



FISCAL YEAR 2022

City of Grapevine, Texas
Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2022



Prepared by: Fiscal Services Department

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Introductory Section

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March 17, 2023

To the Honorable Mayor,
Members of the City Council, and
Citizens of the City of Grapevine, Texas

The Fiscal Services Department is pleased to submit the Annual Comprehensive Financial Report for the City of Grapevine. The City's Management assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, based upon a comprehensive framework of internal control that has been established for this purpose. Because 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. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City government. To provide the reader a clear understanding of the City's financial activities, all necessary disclosures have been included.

The City Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City. The City Charter specifies that independent accountants selected by the City Council conduct such audits. FORVIS, LLP was selected by the City Council to conduct this year's audit. The independent auditor's report on the basic financial statements is included in the financial section of this report. This report fulfills the requirement of state law which requires the City to file with the State an annual financial statement and audit opinion within 180 days after the last day of the municipality's Fiscal Year (FY).

FORVIS, LLP has issued an unmodified ("clean") opinion on the City of Grapevine's financial statements for the year ended September 30, 2022. The independent audit report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) is a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A can be found immediately following the independent auditor's report. The letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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Profile of the City of Grapevine

Incorporated in February 1907, Grapevine is a home rule City operating under a Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a six-member City Council. The City Manager is appointed by the City Council and is responsible for carrying out policies and for the daily management of the City. Council members serve three-year staggered terms, with two Council members elected each year. The Mayor is elected to serve a three-year term.

The City is located in the center of the Dallas/Fort Worth metropolitan area, 21 miles northwest of downtown Dallas and 19 miles northeast of downtown Fort Worth. Three major freeways, State Hwy 114, State Hwy 121, and Interstate Hwy 635, intersect in the heart of Grapevine. The central location and highway system provide excellent access to area shopping, entertainment, and employment centers. The City is located in Northeast Tarrant County and is home to the Dallas/Fort Worth International Airport. Two-thirds of the airport properties are located within Grapevine city limits, and Grapevine participates in a legislatively mandated revenue share agreement with the cities of Fort Worth and Dallas. The City is approximately 35 square miles and serves an approximate population of 51,000.

The City provides a full range of services, including police and fire protection, emergency ambulance service, planning and zoning, public improvements, water and sewer services, sanitation services, extensive parks and recreation facilities, library services, street and other public infrastructure maintenance and improvements, and general administrative services. Internal services including fleet operations, technology, and risk management are provided through the General Fund. Additionally, the City offers a 27-hole golf course, a very active economic development focus, and an aggressive marketing plan designed to promote the growth and development of industry and tourism within the City.

The City of Grapevine's Home Rule Charter provides for the submission of the budget to the City Council by the City Manager. At least sixty days and no more than ninety days before the beginning of the fiscal year, the City Manager must submit a proposed budget to the City Council. The annual budget serves as the foundation for the City of Grapevine's financial planning and control. The budget is prepared by fund and department, allowing the City Manager to approve the transfer of expenditures within a fund; however, transfers between funds require approval from the City Council. The Grapevine Code of Ordinances establishes a balanced budget provision for the General and Debt Service funds. Total estimated expenditures within these funds shall not exceed the total estimated resources; however, it does provide for disclosure when a deviation from a balanced budget is necessary. The budget may be amended, and appropriations altered in cases of public necessity, upon declaration of the City Council.

Component units are legally separate organizations that a primary government must include as a part of its financial reporting entity. The City has included financial statements for five blended component units due to their fiscal dependency on the primary government. The Tax Reinvestment Zones Numbers One and Two, the Crime Control and Protection District, the Grapevine 4B Economic Development Corporation, and the 4B Transit Fund, which accounts for local sales tax used to fund Grapevine's participation in the commuter rail development project with the Fort Worth Transit Authority. The 4B Economic Development Fund accounts for a portion of the local sales tax, which is used to stimulate the local economy, promote new development, and spur redevelopment of other areas.

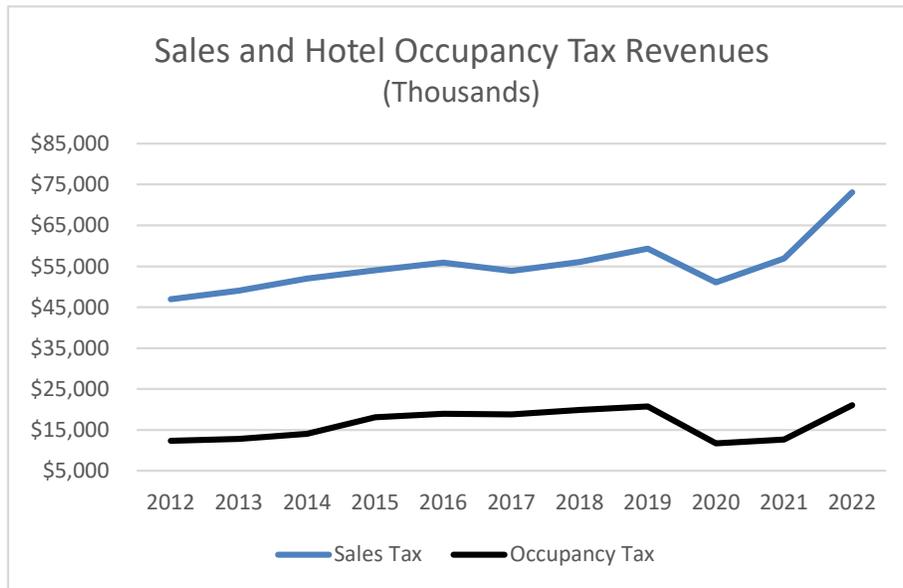
The Heritage Foundation is a legally separate organization that is a discretely presented component unit of the City. The Foundation was organized to promote the preservation, protection and economic development of Grapevine's physical and cultural heritage. Additional information on all six component units can be found in Note I in the notes to the financial statements.

Local Economy

During FY22, as the local economy recovered from the economic effects of the COVID-19 pandemic, Grapevine continued to experience economic growth due to aggressive economic development programs and a stable political climate. The 38th Annual Main Street Fest, and the 36th Annual GrapeFest – A Texas Wine Experience were held in May and September, respectively. These family friendly events brought visitors to downtown Grapevine for festival fun with live music and entertainment, shopping at local Main Street boutiques, galleries, and much more. Travel industry and businesses experienced significant increases in demand compared to the prior fiscal year and returned to pre-pandemic levels. The City’s unemployment rate improved from 3.5% in FY21 to 2.7% FY22, which was lower than the state’s unemployment rate of 3.8% for the same time.

Sales Tax, the single largest revenue stream for the City, increased \$16.2 million or 28% from the prior fiscal year. Sales from tourism as well as retail sales from businesses located at the airport performed better than the prior fiscal year due to the rebound in air travel. Sales tax revenues over the last ten years are illustrated in the table below and reflect the rebound in the local economy.

The City’s hotel occupancy tax receipts increased \$8.4 million or 66% from prior fiscal year. The hospitality and tourism industry rebounded from the effects of the pandemic due to increased demand in leisure and business travel.



The City supports various Economic Development projects that produce a meaningful impact on the City and its economy and result in the growth of business activity and employment. The most common tool that is used for such projects is the Chapter 380 agreement which offers sales tax rebates. The City currently has ten active Chapter 380 agreements in place.

Long-term Financial Planning

The City Council establishes long term financial goals each year as a part of the budgeting process. For FY22, the Council continued with the following goals:

- (1) Maintain financial stability and strong fiscal management
- (2) Sustain existing programs at high service levels
- (3) Provide a safe and secure community
- (4) Address future transportation needs
- (5) Continue to enhance tourism development
- (6) Invest in “Quality of Life” capital projects

Grapevine continued to maintain financial stability and strong fiscal management for FY2022. The General, Debt Service, Utility Enterprise, and Stormwater Drainage funds ended the fiscal year with fund balances that meet or exceed their reserve requirements.

The Police Department responded to 46,010 calls for service while the Fire Department responded to 2,282 calls for service and 4,632 ambulance runs.

Major Economic Initiatives and Community Development

Grapevine is home to many successful businesses as well as numerous wineries, fine dining, nationally ranked festivals, and select attractions and resorts. Its economic development efforts are designed to further increase visitors and tax revenues through projects that emphasize hospitality, entertainment, and retail uses. Grapevine has earned the well-deserved reputation as one of the nation’s premier destinations by drawing 15 million visitors annually. Grapevine also boasts exceptional commercial and office facilities that capitalize on the City’s central location in one of the top regions in the nation for business and close proximity to the one of the world’s busiest airports, providing ready access to major U.S. and international markets.

Although construction values declined slightly from FY21, Grapevine continues to experience strong construction growth. Construction values exceeded \$145 million in FY22 and \$152 million in FY21. Among the largest categories in this fiscal year were \$25 million in commercial alterations, \$18.5 million in new restaurants, \$16.7 million in 28 single-family residential homes and \$14 million in new commercial property. These values accounted for approximately 51% of the construction values.

