914
Unrestricted	<u>(2,207,140)</u>	<u>(3,251,881)</u>	<u>(51,283)</u>	<u>(364,665)</u>
Total governmental activities net position	<u>\$ 37,926,609</u>	<u>\$ 35,929,321</u>	<u>\$ 38,218,360</u>	<u>\$ 37,270,067</u>
Business-type activities				
Net investment in capital assets	\$ 21,327,908	\$ 18,465,710	\$ 18,227,222	\$ 17,982,620
Restricted	-	-	-	-
Unrestricted	<u>4,603,987</u>	<u>5,973,273</u>	<u>3,693,557</u>	<u>3,285,060</u>
Total business-type activities net position	<u>\$ 25,931,895</u>	<u>\$ 24,438,983</u>	<u>\$ 21,920,779</u>	<u>\$ 21,267,680</u>
Primary government				
Net investment in capital assets	\$ 51,216,167	\$ 56,001,514	\$ 55,723,018	\$ 55,115,438
Restricted	10,245,490	1,645,398	773,847	501,914
Unrestricted	<u>2,396,847</u>	<u>2,721,392</u>	<u>3,642,274</u>	<u>2,920,395</u>
Total primary government net position	<u>\$ 63,858,504</u>	<u>\$ 60,368,304</u>	<u>\$ 60,139,139</u>	<u>\$ 58,537,747</u>

Source: Audited city financials

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 35,036,127	\$ 26,366,449	\$ 26,183,653	\$ 25,489,295	\$ 25,010,721	\$ 24,679,356
481,114	315,807	284,879	790,267	2,401,922	3,117,398
<u>1,024,406</u>	<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><u>\$ 36,541,647</u></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>
\$ 17,690,856	\$ 17,614,946	\$ 17,361,833	\$ 18,066,238	\$ 17,566,714	\$ 15,655,014
-	-	-	308,663	1,367,649	1,004,512
<u>3,199,098</u>	<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><u>\$ 20,889,954</u></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>
\$ 52,726,983	\$ 43,981,395	\$ 43,545,486	\$ 43,555,533	\$ 42,577,435	\$ 40,334,370
481,114	315,807	284,879	1,098,930	3,769,571	4,121,910
<u>4,223,504</u>	<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><u>\$ 57,431,601</u></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>

City of Denison, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2020	2019	2018	2017
Expenses				
Governmental activities:				
General government	\$ 5,041,618	\$ 5,675,190	\$ 5,592,849	\$ 6,217,065
Public safety	12,030,129	12,903,441	11,341,795	11,552,027
Community services	6,396,721	5,776,713	4,055,461	4,288,512
Public works	6,858,692	6,804,281	6,324,708	6,157,746
Interest on long-term debt	651,586	506,897	538,988	489,753
Total governmental activities expenses	30,978,746	31,666,522	27,853,801	28,705,103
Business-type activities:				
Water and sewer	10,338,701	10,545,353	9,771,531	9,557,924
Total business-type activities expenses	10,338,701	10,545,353	9,771,531	9,557,924
Total primary government expenses	\$ 41,317,447	\$ 42,211,875	\$ 37,625,332	\$ 38,263,027
 Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,231,546	\$ 1,418,334	\$ 1,243,624	\$ 1,214,347
Public safety	910,917	1,829,812	2,353,054	1,860,847
Community services	1,652,774	1,688,766	1,446,762	1,405,039
Public works	5,654,494	5,410,774	5,394,334	5,178,881
Operating grants and contributions	1,668,713	449,370	819,419	224,280
Capital grants and contributions	-	-	-	272,525
Total governmental activities program revenues	11,118,444	10,797,056	11,257,193	10,155,919
Business-type activities:				
Charges for services:				
Water and sewer	13,736,756	12,783,394	12,555,348	11,925,469
Operating grants and contributions	25,375	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	13,762,131	12,783,394	12,555,348	11,925,469
Total primary government program revenues	\$ 24,880,575	\$ 23,580,450	\$ 23,812,541	\$ 22,081,388