In FY06, the citizens of Grapevine overwhelmingly voted to approve the creation of an economic development fund for the primary purpose of providing commuter rail service to the City. Since that time, the City has worked closely with TEXRail to achieve this goal. On January 10, 2019, TEXRail commuter rail service began in Grapevine. TEXRail is a 27-mile commuter rail line that extends from downtown Fort Worth, across northeast Tarrant County, through North Richland Hills and Grapevine, and into DFW International Airport’s Terminal B. The Grapevine Main Station includes an observation tower, public plaza, parking garage, public meeting spaces, retail spaces, public art, Harvest Hall, and Third Rail entertainment venue. The public art located in the plaza, entitled “Peace Circle,” is an interpretation of a moment in time from a meeting of Republic of Texas President Sam Houston and 10 American Indian chiefs/captains on the Grape Vine Prairie in 1843, and features 11 bronze larger than life statues.

The Dallas Area Rapid Transit (DART) Silver Line is a \$1.89 billion project that will add 26 miles of new rail between Plano and DFW International Airport. The Silver Line is expected to be completed in 2024 and will connect with TEXRail at the DFW North Station. The additional connectivity will help to further stimulate the local economy.

Chicken N Pickle will open an entertainment complex in the City in early 2023. The complex will offer patrons a casual, chef-driven restaurant, and sports bar alongside pickleball courts and outdoor yard games. The new development will be located adjacent to Delaney Vineyards. The main dining area will include pavilions, multiple dining areas, and rooftop dining experience.

Awards and Acknowledgements

The City's Fiscal Services Department was awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report ("ACFR") for the fiscal year ended September 30, 2021. This was the 35th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR 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.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire Fiscal Services Department. We would also like to express our appreciation to other City department staff that provided information and contributed to the preparation of this report.

We would also like to thank the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and professional manner.

Respectfully submitted by:

A handwritten signature in black ink, appearing to read "Greg Jordan". The signature is fluid and cursive, with a large initial "G" and "J".

Greg Jordan
Chief Financial Officer

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Grapevine
Texas**

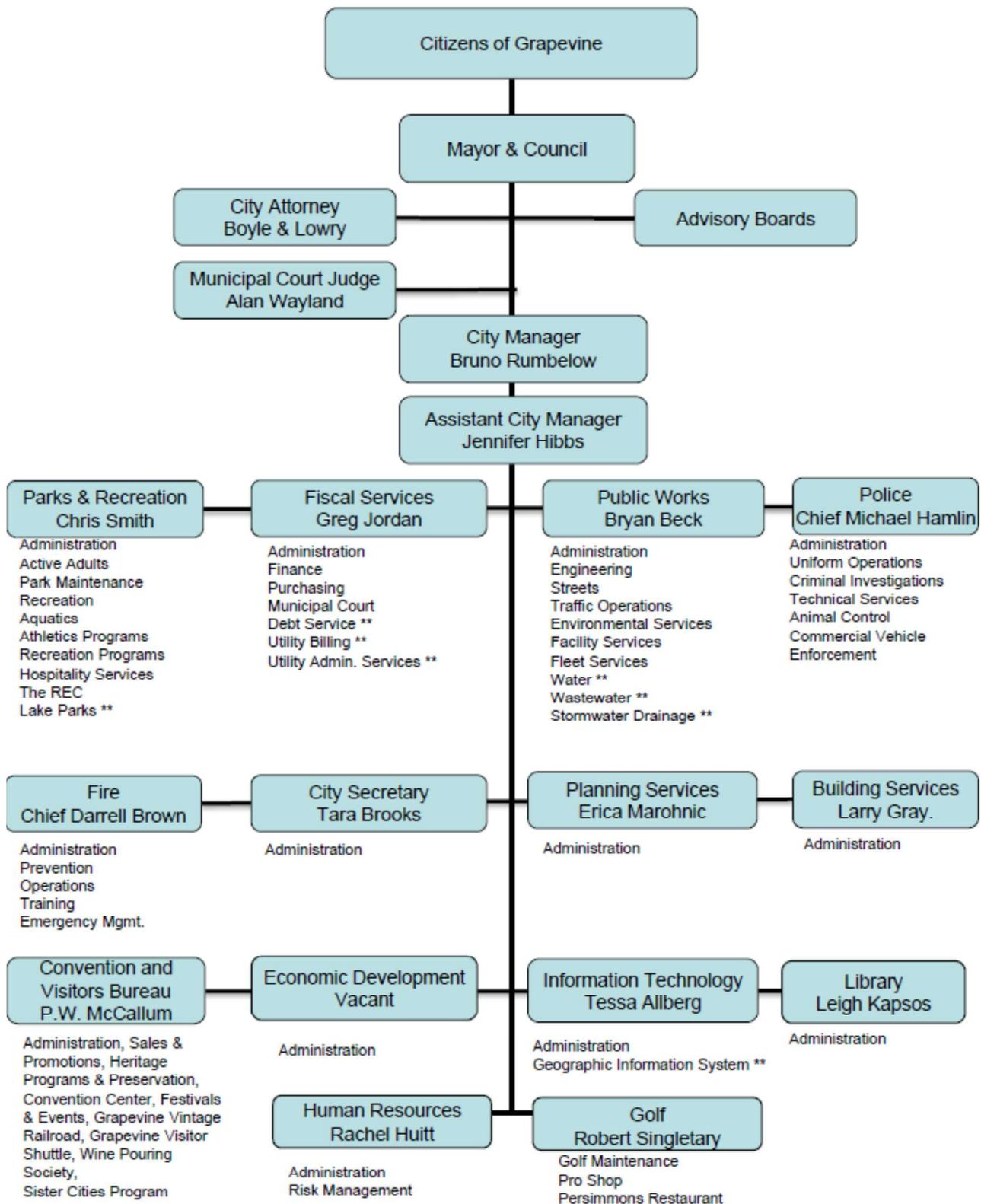
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

City of Grapevine, Texas
Organizational Chart
September 30, 2022



Bruno Rumbelow
City Manager

Jennifer Hibbs
Assistant City Manager

Tara Brooks
City Secretary

Matthew Boyle
City Attorney

Alan Wayland
Municipal Court Judge

Greg Jordan
Chief Financial Officer

Bryan Beck
Director of Public Works

Erica Marohnic
Director of Planning Services

Darrell Brown
Fire Chief

Michael Hamlin
Chief of Police

Leigh Kapsos
Library Director

Chris Smith
Director of Parks and Recreation

Robert Singletary
Director of Golf

P. W. McCallum
Executive Director, Convention & Visitors Bureau

Rachel Huitt
Human Resources Director

Shellie Johnson
Internal Audit Director

Tessa Allberg
Chief Technology Officer

Jeff Strawn
Managing Director of Financial Services

Lance Wright
Purchasing Agent

Gary W. Livingston
Management Services Director

vacant
Director of Economic Development

William D. Tate
MAYOR

CITY COUNCIL

Darlene Freed, Mayor Pro Tem

Chris Coy

Paul Slechta

Sharron Rogers

Leon Leal

Duff O'Dell

Bruno Rumbelow
CITY MANAGER

Jennifer Hibbs
ASSISTANT CITY MANAGER

Greg Jordan
CHIEF FINANCIAL OFFICER

Financial Section

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Grapevine, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grapevine, Texas (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The 2021 financial statements, before they were restated for the matters discussed in *Note 1*, were audited by other auditors, and their report thereon date April 19, 2021, expressed unmodified opinions on those financial statements. Our opinions are not modified with respect to this matter.

As discussed in *Note 1* to the financial statements, in fiscal year 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension, and other postemployment benefit information as listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information including the combining and individual fund financial statements and schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive annual report. The other information comprises the introductory section and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2023, 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.

FORVIS, LLP

**Dallas, Texas
March 17, 2023**

**City of Grapevine, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022**

Management's Discussion and Analysis

As management of the City of Grapevine (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$461,912,100 (net position).
- The City's total net position increased by \$26,184,086 from operations. \$15,577,921 of this increase was attributable to governmental activities and an increase of \$10,606,165 was due to business-type activities.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$115,175,282, an increase of \$16,499,141 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,110,278 or 20.1% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Both 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, culture and recreation, public works, transportation, tourism and economic development. The business-type activities of the City include water and sewer services and the lake enterprise activities (golf course).

**City of Grapevine, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022**

The government-wide financial statements include not only the City itself (known as the *primary government*), but also include the Heritage Foundation, which is a legally separate entity 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. The Tax Increment Reinvestment Zones Numbers One and Two, the Crime Control and Prevention District (Crime District), and the Grapevine 4B Economic Development Corporation, although legally separate, function for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements for governmental funds, proprietary funds, and fiduciary funds can be found in the financial section of this report.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the City'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 maintains 19 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, Hotel Occupancy Tax Fund, Crime District Fund, 4B – Economic Development Fund, 4B – Transit Fund, Debt Service Fund, TIF #1 Capital Projects Fund and General Facilities and Equipment Fund, all of which are considered to be major funds.

Data from the other eleven governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, and Lake Enterprise Fund (golf course). *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its document management services. Because these services predominantly benefit the governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

**City of Grapevine, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Lake Enterprise Fund, which are both considered to be major funds.

Fiduciary Funds

Fiduciary fund level financial statements include assets that are held in a trustee or fiduciary capacity and are therefore not available to support City programs; these funds are not included in the government-wide statements. The City has two types of fiduciary funds.

The Other Postemployment Benefit (OPEB) Trust Fund is used to report assets held for beneficiaries to fund future postemployment benefits other than pensions. The Private-purpose Trust Fund is used to report resources held in trust for the W.D. Tate Scholarship Fund. See Note 1 for additional information pertaining to fiduciary funds.

Notes to the financial statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information*. The required supplementary information section of this report includes budgetary comparison schedules for the General Fund and major special revenue funds with legally adopted budgets, which include the Hotel Occupancy Tax Fund, Crime District Fund, 4B Economic Development Fund, and 4B Transit Fund. This section of the report also includes schedules detailing the City's progress in funding its liabilities related to providing pension and OPEB benefits to its employees.

The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on the City's pension and OPEB plans.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2022, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$461,912,100.

**City of Grapevine, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022**

CITY OF GRAPEVINE'S NET POSITION

| | Governmental Activities | | Business-type Activities | | Totals | |
|----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$ 153,294,829 | \$ 131,062,122 | \$ 31,633,981 | \$ 28,269,240 | \$ 184,928,810 | \$ 159,331,362 |
| Capital and lease assets | 429,740,580 | 441,497,971 | 153,977,973 | 146,880,384 | 583,718,553 | 588,378,355 |
| Total assets | <u>583,035,409</u> | <u>572,560,093</u> | <u>185,611,954</u> | <u>175,149,624</u> | <u>768,647,363</u> | <u>747,709,717</u> |
| Deferred outflows of resources | 25,627,379 | 23,688,821 | 2,585,197 | 2,396,998 | 28,212,576 | 26,085,819 |
| Other liabilities | 35,507,006 | 277,065,025 | 4,164,456 | 19,686,795 | 39,671,462 | 296,751,820 |
| Long-term liabilities | 244,421,207 | 19,995,677 | 18,077,208 | 3,344,778 | 262,498,415 | 23,340,455 |
| Total liabilities | <u>279,928,213</u> | <u>297,060,702</u> | <u>22,241,664</u> | <u>23,031,573</u> | <u>302,169,877</u> | <u>320,092,275</u> |
| Deferred inflows of resources | 30,253,414 | 16,284,972 | 2,524,548 | 1,690,275 | 32,777,962 | 17,975,247 |
| Net position: | | | | | | |
| Net investment in capital assets | 291,800,577 | 292,356,763 | 146,685,064 | 141,818,801 | 438,485,641 | 434,175,564 |
| Restricted | 50,192,281 | 55,449,440 | 2,897,786 | 2,871,462 | 53,090,067 | 58,320,902 |
| Unrestricted | (43,511,697) | (64,902,963) | 13,848,089 | 8,134,511 | (29,663,608) | (56,768,452) |
| Total net position | <u>\$ 298,481,161</u> | <u>\$ 282,903,240</u> | <u>\$ 163,430,939</u> | <u>\$ 152,824,774</u> | <u>\$ 461,912,100</u> | <u>\$ 435,728,014</u> |

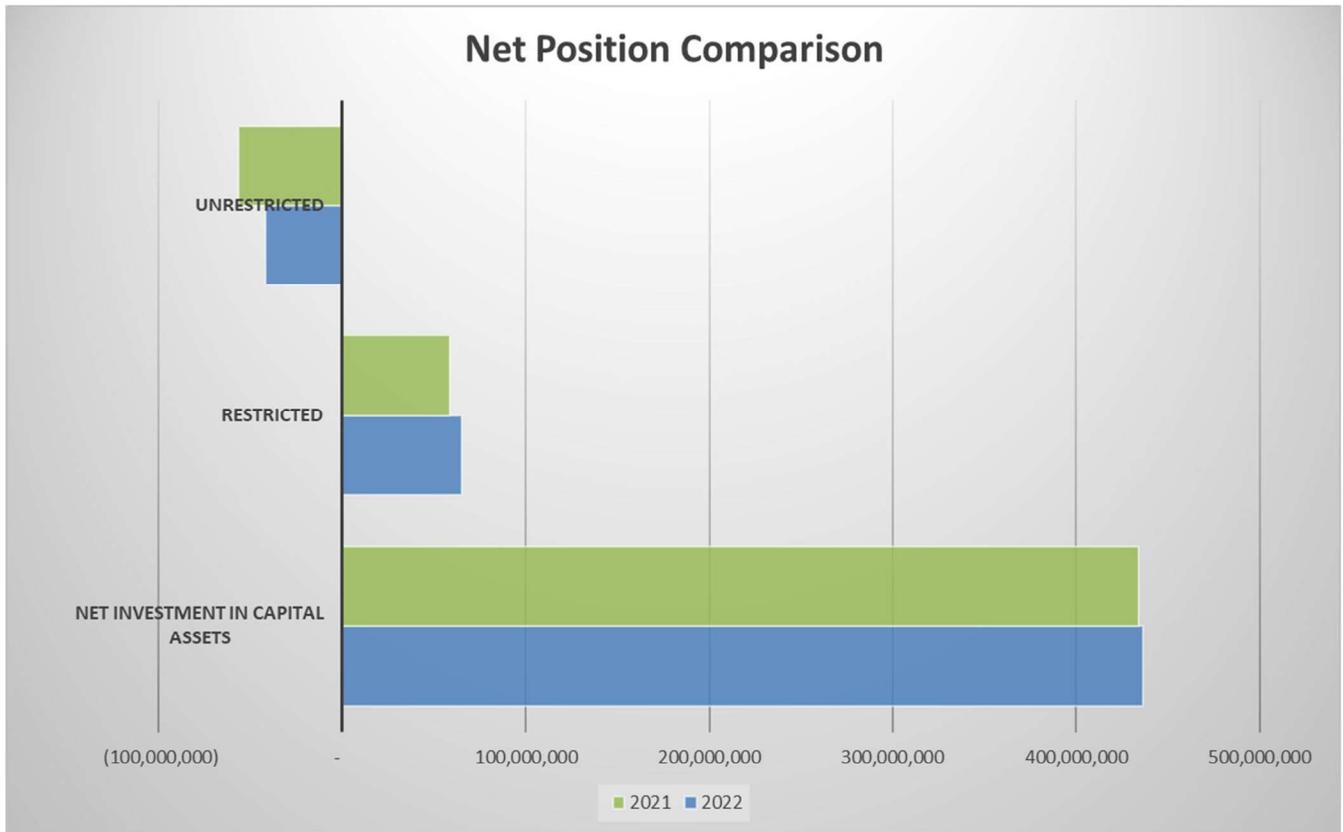
Current and other assets increased in the governmental and business-type activities by \$25,597,448 from the prior year. Cash and investments increased by \$23,557,786, largely due to an increase in sales taxes, hotel occupancy taxes, and investment earnings.

Long-term liabilities for the City consist of bonds, contractual obligations, compensated absences, OPEB and pension liabilities. Debt service payments of almost \$12.6 million were made during the year to pay down the balances of bonds and contractual obligations. The City's pension liability decreased by \$15.6 million primarily as a result of net investment income and the City's OPEB liability increased by \$7.6 million as a result of many factors including a change in the discount rate from 2.04% to 1.87%.

The largest portion of the City's net position is its investment in capital assets of \$438,485,641 (e.g., land, building, equipment, improvements, construction in progress, infrastructure, and right-to-use assets), less any debt used to acquire capital and leased assets still outstanding. The City uses these capital and leased assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital and leased assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. Restricted net position includes (1) use of impact fees for construction purposes (\$2,897,786), (2) debt service (\$23,890,244), (3) capital projects (\$4,365,921), (4) court security and technology (\$2,949,648), (5) public safety (\$908,976), (6) records preservation (\$17,742), (7) economic development (\$17,436,321), (8) culture and recreation (\$495,811), (9) transportation (\$23,346), and (10) tourism (\$104,272).

**City of Grapevine, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022**



For fiscal year-end 2022, the City is able to report positive balances in two categories of net position for the City as a whole. Unrestricted net position is a deficit for the governmental activities and in total for the City. This is due in part to the recognition of the net pension liability under the requirements of GASB Statement No. 68, the recognition of the net OPEB liability under GASB Statement No. 75, and also due to the fact that the City has a substantial amount of debt related to TIF #2 which is not capital related.