Source: Audited city financials

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 4,676,013	\$ 4,368,406	\$ 4,435,657	\$ 4,440,637	\$ 3,688,863	\$ 4,130,277
10,918,408	9,790,527	10,211,949	9,971,406	10,155,901	10,480,689
4,124,284	3,708,493	3,536,025	2,896,243	3,082,804	3,512,862
4,953,880	5,524,477	6,092,200	5,365,405	5,643,181	5,532,826
305,847	239,722	208,340	280,610	263,639	308,555
<u>24,978,432</u>	<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>
9,456,049	9,350,407	8,633,070	8,877,882	8,559,045	7,820,060
<u>9,456,049</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>\$ 34,434,481</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>
\$ 901,405	\$ 1,038,224	\$ 1,288,598	\$ 1,557,029	\$ 705,004	\$ 434,561
2,237,545	2,230,118	1,503,310	1,694,965	2,233,680	2,015,051
1,170,975	1,084,003	1,100,612	1,275,625	790,515	343,095
4,948,606	4,882,630	4,709,727	5,457,436	5,486,032	5,294,548
1,199,819	533,356	789,741	43,392	83,496	64,003
-	-	-	505,221	673,301	671,012
<u>10,458,350</u>	<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>
11,035,471	10,874,750	9,890,510	9,656,556	10,160,350	10,210,515
-	-	-	-	-	-
-	-	-	-	189,642	-
<u>11,035,471</u>	<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>\$ 21,493,821</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>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net (Expenses) Revenue				
Governmental activities	\$ (19,860,302)	\$ (20,869,466)	\$ (16,596,608)	\$ (18,549,184)
Business-type activities	3,423,430	2,238,041	2,783,817	2,367,545
Total primary government net expense	<u>\$ (16,436,872)</u>	<u>\$ (18,631,425)</u>	<u>\$ (13,812,791)</u>	<u>\$ (16,181,639)</u>
 General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 11,069,151	\$ 10,049,035	\$ 8,861,579	\$ 8,507,756
Sales taxes	6,112,237	5,710,960	5,591,271	5,148,801
Franchise and local taxes	1,760,562	1,974,020	1,936,874	1,788,815
Other revenues	719,271	624,662	735,762	859,401
Investment earnings	126,053	216,726	163,508	105,995
Gain (Loss) on sale of capital assets	-	-	-	50,000
Change in interest in recipient org.	-	-	-	-
Transfers	2,070,316	5,024	1,539,284	2,023,317
Total governmental activities	<u>21,857,590</u>	<u>18,580,427</u>	<u>18,828,278</u>	<u>18,484,085</u>
Business-type activities:				
Miscellaneous	-	-	-	-
Investment earnings	139,798	285,187	108,868	33,498
Gain (Loss) on sale of capital assets	-	-	-	-
Transfers	(2,070,316)	(5,024)	(1,539,284)	(2,023,317)
Total business-type activities	<u>(1,930,518)</u>	<u>280,163</u>	<u>(1,430,416)</u>	<u>(1,989,819)</u>
Total primary government	<u>\$ 19,927,072</u>	<u>\$ 18,860,590</u>	<u>\$ 17,397,862</u>	<u>\$ 16,494,266</u>
 Change in Net Position				
Governmental activities	\$ 1,997,288	\$ (2,289,039)	\$ 2,231,670	\$ (65,099)
Business-type activities	1,492,912	2,518,204	1,353,401	377,726
Total primary government	<u>\$ 3,490,200</u>	<u>\$ 229,165</u>	<u>\$ 3,585,071</u>	<u>\$ 312,627</u>

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

Source: Audited city financials

2016	2015	2014	2013	2012	2011
\$ (14,520,082)	\$ (13,863,294)	\$ (15,092,183)	\$ (12,420,633)	\$ (12,862,360)	\$ (15,142,939)
1,579,422	1,524,343	1,257,440	778,674	1,790,947	2,390,455
<u>\$ (12,940,660)</u>	<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>
\$ 7,669,631	\$ 7,170,676	\$ 6,793,411	\$ 6,422,518	\$ 6,316,736	\$ 6,075,353
4,717,022	4,417,481	4,154,796	4,228,912	4,037,861	3,746,744
1,837,245	1,861,481	1,965,979	1,848,653	1,847,884	1,786,751
625,210	32,325	375,221	239,834	255,223	282,430
45,826	143,629	33,241	42,015	26,380	35,599
(567,217)	-	-	-	-	-
-	-	-	12,855	17,654	(10,279)
1,687,361	1,258,471	1,225,000	1,233,324	1,033,309	902,066
<u>16,015,078</u>	<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>
-	-	-	3,150	-	-
28,985	25,572	13,976	19,362	44,603	58,816
(45,943)	-	-	-	-	-
(1,687,361)	(1,258,471)	(1,225,000)	(1,233,324)	(1,033,309)	(902,066)
<u>(1,704,319)</u>	<u>(1,232,899)</u>	<u>(1,211,024)</u>	<u>(1,210,812)</u>	<u>(988,706)</u>	<u>(843,250)</u>
<u>\$ 14,310,759</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>
\$ 1,494,996	\$ 1,020,769	\$ (544,535)	\$ 1,607,478	\$ 672,687	\$ (2,324,275)
(124,897)	291,444	46,416	(432,138)	802,241	1,547,205
<u>\$ 1,370,099</u>	<u>\$ 1,312,213</u>	<u>\$ (498,119)</u>	<u>\$ 1,175,340</u>	<u>\$ 1,474,928</u>	<u>\$ (777,070)</u>



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

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Hotel/Motel Tax	Bingo and Mixed Beverage Tax	Total
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
2020	\$ 10,844,770	\$ 1,580,769	\$ 6,112,237	\$ 356,235	\$ 63,095	\$ 18,957,106

Source: Audited city financials

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund				
Nonspendable	\$ 252,330	\$ 327,573	\$ 88,498	\$ 109,918
Restricted	-	-	-	-
Committed	474,294	386,981	751,725	1,706,012
Assigned	-	-	-	-
Unassigned	5,884,269	6,251,513	6,857,817	6,187,054
Total general fund	<u><u>\$ 6,610,893</u></u>	<u><u>\$ 6,966,067</u></u>	<u><u>\$ 7,698,040</u></u>	<u><u>\$ 8,002,984</u></u>
 All Other Governmental Funds				
Restricted	\$ 10,245,490	\$ 1,645,398	\$ 2,385,232	\$ 13,890,862
Committed	848,620	935,347	877,138	728,932
Assigned	238,796	235,516	245,622	247,863
Unassigned	(755)	(75,058)	(260,195)	(2,127)
Total all other governmental funds	<u><u>\$ 11,332,151</u></u>	<u><u>\$ 2,741,203</u></u>	<u><u>\$ 3,247,797</u></u>	<u><u>\$ 14,865,530</u></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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 113,434	\$ 86,063	\$ 111,432	\$ 124,192	\$ 141,305	\$ 180,128
-	-	26,461	16,762	648,060	748,060
1,706,012	1,781,095	1,358,671	1,322,492	1,741,448	1,141,236
-	-	-	637,602	200,000	-
5,743,218	6,168,066	5,590,148	3,942,369	2,728,210	2,531,065
<u>\$ 7,562,664</u>	<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>
\$ 10,853,153	\$ 1,848,023	\$ 3,365,871	\$ 4,629,922	\$ 2,401,922	\$ 3,117,398
674,417	514,828	399,939	765,561	423,713	232,447
277,204	220,142	250,138	265,716	1,349,847	1,385,580
(21,824)	(16,858)	(11,919)	(7,567)	(46,610)	-
<u>\$ 11,782,950</u>	<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>

City of Denison, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2020	2019	2018	2017
Revenues				
Taxes	\$ 18,890,254	\$ 17,686,489	\$ 16,324,904	\$ 15,470,740
Licenses, permits, and fees	767,573	607,804	523,420	512,456
Operating contributions	1,334,468	797,349	25,900	224,280
Capital contributions	-	445,540	1,587,038	793,519
Intergovernmental	-	-	-	-
Charges for services	8,637,896	9,560,848	9,321,868	8,889,643
Fines and forfeitures	316,459	400,547	601,428	456,094
Investment earnings	126,053	216,726	163,508	105,995
From other agencies	-	-	-	-
Other revenues	803,623	624,662	735,762	859,401
Total Revenues	30,876,326	30,339,965	29,283,828	27,312,128
Expenditures				
Current:				
General government	4,260,806	5,256,116	5,496,424	5,545,323
Public safety	11,350,803	11,618,750	10,467,072	10,597,386
Community services	6,252,363	6,468,070	3,974,436	6,765,751
Public works	6,231,492	6,382,160	5,740,187	5,751,542
Capital outlay	3,013,046	2,399,460	16,041,273	1,930,282
Debt Service:				
Principal retirement	2,733,212	2,656,495	2,387,944	1,787,351
Interest and fiscal changes	682,306	531,477	580,881	534,827
Total Expenditures	34,524,028	35,312,528	44,688,217	32,912,462
Excess of Revenues Over (Under)				
Expenditures	(3,647,702)	(4,972,563)	(15,404,389)	(5,600,334)
Other financing sources (uses)				
Bond issuance	8,750,000	-	1,000,000	7,350,000
Payments on refunding bonds	-	-	-	-
Net bond premium and discounts	1,024,909	-	-	117,671
Capital lease issuance	-	1,887,500	790,378	-
Proceeds from sale of capital assets	-	-	-	50,000
Unrealized gain on investments	-	-	-	-
Insurance refund	-	-	-	-
Change in interest in recipient org.	-	-	-	-
Transfers, net	2,070,316	1,846,493	2,019,378	1,645,934
Total Other Financing Sources (Uses)	11,845,225	3,733,993	3,809,756	9,163,605
Net change in fund balances	\$ 8,197,523	\$ (1,238,570)	\$ (11,594,633)	\$ 3,563,271
Debt service as percentage of noncapital expenditures	9.9%	10.2%	10.4%	8.3%