**City of Grapevine, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022**

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2022, and 2021:

CITY OF GRAPEVINE'S CHANGES IN NET POSITION

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 27,749,262 | \$ 19,139,898 | \$ 35,542,809 | \$ 33,151,053 | \$ 63,292,071 | \$ 52,290,951 |
| Operating grants and contributions | 3,273,053 | 8,887,856 | - | - | 3,273,053 | 8,887,856 |
| Capital grants and contributions | 2,300,358 | 12,213,609 | 5,247,493 | 8,128,733 | 7,547,851 | 20,342,342 |
| General revenues: | | | | | | |
| Property taxes | 33,225,579 | 34,037,464 | - | - | 33,225,579 | 34,037,464 |
| Hotel occupancy taxes | 21,030,420 | 12,625,773 | - | - | 21,030,420 | 12,625,773 |
| Sales taxes | 73,126,844 | 56,914,190 | - | - | 73,126,844 | 56,914,190 |
| Mixed beverage taxes | 2,377,346 | 1,793,124 | - | - | 2,377,346 | 1,793,124 |
| Franchise taxes | 6,585,053 | 5,978,215 | - | - | 6,585,053 | 5,978,215 |
| Investment earnings | 955,165 | 26,472 | 223,884 | 25,266 | 1,179,049 | 51,738 |
| Gain on sale of capital assets | - | 711,133 | 6,074 | 236,757 | 6,074 | 947,890 |
| Miscellaneous | 1,074,576 | 263,502 | - | - | 1,074,576 | 263,502 |
| Total revenues | 171,697,656 | 152,591,236 | 41,020,260 | 41,541,809 | 212,717,916 | 194,133,045 |
| Expenses: | | | | | | |
| General government | 32,736,737 | 20,933,648 | - | - | 32,736,737 | 20,933,648 |
| Public safety | 37,989,941 | 38,778,212 | - | - | 37,989,941 | 38,778,212 |
| Culture and recreation | 21,178,381 | 22,801,979 | - | - | 21,178,381 | 22,801,979 |
| Public works | 18,683,597 | 15,786,659 | - | - | 18,683,597 | 15,786,659 |
| Transportation | 13,301,311 | 9,367,306 | - | - | 13,301,311 | 9,367,306 |
| Economic development | 4,292,737 | 8,712,593 | - | - | 4,292,737 | 8,712,593 |
| Tourism | 20,482,143 | 17,559,893 | - | - | 20,482,143 | 17,559,893 |
| Interest on long-term debt | 4,131,718 | 5,288,645 | - | - | 4,131,718 | 5,288,645 |
| Water and sewer | - | - | 30,061,365 | 27,653,812 | 30,061,365 | 27,653,812 |
| Lake enterprise | - | - | 3,675,901 | 2,414,337 | 3,675,901 | 2,414,337 |
| Total expenses | 152,796,564 | 139,228,935 | 33,737,266 | 30,068,149 | 186,533,830 | 169,297,084 |
| Increases in net position before extraordinary item and transfers | 18,901,092 | 13,362,301 | 7,282,994 | 11,473,660 | 26,184,086 | 24,835,961 |
| Transfers | (3,323,171) | 406,616 | 3,323,171 | (406,616) | - | - |
| Change in net position | 15,577,921 | 13,768,917 | 10,606,165 | 11,067,044 | 26,184,086 | 24,835,961 |
| Net position, beginning | 282,903,240 | 272,492,323 | 152,824,774 | 141,757,730 | 435,728,014 | 414,250,053 |
| Prior period adjustment | - | (3,358,000) | - | - | - | (3,358,000) |
| Net position, beginning (restated) | 282,903,240 | 269,134,323 | 152,824,774 | 141,757,730 | 435,728,014 | 410,892,053 |
| Net position, ending | \$ 298,481,161 | \$ 282,903,240 | \$ 163,430,939 | \$ 152,824,774 | \$ 461,912,100 | \$ 435,728,014 |

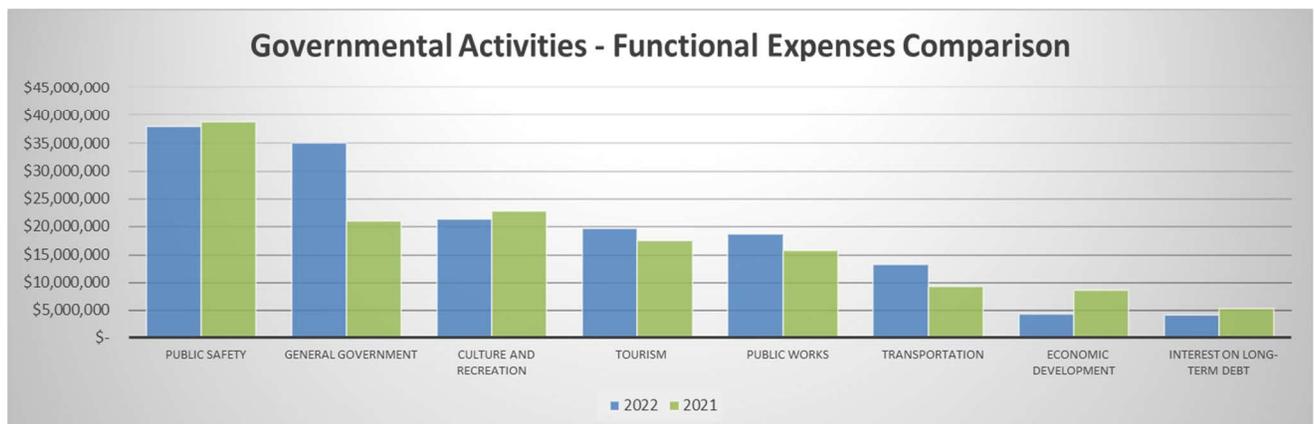
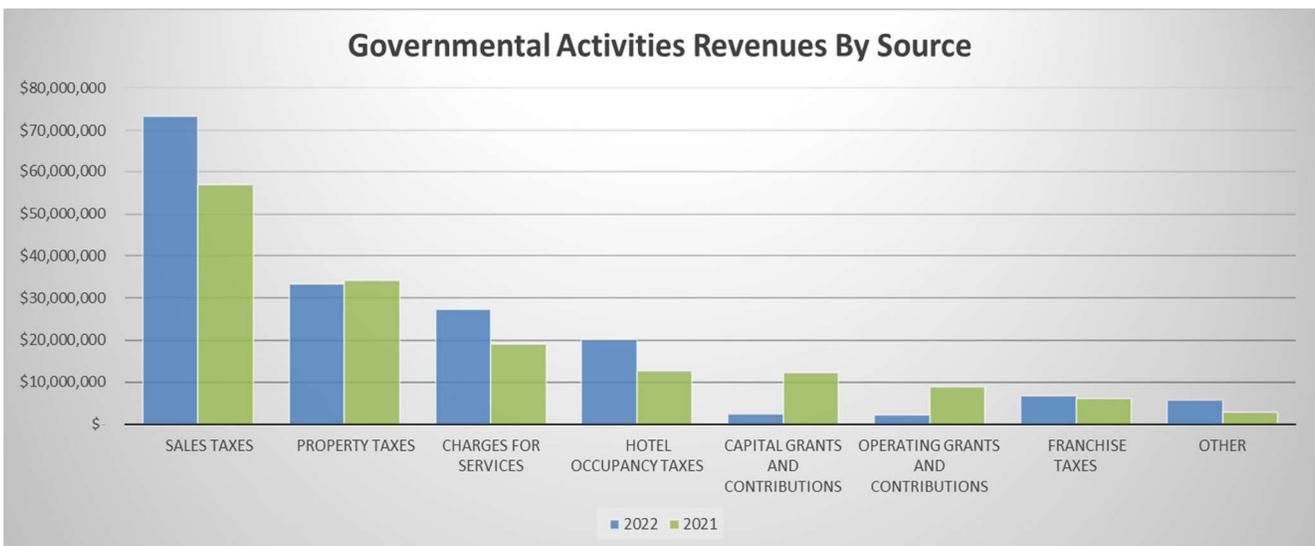
Governmental activities – Governmental activities increased the City's net position by \$15,577,921 from operations. This increase can broadly be attributed to increases in general revenues such as sales taxes, hotel occupancy taxes, mixed beverage taxes as well as charges for services. These increases are directly related to the recovery from the 2020 economic impacts of COVID-19.

**City of Grapevine, Texas
Management’s Discussion and Analysis
For the Year Ended September 30, 2022**

In addition to the increase in revenues discussed above, revenues were offset by a decrease in operating grant funds totaling \$5.6 million due to funds received from the COVID-19 Coronavirus State and Local Fiscal Recovery Fund during 2021. Capital grants and contributions also decreased by \$9.7 million representing a reimbursement in 2021 from the Grapevine Main project developer.

The City’s operating expenses for 2022 increased by \$13,567,629 or 9.7%. Some functions such as public safety, culture and recreation, and economic development reflect decreases in operating expenses which are offset by an increase in general government and transportation. General government expenses were approximately \$11.8 million higher than prior year primarily as a result of increased OPEB expense, a one-time refund to the State of Texas for sales tax received in a prior year (recognized as an expense in the current year) and increased 380 rebates for several projects due to the increased sales tax receipts. Public Safety expenses were down from FY21 due primarily to decreased pension costs resulting from investment gains which reduced pension expenses. Culture and recreation decreases resulted from a decrease in landscape and janitorial expenses. Transportation expenses increased due to increased payments of the contractual portion of 4B sales tax to the Fort Worth Transportation Authority. The increased payments were a result of increased sales tax receipts throughout the year. Economic development expenses were down due to a community distribution for capital projects to GCISD that occurred in FY21.

All functions that include personnel reflect increases in expenses related to the City’s OPEB plan. A net of \$7.0 million in expenses related to the City’s OPEB plan were allocated across the governmental activities.

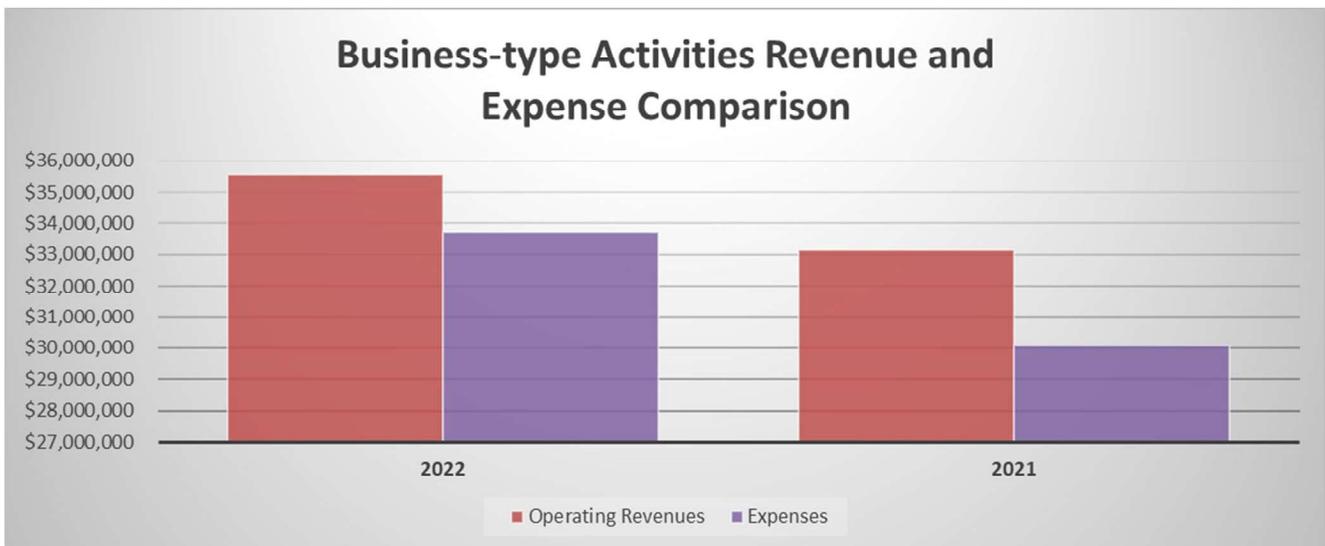


**City of Grapevine, Texas
Management’s Discussion and Analysis
For the Year Ended September 30, 2022**

Business-type activities – In total, the business-type activities increased the City’s net position by \$10,606,165. Water and Sewer Utilities increased net position by \$5,589,002 while Lake Enterprise (golf) increased net position by \$5,017,163.

The change in net position for the business-type activities was impacted by the Water and Sewer Fund in the following ways: The City received donated assets valued at approximately \$458,327 as well as a \$944,072 refund from Trinity River Authority for unused project funds. In addition, Water and Sewer fund had an increase of \$4.5 million in transfers from other funds. Charges for water and sewer increased due to decreased rainfall during fiscal year 2022 as compared to the prior year. This reduction in rainfall together with an increase in rates led to an increase in charges for services. This led to higher charges for services and also an increase in operating expenses related to the purchase, storage and treatment of water.

The Lake Enterprise Fund (golf course) had increased revenues from FY2021 resulting from continued increased participation as COVID-19 impacts declined. The most significant increases were in green fees and cart rentals. The net position also increased resulting from the completion of the Golf Clubhouse.



FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

**City of Grapevine, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022**

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$115,175,282, an increase of \$16,499,141 compared with the prior year. Unassigned fund balance is \$12,771,621 (11.1%), which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is (1) non-spendable (\$1,452,510) (2) restricted for debt service, capital projects, court security and technology, public safety, economic development, transportation, tourism, records preservation and culture and recreation programs (\$62,169,156) (3) committed for capital projects, stormwater drainage and public arts (\$6,000,775) (4) or assigned for capital projects, tourism, public safety, culture and recreation programs, and OPEB plan contributions (\$32,781,220).

Significant changes in fund balances of major funds are as follows:

General Fund – The General Fund is the chief operating fund of the City. At the end of FY2022, unassigned fund balance of the General Fund was \$13,110,278, while total fund balance equaled \$14,627,407. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 20.1% of total General Fund expenditures, while the total fund balance represents approximately 22.4% of that same amount.

The fund balance of the General Fund increased by \$3,044,553 for FY2022. Revenues increased in the General Fund from FY2021 to FY2022 by \$15,133,640. Property taxes increased in the General Fund by \$426,567 for FY2022. This increase is primarily due to increases in property values. Sales tax revenue increased by \$8,157,742 as a result of continued recovery from COVID-19 impacts including the resumption of all of the City's festivals in FY2022. Charges for services increased by \$4,225,816 for FY2022 due to an overall increase in usage of parks and recreational facilities due to ongoing recovery from COVID-19. Movement of garage revenue from the Economic Development Fund to the General Fund also contributed to this increase.

General Fund expenditures increased from FY2021 to FY2022 by \$8,002,160. Expenditures for general government increased by \$5,854,557 for FY2022. This increase is primarily due to an increase in Chapter 380 agreements, a result of repairs necessitated by winter storm damage, and a general increase in the cost of insurance across the City. The City also refunded \$1.7 million in sales tax due to a prior period overpayment. In addition, movement of Harvest Hall expenses from the Economic Development Fund to the General Fund also contributed to this increase.

Special Revenue – Hotel Occupancy Tax Fund – Fund balance in the Hotel Occupancy Tax Fund increased for FY2022 by \$8,906,418. This increase can primarily be attributed to increased hotel occupancy tax revenues. Hotel occupancy taxes increased by \$8,404,647. Charges for services also increased by \$3,695,495, or 68.1%, primarily as a result of the return of train excursions and festivals.

Expenditures in the Hotel Occupancy Tax Fund increased from \$17,005,978 in FY2021 to \$19,640,766 in FY2022. As mentioned before, this increase was primarily attributed to a return to normal operations associated with festival activity.

Special Revenue – Crime District Fund – Fund balance of the Crime District Fund increased by \$2,871,763. As the economy began to improve from the impacts of COVID-19, sales tax revenues, which are the primary funding source of the Crime District Fund, increased by \$3,977,914. Expenditures in the Crime District Fund had a minimal increase of \$1,376,380.

Special Revenue – 4B – Economic Development – The 4B-Economic Development fund balance reflects an increase of \$1,179,300 over last fiscal year. Sales tax revenues increased by \$939,191 during the year due to improved economic conditions over FY2021 caused by COVID-19. Expenditures were down by \$137,546 primarily due a reduction in distributions during the year related to 380 agreements that the City has entered into. These distributions were approximately \$163,468 less than the previous fiscal year.

**City of Grapevine, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022**

Special Revenue – 4B – Transit – Fund balance in the 4B-Transit increased for FY2022 by \$23,346. Sales tax collected in this fund has been pledged to the Fort Worth Transit Authority (the "T"). Any sales tax collections in this fund, less half of the operating costs of the City's visitor shuttle service, are distributed to the "T" to help fund commuter rail service in Grapevine. Sales taxes in this fund increased for the current period by \$3,137,807 because of improved economic conditions from FY2021 due to the pandemic, and as the revenues in this fund increase, so do the corresponding expenditures.

Debt Service Fund – The total fund balance of \$6,997,403 in the Debt Service Fund is restricted for the payment of debt obligations. This balance has increased by \$315,598 as a result of increased receipts from property taxes as property value protests were resolved resulting in slightly more receipts than amounts paid for debt.

Capital Projects – TIF #1 – The net increase in fund balance for the TIF #1 capital projects fund for fiscal year 2022 was \$1,565,979. The property taxes and investment earnings collected in this fund for the year were \$1,636,460. Expenditures for the fund for the current year include \$70,481 in community distributions to GCISD.