Source: Audited city financials

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 14,225,726	\$ 13,479,894	\$ 12,897,439	\$ 12,544,400	\$ 12,154,825	\$ 11,585,461
304,911	261,607	280,531	253,606	414,469	174,622
406,300	79,525	72,329	-	16,682	60,524
793,519	-	-	125,022	124,063	234,322
-	453,831	717,412	267,500	100,000	-
8,448,748	8,448,544	8,458,972	8,048,351	8,288,931	7,520,141
568,599	543,089	520,751	581,630	574,437	360,698
45,826	32,325	33,241	42,016	26,380	35,599
-	-	-	-	549,238	441,007
774,822	543,241	774,833	903,449	255,223	282,430
<u>25,568,451</u>	<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>
4,686,707	4,156,486	4,844,552	4,524,438	3,469,523	3,954,476
10,023,933	9,643,623	9,506,635	9,113,861	9,770,046	9,893,278
4,152,743	6,292,975	6,379,924	3,196,805	3,006,264	3,384,874
5,420,051	2,317,968	2,677,186	4,870,220	5,135,350	4,961,129
744,496	3,318,030	2,790,311	1,555,758	759,821	769,304
1,159,923	1,094,496	955,440	1,071,841	845,590	772,842
311,704	281,184	257,640	250,202	273,271	311,542
<u>26,499,557</u>	<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>(931,106)</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>
7,475,000	-	1,435,000	5,682,800	-	-
-	-	-	(3,530,000)	-	-
-	-	-	337,469	-	-
463,000	1,600,000	582,000	400,049	123,951	302,753
50,000	-	-	500,000	47,785	29,491
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,687,361	1,258,471	1,225,000	1,184,068	1,033,309	902,066
<u>9,675,361</u>	<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>\$ 8,744,255</u>	<u>\$ (404,235)</u>	<u>\$ (414,180)</u>	<u>\$ 2,757,235</u>	<u>\$ 449,428</u>	<u>\$ (2,118,331)</u>
6.0%	5.8%	4.9%	5.7%	5.0%	4.7%

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		
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
2020	\$ 1,126,702,143	\$ 853,672,408	\$ 225,156,269	(85,085,553)	\$ 2,120,445,267

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

Total Direct Tax Rate	Actual Taxable Value	Taxable Value as a Percentage of Assessed Value
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%
0.652034	\$ 1,755,957,532	82.81%



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
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
2020	0.556902	0.095132	0.652034	1.397550	0.416429	0.171752

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	2020		
		Taxable Assessed Value	Rank	Percentage of Taxable Value
UHS of Texoma Inc. (Texoma Medical Center)	Medical Facility	\$ 154,530,801	1	8.80%
Universal Health Services	Medical Facility	43,759,659	2	2.49%
Ruiz Food Products, Inc.	Food Processing	32,174,327	3	1.83%
Ruiz Food Products, Inc.	Food Processing	24,795,670	4	1.41%
Grayson Properties LP	Housing Development	22,596,280	5	1.29%
Covenant Denison Holdings LLC	Housing Development	19,962,400	6	1.14%
Spectrum Brands INC	Manufacturing	18,450,348	7	1.05%
Oncor Electric Delivery Co LLC	Electric Provider	15,869,138	8	0.90%
Union Pacific Railroad Co	Railroad	15,763,397	9	0.90%
MFT Twin Oaks LLC	Housing Development	14,000,000	10	0.80%
Wal-Mart Stores Inc #03521	Large Retailer	-	n/a	n/a
Caterpillar Global Mining	Manufacturing	-	n/a	n/a
Wal-Mart Stores Inc #0147	Large Retailer	-	n/a	n/a
Top Ten Taxpayers Total:		<u>\$ 361,902,020</u>		<u>20.61%</u>
City-Wide Total Taxable Value:		<u>\$ 1,755,957,532</u>		

Source: Grayson Central Appraisal District - Top Ten Taxpayers

2011

<u>Taxable Assessed</u>			<u>Percentage of</u>
<u>*Value</u>	<u>Rank</u>		<u>Taxable Value</u>
\$ 30,251,269	1		3.02%
27,594,522	3		2.75%
8,004,816	8		0.80%
-	n/a		0.00%
9,884,974	6		0.99%
-	n/a		0.00%
29,004,183	2		2.89%
10,559,732	5		1.05%
17,679,354	4		1.76%
-	n/a		0.00%
9,255,932	7		0.92%
7,783,041	9		0.78%
6,761,238	10		0.67%
<u>\$ 156,779,061</u>			<u>15.65%</u>
<u>\$ 1,001,982,973</u>			



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
2011	\$ 6,068,138	\$ 5,888,654	97.04%	\$ 52,486	\$ 5,941,140	97.91%
2012	\$ 6,411,247	\$ 6,229,600	97.17%	\$ 153,672	\$ 6,383,272	99.56%
2013	\$ 6,418,152	\$ 6,270,222	97.70%	\$ 120,311	\$ 6,390,533	99.57%
2014	\$ 6,691,394	\$ 6,548,938	97.87%	\$ 113,880	\$ 6,662,818	99.57%
2015	\$ 7,055,238	\$ 6,927,406	98.19%	\$ 101,372	\$ 7,028,778	99.62%
2016	\$ 7,501,037	\$ 7,381,352	98.40%	\$ 81,419	\$ 7,462,771	99.49%
2017	\$ 8,309,353	\$ 8,164,388	98.26%	\$ 41,517	\$ 8,205,905	98.76%
2018	\$ 8,688,391	\$ 8,542,962	98.33%	\$ 73,647	\$ 8,616,609	99.17%
2019	\$ 9,520,567	\$ 9,349,717	98.21%	\$ (933)	\$ 9,348,784	98.20%
2020	\$ 10,811,380	\$ 10,579,942	97.86%	\$ -	\$ 10,579,942	97.86%

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
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
2020	\$ 20,540,641	\$ 1,702,400	\$ 3,145,568	\$ 1,050,000	\$ 215,000	\$ 1,288,898

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

Business-Type Activities

Certificates of Obligation	General Obligation Bonds	Revenue Bonds	Capital Lease	Issuance Discount	Issuance Premiums	Total Primary Government	Percentage of Personal Income	Per Capita*
\$ 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
\$ 29,844,363	\$ 7,127,600	\$ -	\$ 256,652	\$ (11,729)	\$ 2,505,124	\$ 67,664,517	11%	\$ 2,722

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

Fiscal Year	Estimated Population	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	% of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
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
2020	24,860	\$ 2,120,445,267	\$ 60,718,902	\$ 962,084	\$ 59,756,818	2.82%	\$ 2,404

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, 2020 (Unaudited)

Governmental Subdivision	Gross Bonded Debt	Percentage of Debt Applicable to Area	City Share of Overlapping Debt
Denison Independent School District	\$ 92,906,093	73.89%	\$ 68,648,312
Grayson County	\$ 36,345,000	15.33%	\$ 5,571,689
Grayson County JCD	\$ 23,315,000	15.33%	\$ 3,574,190
Pottsboro Independent School District	\$ 7,320,000	5.55%	\$ 406,260
Sherman Independent School District	\$ 206,215,000	0.26%	\$ 536,159
	<u>\$ 366,101,093</u>		<u>\$ 78,736,610</u>
City of Denison			<u>\$ 27,942,507</u>
Total Direct and Overlapping Debt			<u>\$ 106,679,117</u>
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			5.03%
Per capita overlapping bonded debt			\$ 4,291

Source: "Texas Municipal Report" as of September 30, 2020, 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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Tax Rate Limit	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Current Tax Rate	<u>0.594072</u>	<u>0.653377</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>\$ 1.84662</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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
<u>0.643377</u>	<u>0.633377</u>	<u>0.633377</u>	<u>0.652034</u>
<u>\$ 1.85662</u>	<u>\$ 1.86662</u>	<u>\$ 1.86662</u>	<u>\$ 1.84797</u>

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

Water and Sewer Revenue Bonds

Fiscal Year	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue ^c	Debt Service		Times Coverage
				Principal	Interest	
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
2020	\$ 13,791,147	\$ 7,707,087	\$ 6,084,060	\$ 2,053,900	\$ 1,341,347	1.79

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 ¹	Personal Income	Per Capita Income ²	Median Age ³	Grade School Enrollment ⁴ (DISD figures only)	Unemployment Rate ⁵
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%
2020	24,860	\$ 625,825,640	\$ 25,174	39.5	3,250	3.90%

Sources:

- 1 Estimated based on demographic data obtained from the Denison Development Alliance and/or US Census Bureau
- 2 Estimated based on demographic data obtained from the Denison Development Alliance and/or US Census Bureau
- 3 Estimated based on demographic data obtained from the Denison Development Alliance and/or US Census Bureau
- 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 Seven Years Ago (Unaudited)

Name of Employer	Location	Product
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
City of Denison	300 W Main St	Government Agency
Dialogue Direct Contact Centers	2415 S Austin	Customer Sales & Service
ACS Manufacturing	1601 Commerce Blvd	Acoustical Equipment Enclosures
Caterpillar Inc	3501 FM1417	Drilling Machinery
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.

2020			2013 *		
No. of Employees	Rank	Percentage of Total City Employment	No. of Employees	Rank	Percentage of Total City Employment
3,500	1	14.08%	1,375	1	6.07%
1,110	2	4.47%	705	3	3.11%
900	3	3.62%	n/a	n/a	n/a
700	4	2.82%	1,212	2	5.35%
680	5	2.74%	624	4	2.75%
372	6	1.50%	460	5	2.03%
345	7	1.39%	310	7	1.37%
340	8	1.37%	408	6	1.80%
250	9	1.01%	n/a	n/a	n/a
240	10	0.97%	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>8,437</u>		<u>33.94%</u>	<u>5,804</u>		<u>25.61%</u>
<u>24,860</u>			<u>22,665</u>		

City of Denison, Texas

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

Function / Program	Full-time Equivalent Employees for Fiscal Year				
	2011	*2012	2013	2014	2015
General government	30	32	35	25	26
Cemetery	4	5	5	6	5
Library	13	8	11	17	12
Municipal Court	2	2	2	3	3
Police & Communications	55	53	41	56	58
Fire (& EMS)	49	34	40	35	31
Emergency Medical Services	41	27	33	28	31
Animal Control	2	2	2	2	2
Public Works	56	51	55	58	51
Parks and Recreation	19	13	15	15	17
Water and Sewer Systems	52	49	53	51	55
	324	275	291	295	292

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 hrs 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

2016	2017	2018	2019	2020
27	27	30	31	31
5	5	5	4	4
12	12	14	14	14
3	4	4	4	4
60	57	58	60	60
62	59	61	61	61
-	-	0	0	0
2	2	2	2	3
44	44	43	43	43
28	28	32	34	34
63	58	56	58	58
306	296	305	311	312