Capital Projects – General Facilities and Equipment – The fund balance decreased \$5,000,016 from the prior year primarily as a result of continued expenditures associated with the completion of capital projects (Grapevine Main, Animal Shelter, Fire Stations and Golf Clubhouse) amounting to \$3,041,861. In addition, net transfers in and out resulted in a decline in the fund balance of \$2,626,000. Transfers out of \$5,000,000 for reimbursement to the Utility Fund for Harvest Hall expenditures previously transferred to the Capital Projects Fund were offset by a transfer in of \$2,374,000 for costs related to completed projects for rooftop replacements and library lighting.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of the proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Significant amendment changes:

There were no changes to budgeted revenues or expenditures for the fiscal year 2022.

Significant budget variances:

Revenues exceeded budget by \$15,605,517 as a result of the improving economy as the City continued to recover from the impacts of COVID in prior years. More than half of the increase is reflected in increased sales tax revenue.

Expenditures were approximately \$6M higher than budget primarily as a result of a one-time refund to the State of Texas for sales tax received in a prior year (recognized as an expense in the current year) and increased 380 rebates for several projects due to the increased sales tax receipts in FY22.

CAPITAL AND LEASE ASSETS AND DEBT ADMINISTRATION

Capital and lease assets—The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounted to \$583,718,553 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, intangible assets, construction in progress, and right-to-use assets. The total net decrease in the City's investment in capital assets for the current fiscal year was \$4,659,802 (1%).

**City of Grapevine, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022**

Major capital asset events during the current fiscal year included the following:

- Grapevine Main and Harvest Hall construction of \$87,026,414 was transferred from construction in progress to building assets.
- The new golf clubhouse and animal shelter buildings were also completed and transferred out of construction in progress, totaling \$4,566,174 and \$5,254,975, respectively.
- Parks projects of \$246,674 were added to construction in progress, and \$1,171,093 were completed, including Green Ribbon Phase V and the Oak Grove baseball parking lot extension. Public art totaling \$1,010,740 was completed and transferred from construction in progress to other improvements.
- The acquisition of vehicles and equipment totaling \$1,422,096, including \$54,981 related to public safety, \$869,092 related to public works, \$256,574 related to culture and recreation, and \$103,050 related to golf was added in FY22.
- Improvements related to Dallas Road were completed and transferred from construction in progress, including street infrastructure of \$5,832,470, lighting and signals of \$1,617,458, landscaping and sidewalks of \$1,493,313, and drainage and utilities of \$876,037. In addition, other street projects totaling \$1,674,279 were completed in FY22, including Oak Grove Loop, Hughes Road, Hood Lane, and Ruth Street.
- The Water and Sewer Fund added \$5,341,052 to utility projects in construction in progress to extend and improve the City's water and sewer system. Donated water and sewer assets totaled \$458,327.

CITY OF GRAPEVINE'S CAPITAL AND LEASE ASSETS AT YEAR-END

| | Governmental Activities | | Business-type Activities | | Totals | |
|-----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2022 | 2021* | 2022 | 2021* | 2022 | 2021* |
| Land | \$ 36,782,765 | \$ 36,782,765 | \$ 593,970 | \$ 593,970 | \$ 37,376,735 | \$ 37,376,735 |
| Right-of-way/easements | 79,540,229 | 79,514,520 | 57,555,464 | 57,555,464 | 137,095,693 | 137,069,984 |
| Construction in progress | 4,714,522 | 112,602,574 | 6,918,365 | 1,927,349 | 11,632,887 | 114,529,923 |
| Buildings | 196,456,268 | 107,613,738 | 5,234,760 | 608,030 | 201,691,028 | 108,221,768 |
| Improvements other than buildings | 39,320,685 | 36,068,213 | 1,074,440 | 1,184,738 | 40,395,125 | 37,252,951 |
| Machinery and equipment | 13,518,202 | 14,765,182 | 2,370,184 | 2,365,216 | 15,888,386 | 17,130,398 |
| Software | 137,286 | 167,797 | 50,045 | 60,060 | 187,331 | 227,857 |
| Infrastructure | 59,270,623 | 53,983,182 | 80,180,745 | 82,585,557 | 139,451,368 | 136,568,739 |
| Total | \$ 429,740,580 | \$ 441,497,971 | \$ 153,977,973 | \$ 146,880,384 | \$ 583,718,553 | \$ 588,378,355 |

* Fiscal year 2021 amounts have been restated for GASB 87

Additional information on the City's capital assets can be found in Note 6 of the notes to the financial statements.

Long-term debt—At the end of the current fiscal year, the City had total bonded debt outstanding of \$158,397,354.

**City of Grapevine, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022**

CITY OF GRAPEVINE'S OUTSTANDING BONDS AND NOTES PAYABLE AT YEAR-END

| | Governmental Activities | | Business-type Activities | | Totals | |
|----------------------------------|-------------------------|-----------------------|--------------------------|---------------------|-----------------------|-----------------------|
| | 2022 | 2021* | 2022 | 2021* | 2022 | 2021* |
| General obligation bonds | \$ 74,180,000 | \$ 80,400,000 | \$ - | \$ - | \$ 74,180,000 | \$ 80,400,000 |
| Certificates of obligation | 47,480,000 | 49,770,000 | 6,970,000 | 7,395,000 | 54,450,000 | 57,165,000 |
| Revenue bonds | 21,965,000 | 24,760,000 | - | - | 21,965,000 | 24,760,000 |
| Contractual obligations | 2,373,526 | 3,192,835 | - | - | 2,373,526 | 3,192,835 |
| Premium/discount on bonds issued | 5,005,111 | 5,631,912 | 244,353 | 298,410 | 5,249,464 | 5,930,322 |
| Lease liability | 166,903 | 17,197 | 12,461 | 19,126 | 179,364 | 36,323 |
| | <u>\$ 151,170,540</u> | <u>\$ 163,771,944</u> | <u>\$ 7,226,814</u> | <u>\$ 7,712,536</u> | <u>\$ 158,397,354</u> | <u>\$ 171,484,480</u> |

* Fiscal year 2021 amounts have been restated for GASB 87

Additional information on the City's long-term debt can be found in Note 10 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the fiscal year 2023 budget, total City revenues are budgeted at \$195 million, an increase of \$19.7 million (11%) from the previous year. The City also lowered the property tax rate to \$0.271775 per \$100 of valuation which represents a .01% reduction from the FY 2022 rate of \$0.271811.

The General Fund FY 2023 Budget includes increases in sales tax revenue of 15% and hotel occupancy tax of 23% partially offset by an increase of 9% in total expenditures.

The economy of the City of Grapevine and the Dallas-Fort Worth Metroplex continues to outpace state and national growth. The City continues to focus on quality of life, economic development, and cultural, educational and recreational amenities for the community.

The General Fund reserve requirement is expected to remain at approximately 20% of budgeted expenditures for the fiscal year 2023. This meets the requirement of 20% of budgeted expenditures required by the City Charter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Division, City of Grapevine, 200 S. Main Street, Grapevine, Texas 76051.

Basic Financial Statements

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City of Grapevine, Texas
Statement of Net Position
September 30, 2022