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

Function/Program	2011	2012	2013	2014	2015
Public Safety					
Municipal Court					
Number of cases filed	5,759	4,999	7,405	9,035	5,455
Police					
Physical Arrests	1,490	1,495	2,093	2,215	1,873
Traffic Violations 1	3,755	3,173	8,662	9,053	8,978
Fire					
Number of Incidents/Responses 2	5,015	4,571	4,080	3,992	5,150
Animal Control					
Number of calls	3,704	3,827	3,552	2,826	3,224
Public Works					
Streets maintained (miles)	171.4	171.6	172.0	172.1	172.6
Water and Wastewater					
New connections	5	21	17	22	38
Annual gallons of water pumped (thousands)	2,018,041	1,789,752	1,336,516	1,645,984	1,660,087
Miles of water mains maintained	213.3	214.5	216.3	217.1	219.1

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

2016	2017	2018	2019	2020
5,852	5,248	3,748	3,567	2,779
1,994	1,809	1,197	848	802
9,595	8,101	6,752	6,672	7,788
4,931	5,413	5,557	5,386	5,048
3,612	2,609	2,537	3,208	2,670
173.2	173.2	174.7	175.3	175.3
92	161	177	184	236
1,641,722	1,476,599	1,687,602	1,590,020	1,595,928
219.1	221.2	223.5	223.9	228.8

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

Function/Program	2011	2012	2013	2014	2015	2016
Public Safety						
Police						
Stations	1	1	1	1	1	1
Patrol Units	10	10	13	12	13	13
Fire						
Stations	3	3	3	3	3	3
Public Works						
Streets (miles)	171.4	171.6	172.0	172.1	172.6	173.2
Parks and Recreation						
Parks (acreage)	345.6	345.6	345.6	348.2	348.2	338.1
Number of playgrounds	13	13	13	14	14	12
Water and Wastewater						
Water main (miles)	213.3	214.5	216.3	217.1	219.1	219.1
Sewer mains (miles)	192.9	193.6	198.5	198.6	200.0	200.1
Storm drainage (miles)	10.9	10.9	11.2	11.2	11.8	11.8

Source: City departments

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1	1	1	1
13	13	15	15
3	3	3	3
173.2	174.7	175.3	175.3
338.1	400	565.6	565.6
13	16	16	16
221.2	223.5	223.9	228.8
200.6	201.9	202.3	205.7
12.1	13.1	13.7	13.7



CONTINUING DISCLOSURE
(Unaudited)



City of Denison, Texas
VALUATION, EXEMPTIONS, AND GENERAL OBLIGATION DEBT
September 30, 2020 (Unaudited)

2019 -20 Market Valuation Established by Grayson County Appraisal District	\$	2,205,530,820
Less:		
Productivity Loss	\$	28,410,588
Homestead Cap	\$	56,674,965
Exemption DP - Disabled	\$	6,064,553
Exemption OV65 - Over 65	\$	32,155,545
Exemption DV - Disabled Veterans	\$	17,608,884
Exemption EX - Exempt Property	\$	206,765,236
Exemption FR	\$	79,594,901
Exemption AB	\$	21,496,832
Exemption PC	\$	334,574
Exemption PPV	\$	40,025
Exemption SO	\$	427,185
		\$ 449,573,288
2019-20 Taxable Assessed Valuation	\$	1,755,957,532
General Obligation Debt Payable from Ad Valorem Taxes	\$	59,215,000
Less: Self-supporting Debt (<i>Combination Tax & Revenue Certificates of Obligation</i>)	\$	44,145,990
Net General Obligation Debt Payable from Ad Valorem Taxes	\$	15,069,010
General Obligation Interest and Sinking Fund as of September 30, 2020	\$	962,084
Ratio General Obligation Tax Debt to Taxable Assessed Valuation		0.86%
2020 Estimated Population		24,860
Per Capita Taxable Assessed Valuation	\$	70,634
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes	\$	2,382

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	2020		2019	
	Amount	% of Total	Amount	% of Total
Real-Residential Single-Family	\$ 980,421,588	44.45%	\$ 857,100,275	43.49%
Real-Residential Mobile Home	\$ 8,712,362	0.40%	\$ 5,494,764	0.28%
Real-Other Improvements	\$ 1,962,181	0.09%	\$ 1,720,187	0.09%
Real-Residential, Multi-Family	\$ 47,629,635	2.16%	\$ 40,188,925	2.04%
Real-Vacant Lots/Tracts	\$ 43,440,787	1.97%	\$ 37,310,013	1.89%
Real-Acreage Farm and Ranch	\$ 28,809,461	1.31%	\$ 22,723,871	1.15%
Real-Undeveloped Land	\$ 15,726,129	0.71%	\$ 13,524,591	0.69%
Real-Commercial	\$ 463,682,675	21.02%	\$ 425,900,291	21.61%
Real-Industrial	\$ 51,634,507	2.34%	\$ 47,668,977	2.42%
Real and Intangible Personal, Utilities	\$ 44,394,936	2.01%	\$ 42,870,428	2.18%
Tangible Personal, Commercial	\$ 118,580,027	5.38%	\$ 108,174,038	5.49%
Tangible Commercial, Industrial	\$ 175,380,263	7.95%	\$ 158,207,243	8.03%
Tangible Personal, Mobile Homes	\$ 410,071	0.02%	\$ 449,928	0.02%
Tangible Personal, Other	\$ 217,191,078	9.85%	\$ 207,200,656	10.51%
Real Property, Inventory	\$ 7,555,120	0.34%	\$ 2,473,083	0.13%
Total Appraised Value	2,205,530,820	100.00%	1,971,007,270	100.00%
Less: Total Exemptions/Reductions	85,085,553		64,664,017	
Taxable Assessed Value	\$ 2,120,445,267		\$ 1,906,343,253	