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|-----------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | Heritage Foundation |
| ASSETS | | | | |
| Cash and investments | \$ 117,402,584 | \$ 23,935,503 | \$ 141,338,087 | \$ 412,148 |
| Receivables, net: | | | | |
| Taxes | 15,112,830 | - | 15,112,830 | - |
| Accounts | 3,976,380 | 3,247,379 | 7,223,759 | - |
| Leases | 5,169,020 | - | 5,169,020 | - |
| Notes receivable | 5,317,647 | - | 5,317,647 | - |
| Due from other governments | 4,843,316 | - | 4,843,316 | - |
| Inventory | 612,755 | 138,538 | 751,293 | - |
| Accrued interest | 20,542 | - | 20,542 | - |
| Prepaid expenses | 734,653 | 52,232 | 786,885 | - |
| Deposits | 105,102 | - | 105,102 | - |
| Restricted assets: | | | | |
| Cash and investments | - | 4,260,329 | 4,260,329 | - |
| Capital and lease assets (net of accumulated depreciation): | | | | |
| Non-depreciable | 121,037,516 | 65,067,799 | 186,105,315 | 450,067 |
| Depreciable | 308,703,064 | 88,910,174 | 397,613,238 | 655,381 |
| Total assets | 583,035,409 | 185,611,954 | 768,647,363 | 1,517,596 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions | 9,035,666 | 868,262 | 9,903,928 | - |
| Deferred outflows related to OPEB | 15,338,051 | 1,716,935 | 17,054,986 | - |
| Deferred loss on bond refunding | 1,253,662 | - | 1,253,662 | - |
| Total deferred outflows of resources | 25,627,379 | 2,585,197 | 28,212,576 | - |
| LIABILITIES | | | | |
| Accounts payable | 10,367,441 | 1,833,479 | 12,200,920 | 21,419 |
| Contracts and retainage payable | - | 282,776 | 282,776 | - |
| Accrued and other liabilities | 4,507,715 | 487,443 | 4,995,158 | - |
| Developer deposits | 1,476,749 | - | 1,476,749 | - |
| Customer deposits | 91,309 | 1,030,006 | 1,121,315 | - |
| Interest payable | 579,080 | 30,307 | 609,387 | - |
| Due to other governments | 175,977 | - | 175,977 | - |
| Unearned revenue | 5,750,416 | - | 5,750,416 | 4,116 |
| Noncurrent liabilities: | | | | |
| Due in one year | 12,558,319 | 500,445 | 13,058,764 | - |
| Due in more than one year | 244,421,207 | 18,077,208 | 262,498,415 | - |
| Total liabilities | 279,928,213 | 22,241,664 | 302,169,877 | 25,535 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | 18,349,318 | 1,763,233 | 20,112,551 | - |
| Deferred inflows related to OPEB | 6,801,123 | 761,315 | 7,562,438 | - |
| Deferred inflows related to leases | 5,102,973 | - | 5,102,973 | - |
| Total deferred inflows of resources | 30,253,414 | 2,524,548 | 32,777,962 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 291,800,577 | 146,685,064 | 438,485,641 | 1,105,448 |
| Restricted for: | | | | |
| Use of impact fees | - | 2,897,786 | 2,897,786 | - |
| Debt service | 23,890,644 | - | 23,890,644 | - |
| Capital projects | 4,365,921 | - | 4,365,921 | - |
| Court security and technology | 2,949,648 | - | 2,949,648 | - |
| Public safety | 908,976 | - | 908,976 | - |
| Records preservation | 17,742 | - | 17,742 | - |
| Economic development | 17,435,921 | - | 17,435,921 | - |
| Culture and recreation | 495,811 | - | 495,811 | - |
| Transportation | 23,346 | - | 23,346 | - |
| Tourism | 104,272 | - | 104,272 | - |
| Unrestricted | (43,511,697) | 13,848,089 | (29,663,608) | 386,613 |
| Total net position | \$ 298,481,161 | \$ 163,430,939 | \$ 461,912,100 | \$ 1,492,061 |

City of Grapevine, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2022

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Program Revenue Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
|--------------------------------|-----------------|---------------------------------|---|---|
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 32,736,737 | \$ 3,573,956 | \$ 2,577,224 | \$ - |
| Public safety | 37,989,941 | 3,154,523 | 640,528 | - |
| Culture and recreation | 21,178,381 | 8,992,564 | 43,054 | - |
| Public works | 18,683,597 | 4,325,297 | - | 2,300,358 |
| Transportation | 13,301,311 | 19,874 | 12,247 | - |
| Economic development | 4,292,737 | - | - | - |
| Tourism | 20,482,143 | 7,683,048 | - | - |
| Interest on long-term debt | 4,131,718 | - | - | - |
| Total governmental activities | 152,796,564 | 27,749,262 | 3,273,053 | 2,300,358 |
| Business-type activities: | | | | |
| Water and sewer | 30,061,365 | 31,286,338 | - | 674,701 |
| Lake Enterprise | 3,675,901 | 4,256,471 | - | 4,572,792 |
| Total business-type activities | 33,737,266 | 35,542,809 | - | 5,247,493 |
| Total primary government | \$ 186,533,830 | \$ 63,292,071 | \$ 3,273,053 | \$ 7,547,851 |
| Component unit: | | | | |
| Heritage Foundation | \$ 146,571 | \$ 6,481 | \$ 158,933 | \$ - |

General Revenues:

Taxes:

 Property

 Franchise

 Hotel occupancy

 Sales

 Mixed beverage

Unrestricted investment income

Gain on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

| <u>Net (Expense) Revenue and Changes in Net Position</u> | | | <u>Component Unit</u> |
|--|---------------------------------|-------------------------|----------------------------|
| <u>Primary Government</u> | | | |
| <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> | <u>Heritage Foundation</u> |
| \$ (26,585,557) | \$ - | \$ (26,585,557) | \$ - |
| (34,194,890) | - | (34,194,890) | - |
| (12,142,763) | - | (12,142,763) | - |
| (12,057,942) | - | (12,057,942) | - |
| (13,269,190) | - | (13,269,190) | - |
| (4,292,737) | - | (4,292,737) | - |
| (12,799,095) | - | (12,799,095) | - |
| (4,131,718) | - | (4,131,718) | - |
| <u>(119,473,891)</u> | <u>-</u> | <u>(119,473,891)</u> | <u>-</u> |
| - | 1,899,674 | 1,899,674 | - |
| - | 5,153,362 | 5,153,362 | - |
| - | 7,053,036 | 7,053,036 | - |
| <u>\$ (119,473,891)</u> | <u>\$ 7,053,036</u> | <u>\$ (112,420,855)</u> | <u>\$ -</u> |
| | | | <u>18,843</u> |
| \$ 33,225,579 | \$ - | \$ 33,225,579 | \$ - |
| 6,585,053 | - | 6,585,053 | - |
| 21,030,420 | - | 21,030,420 | - |
| 73,126,844 | - | 73,126,844 | - |
| 2,377,346 | - | 2,377,346 | - |
| 955,165 | 223,884 | 1,179,049 | 2,615 |
| - | 6,074 | 6,074 | - |
| 1,074,576 | - | 1,074,576 | 30,428 |
| (3,323,171) | 3,323,171 | - | - |
| <u>135,051,812</u> | <u>3,553,129</u> | <u>138,604,941</u> | <u>33,043</u> |
| 15,577,921 | 10,606,165 | 26,184,086 | 51,886 |
| <u>282,903,240</u> | <u>152,824,774</u> | <u>435,728,014</u> | <u>1,440,175</u> |
| <u>\$ 298,481,161</u> | <u>\$ 163,430,939</u> | <u>\$ 461,912,100</u> | <u>\$ 1,492,061</u> |

City of Grapevine, Texas
Balance Sheet – Governmental Funds
September 30, 2022

| | Special Revenue | | | |
|---|----------------------|------------------------|---------------------|----------------------------|
| | General | Hotel Occupancy Tax | Crime District | 4B-Economic Development |
| ASSETS | | | | |
| Cash and investments | \$ 13,766,123 | \$ 28,916,036 | \$ 1,417,594 | \$ 12,965,187 |
| Receivables (net of allowances for uncollectibles): | | | | |
| Accounts | 2,211,801 | 19,022 | 2,049 | - |
| Taxes | 6,953,023 | 1,708,404 | 3,144,174 | 957,833 |
| Leases | 2,972,184 | 186,628 | - | - |
| Accrued interest | 5 | 20,515 | - | 6 |
| Notes receivable | - | - | - | - |
| Inventory | 610,474 | 2,281 | - | - |
| Due from other funds | 331,713 | - | - | - |
| Due from other governments | 108,624 | - | 12,333 | - |
| Prepaid items | 506,069 | 136,246 | 79,683 | 12,655 |
| Deposits | 5,102 | 100,000 | - | - |
| Total assets | \$ 27,465,118 | \$ 31,089,132 | \$ 4,655,833 | \$ 13,935,681 |
| LIABILITIES | | | | |
| Accounts payable | \$ 3,979,396 | \$ 2,193,311 | \$ 888,862 | \$ 519,841 |
| Accrued liabilities | 3,066,143 | 349,285 | 881,579 | 26,899 |
| Due to other funds | - | - | - | - |
| Due to other governments | 175,977 | - | - | - |
| Unearned revenue | 2,212,170 | 2,498,507 | - | - |
| Developer deposits | - | - | - | - |
| Customer deposits | 91,309 | - | - | - |
| Total liabilities | 9,524,995 | 5,041,103 | 1,770,441 | 546,740 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 385,201 | - | - | - |
| Lease related | 2,927,515 | 184,166 | - | - |
| Total deferred inflows of resources | 3,312,716 | 184,166 | - | - |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable: | | | | |
| Inventory | 610,474 | 2,281 | - | - |
| Prepaid items | 506,069 | 136,246 | 79,683 | 12,655 |
| Deposits | 5,102 | 100,000 | - | - |
| Restricted for: | | | | |
| Debt service | - | - | - | 1,402,400 |
| Capital projects | - | - | - | - |
| Court security and technology | - | - | 2,805,709 | - |
| Economic development | - | - | - | 11,973,886 |
| Public safety | - | - | - | - |
| Records preservation | - | - | - | - |
| Tourism | - | 104,272 | - | - |
| Transportation | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Committed for: | | | | |
| Capital projects | - | - | - | - |
| Stormwater drainage operations | - | - | - | - |
| Public arts | - | - | - | - |
| Assigned for: | | | | |
| Capital projects | - | - | - | - |
| Tourism | - | 25,521,064 | - | - |
| Culture and recreation | - | - | - | - |
| Public safety | - | - | - | - |
| OPEB | 395,484 | - | - | - |
| Unassigned | 13,110,278 | - | - | - |
| Total fund balances | 14,627,407 | 25,863,863 | 2,885,392 | 13,388,941 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 27,465,118 | \$ 31,089,132 | \$ 4,655,833 | \$ 13,935,681 |