Category	2015		2014	
	Amount	% of Total	Amount	% of Total
Real-Residential Single-Family	\$ 566,235,637	37.98%	\$ 559,623,842	40.77%
Real-Residential Mobile Home	\$ 3,982,701	0.27%	\$ 3,886,979	0.28%
Real-Other Improvements	\$ 1,514,841	0.10%	\$ 1,458,822	0.11%
Real-Residential, Multi-Family	\$ 31,909,976	2.14%	\$ 29,691,769	2.16%
Real-Vacant Lots/Tracts	\$ 28,829,301	1.93%	\$ 30,121,292	2.19%
Real-Acreage Farm and Ranch	\$ 21,688,398	1.45%	\$ 15,379,772	1.12%
Real-Undeveloped Land	\$ 8,950,434	0.60%	\$ 6,625,957	0.48%
Real-Commercial	\$ 312,816,944	20.98%	\$ 305,451,398	22.25%
Real-Industrial	\$ 38,837,036	2.61%	\$ 37,498,437	2.73%
Real and Intangible Personal, Utilities	\$ 44,869,875	3.01%	\$ 44,544,120	3.25%
Tangible Personal, Commercial	\$ 94,281,026	6.32%	\$ 92,536,831	6.74%
Tangible Commercial, Industrial	\$ 165,902,052	11.13%	\$ 160,374,293	11.68%
Tangible Personal, Mobile Homes	\$ 413,726	0.03%	\$ 424,896	0.03%
Tangible Personal, Other	\$ 169,408,224	11.36%	\$ 83,953,423	6.12%
Real Property, Inventory	\$ 1,081,880	0.07%	\$ 1,004,205	0.07%
Total Appraised Value	1,490,722,051	100.00%	1,372,576,036	100.00%
Less: Total Exemptions/Reductions	24,957,931		19,543,229	
Taxable Assessed Value	\$ 1,465,764,120		\$ 1,353,032,807	

Source: Grayson County Central Appraisal District certified taxable assessed values

2018		2017		2016	
Amount	% of Total	Amount	% of Total	Amount	% of Total
\$ 734,358,391	40.96%	\$ 667,525,220	39.76%	\$ 587,302,253	37.00%
\$ 6,280,213	0.35%	\$ 4,401,753	0.26%	\$ 4,029,401	0.25%
\$ 1,540,512	0.09%	\$ 1,466,787	0.09%	\$ 1,336,417	0.08%
\$ 35,344,836	1.97%	\$ 30,576,020	1.82%	\$ 30,076,264	1.89%
\$ 33,165,813	1.85%	\$ 33,787,863	2.01%	\$ 28,284,957	1.78%
\$ 22,095,042	1.23%	\$ 21,078,706	1.26%	\$ 21,390,265	1.35%
\$ 12,479,957	0.70%	\$ 10,539,000	0.63%	\$ 9,711,330	0.61%
\$ 381,817,579	21.30%	\$ 353,777,915	21.07%	\$ 336,482,483	21.20%
\$ 51,460,502	2.87%	\$ 53,673,514	3.20%	\$ 52,798,639	3.33%
\$ 39,250,234	2.19%	\$ 49,086,040	2.92%	\$ 48,097,814	3.03%
\$ 99,966,693	5.58%	\$ 98,977,449	5.90%	\$ 93,540,112	5.89%
\$ 163,816,357	9.14%	\$ 167,041,409	9.95%	\$ 186,369,686	11.74%
\$ 452,794	0.03%	\$ 429,433	0.03%	\$ 423,919	0.03%
\$ 205,980,645	11.49%	\$ 184,973,399	11.02%	\$ 186,363,033	11.74%
\$ 4,834,381	0.27%	\$ 1,488,297	0.09%	\$ 1,143,445	0.07%
1,792,843,949	100.00%	1,678,822,805	100.00%	1,587,350,018	100.00%
47,844,376		49,001,553		26,132,144	
<u>\$ 1,744,999,573</u>		<u>\$ 1,629,821,252</u>		<u>\$ 1,561,217,874</u>	

2013		2012		2011	
Amount	% of Total	Amount	% of Total	Amount	% of Total
\$ 561,472,662	41.28%	\$ 563,161,497	42.98%	\$ 580,484,463	43.39%
\$ 3,925,666	0.29%	\$ 3,887,118	0.30%	\$ 4,182,089	0.31%
\$ 1,487,142	0.11%	\$ 1,413,979	0.11%	\$ 1,136,259	0.08%
\$ 30,411,718	2.24%	\$ 30,373,661	2.32%	\$ 33,320,301	2.49%
\$ 24,361,849	1.79%	\$ 24,651,930	1.88%	\$ 24,144,792	1.80%
\$ 17,684,249	1.30%	\$ 17,827,080	1.36%	\$ 17,678,512	1.32%
\$ 4,723,367	0.35%	\$ 6,349,730	0.48%	\$ 6,529,124	0.49%
\$ 302,320,816	22.23%	\$ 297,402,264	22.70%	\$ 296,867,989	22.19%
\$ 37,746,105	2.77%	\$ 32,967,662	2.52%	\$ 33,724,249	2.52%
\$ 38,268,594	2.81%	\$ 39,254,829	3.00%	\$ 42,258,210	3.16%
\$ 93,601,112	6.88%	\$ 109,109,301	8.33%	\$ 115,293,916	8.62%
\$ 173,093,377	12.72%	\$ 118,851,644	9.07%	\$ 125,598,081	9.39%
\$ 451,212	0.03%	\$ 554,685	0.04%	\$ 531,103	0.04%
\$ 69,386,328	5.10%	\$ 63,294,105	4.83%	\$ 54,960,029	4.11%
\$ 1,338,718	0.10%	\$ 1,326,734	0.10%	\$ 1,261,401	0.09%
1,360,272,915	100.00%	1,310,426,219	100.00%	1,337,970,518	100.00%
22,604,860		22,012,839		25,072,375	
<u>\$ 1,337,668,055</u>		<u>\$ 1,288,413,380</u>		<u>\$ 1,312,898,143</u>	

City of Denison, Texas
VALUATION AND GENERAL OBLIGATION DEBT HISTORY
September 30, 2020 (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
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
2020	24,860	\$ 2,120,445,267	\$ 85,295	\$ 8,825,000	0.42%	\$ 355

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)

Fiscal Year	Tax Rate	General Fund	Interest and Sinking Fund	Total Tax Levy	Current Tax Collections	% of Levy Collected	% of Total Tax Collections to Tax Levy
2011	\$ 0.594072	\$ 0.498544	\$ 0.095528	\$ 6,068,138	\$ 5,888,654	97.04%	97.91%
2012	\$ 0.653377	\$ 0.571038	\$ 0.082339	\$ 6,411,247	\$ 6,229,600	97.17%	99.56%
2013	\$ 0.653377	\$ 0.571038	\$ 0.082339	\$ 6,418,152	\$ 6,270,222	97.70%	99.57%
2014	\$ 0.653377	\$ 0.581121	\$ 0.072256	\$ 6,691,394	\$ 6,548,938	97.87%	99.57%
2015	\$ 0.653377	\$ 0.569980	\$ 0.083397	\$ 7,055,238	\$ 6,927,406	98.19%	99.62%
2016	\$ 0.653377	\$ 0.575883	\$ 0.077494	\$ 7,501,037	\$ 7,381,352	98.41%	99.49%
2017	\$ 0.643377	\$ 0.578521	\$ 0.064856	\$ 8,309,353	\$ 8,164,388	98.26%	98.76%
2018	\$ 0.633377	\$ 0.530791	\$ 0.102586	\$ 8,688,391	\$ 8,542,962	98.33%	99.17%
2019	\$ 0.633377	\$ 0.521438	\$ 0.111939	\$ 9,520,568	\$ 9,349,717	98.21%	98.20%
2020	\$ 0.652034	\$ 0.556902	\$ 0.095132	\$ 10,811,380	\$ 10,579,942	97.86%	97.86%

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

City of Denison, Texas
INTEREST AND SINKING FUND BUDGET PROJECTION
September 30, 2020 (Unaudited)

Tax Supported Debt Service Requirements, Fiscal Year Ending September 30, 2020	\$	1,930,242
Tax Supported Other Fees & Payments	\$	10,500
Interest and Sinking Fund, September 30, 2020	\$	962,084
Budgeted Interest and Sinking Fund Tax Levy	\$	2,062,810
Budgeted Interest for Interest and Sinking Fund	\$	14,000
		\$ 3,038,894
Estimated Balance, September 30, 2020	\$	1,098,152

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

Fiscal Year	Economic Development	City of Denison	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
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
2020	\$ 2,037,412	\$ 6,112,237	\$ 8,149,650	75.38%	\$ 0.491505	\$ 328

City of Denison, Texas
CASH AND INVESTMENTS FOR PRIMARY GOVERNMENT
September 30, 2020 (Unaudited)

<u>Type of Investment</u>			
Cash on Hand	0.01%	\$	2,930
Savings and Checking Accounts	69.70%	\$	22,273,554
Money Market Accounts	1.35%	\$	431,528
Governmental Pool Accounts	26.03%	\$	8,316,240
Certificates of Deposit	2.91%	\$	930,000
	<u>100.00%</u>	<u>\$</u>	<u>31,954,252</u>