| <u>Special Revenue</u> | | <u>Capital Projects</u> | | | | |
|------------------------|---------------------|-------------------------|---|------------------------------------|---------------------------------|--|
| <u>4B-Transit</u> | <u>Debt Service</u> | <u>TIF #1</u> | <u>General Facilities and Equipment</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> | |
| \$ - | \$ 7,009,731 | \$ 8,099,194 | \$ 9,691,325 | \$ 35,417,695 | \$ 117,282,885 | |
| - | - | - | - | 1,743,508 | 3,976,380 | |
| 2,266,084 | 83,312 | - | - | - | 15,112,830 | |
| - | - | - | 1,348,299 | 661,909 | 5,169,020 | |
| - | 3 | 3 | 3 | 7 | 20,542 | |
| - | - | - | 5,317,647 | - | 5,317,647 | |
| - | - | - | - | - | 612,755 | |
| - | - | - | - | - | 331,713 | |
| - | - | - | 4,000,000 | 722,359 | 4,843,316 | |
| - | - | - | - | - | 734,653 | |
| - | - | - | - | - | 105,102 | |
| <u>\$ 2,266,084</u> | <u>\$ 7,093,046</u> | <u>\$ 8,099,197</u> | <u>\$ 20,357,274</u> | <u>\$ 38,545,478</u> | <u>\$ 153,506,843</u> | |
| \$ 2,242,738 | \$ 31,032 | \$ - | \$ 26,879 | \$ 485,130 | \$ 10,367,189 | |
| - | - | - | - | 183,809 | 4,507,715 | |
| - | - | - | - | 331,713 | 331,713 | |
| - | - | - | - | - | 175,977 | |
| - | - | - | 8,333 | 1,031,406 | 5,750,416 | |
| - | - | - | 400,000 | 1,076,749 | 1,476,749 | |
| - | - | - | - | - | 91,309 | |
| <u>2,242,738</u> | <u>31,032</u> | <u>-</u> | <u>435,212</u> | <u>3,108,807</u> | <u>22,701,068</u> | |
| - | 64,611 | - | 9,480,933 | 596,775 | 10,527,520 | |
| - | - | - | 1,343,170 | 648,122 | 5,102,973 | |
| - | 64,611 | - | 10,824,103 | 1,244,897 | 15,630,493 | |
| - | - | - | - | - | 612,755 | |
| - | - | - | - | - | 734,653 | |
| - | - | - | - | - | 105,102 | |
| - | 6,997,403 | - | - | 15,490,841 | 23,890,644 | |
| - | - | 2,637,162 | 4,209,545 | 9,496,089 | 16,342,796 | |
| - | - | - | - | 143,939 | 2,949,648 | |
| - | - | 5,462,035 | - | - | 17,435,921 | |
| - | - | - | - | 908,976 | 908,976 | |
| - | - | - | - | 17,742 | 17,742 | |
| - | - | - | - | - | 104,272 | |
| 23,346 | - | - | - | - | 23,346 | |
| - | - | - | - | 495,811 | 495,811 | |
| - | - | - | - | 3,438,940 | 3,438,940 | |
| - | - | - | - | 1,237,625 | 1,237,625 | |
| - | - | - | - | 1,324,210 | 1,324,210 | |
| - | - | - | 4,888,414 | 1,190,423 | 6,078,837 | |
| - | - | - | - | - | 25,521,064 | |
| - | - | - | - | 779,176 | 779,176 | |
| - | - | - | - | 6,659 | 6,659 | |
| - | - | - | - | - | 395,484 | |
| - | - | - | - | (338,657) | 12,771,621 | |
| <u>23,346</u> | <u>6,997,403</u> | <u>8,099,197</u> | <u>9,097,959</u> | <u>34,191,774</u> | <u>115,175,282</u> | |
| <u>\$ 2,266,084</u> | <u>\$ 7,093,046</u> | <u>\$ 8,099,197</u> | <u>\$ 20,357,274</u> | <u>\$ 38,545,478</u> | <u>\$ 153,506,843</u> | |

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City of Grapevine, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2022

| | |
|---|-----------------------|
| Total fund balances – governmental funds balance sheet | \$ 115,175,282 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital and lease assets, excluding internal service funds, used in governmental activities are not reported in the funds. | 429,623,449 |
| Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds. | 10,527,520 |
| An internal service fund is used to charge the cost of document management equipment acquisition and maintenance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities. | 236,578 |
| Accrued bond interest is not due and payable in the current period and, therefore, is not reported in the funds. | (579,080) |
| Long-term liabilities and deferred losses on bond refundings, reported as deferred outflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows: | |
| Long-term liabilities: | |
| Due in one year | (12,558,319) |
| Due in more than one year | (143,143,640) |
| Deferred outflows of resources: | |
| Deferred losses on bond refundings | 1,253,662 |
| Included in the items related to long-term liabilities is the recognition of the City's net pension liability. The net position related to pensions includes a deferred outflows of resources in the amount of \$9,035,666, deferred inflows of resources in the amount of \$18,349,318, and the net pension liability of \$15,218,957. | (24,532,609) |
| Included in the items related to long-term liabilities is the recognition of the City's net OPEB liability. The net position related to OPEB includes a deferred outflows of resources in the amount of \$15,338,051, deferred inflows of resources in the amount of \$6,801,123, and the net OPEB liability of \$86,058,610. | <u>(77,521,682)</u> |
| Net position of governmental activities | <u>\$ 298,481,161</u> |

City of Grapevine, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2022

| | Special Revenue | | | |
|--|------------------------|--------------------------------|---------------------------|------------------------------------|
| | General | Hotel Occupancy Tax | Crime District | 4B-Economic Development |
| Revenues | | | | |
| Property taxes | \$ 13,948,203 | \$ - | \$ - | \$ - |
| Hotel occupancy taxes | - | 21,030,420 | - | - |
| Sales taxes | 36,748,631 | - | 18,017,690 | 5,638,319 |
| Mixed beverage taxes | 2,377,346 | - | - | - |
| Franchise taxes | 6,369,312 | - | - | - |
| Licenses and permits | 1,373,656 | - | - | - |
| Intergovernmental | 3,695,708 | - | 35,071 | - |
| Charges for services | 9,814,179 | 9,121,667 | - | 56,883 |
| Fines and forfeitures | 1,028,444 | - | 61,839 | - |
| Investment income | 97,776 | 186,106 | 28,950 | 83,301 |
| Contributions | 1,023,207 | - | - | - |
| Miscellaneous | 871,559 | 46,590 | 3 | 2 |
| Total revenues | 77,348,021 | 30,384,783 | 18,143,553 | 5,778,505 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 23,430,505 | - | 194,339 | - |
| Public safety | 17,951,599 | - | 19,356,715 | - |
| Culture and recreation | 13,691,530 | - | - | - |
| Public works | 9,095,751 | - | - | - |
| Tourism | - | 19,561,480 | - | - |
| Economic development | - | - | - | 2,771,190 |
| Transportation | 750,824 | - | - | - |
| Capital outlay | 271,477 | 77,694 | 12,476 | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent charges | 8,101 | 1,592 | - | - |
| Total expenditures | 65,199,787 | 19,640,766 | 19,563,530 | 2,771,190 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 12,148,234 | 10,744,017 | (1,419,977) | 3,007,315 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 4,274,246 | 148,371 | 4,291,740 | - |
| Transfers out | (14,176,240) | (2,156,581) | - | (1,828,015) |
| Sale of capital assets | 289,588 | - | - | - |
| Leases issued | - | 170,611 | - | - |
| Insurance recoveries | 508,725 | - | - | - |
| Total other financing sources and uses | (9,103,681) | (1,837,599) | 4,291,740 | (1,828,015) |
| Net Change in Fund Balances | 3,044,553 | 8,906,418 | 2,871,763 | 1,179,300 |
| Fund Balances, Beginning of Year | 11,582,854 | 16,957,445 | 13,629 | 12,209,641 |
| Fund Balances, Ending of Year | \$ 14,627,407 | \$ 25,863,863 | \$ 2,885,392 | \$ 13,388,941 |

| <u>Special Revenue</u> | | <u>Capital Projects</u> | | | | |
|------------------------|---------------------|-------------------------|---|------------------------------------|---------------------------------|--|
| <u>4B-Transit</u> | <u>Debt Service</u> | <u>TIF #1</u> | <u>General Facilities and Equipment</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> | |
| \$ - | \$ 13,057,580 | \$ 1,582,750 | \$ - | \$ 4,725,788 | \$ 33,314,321 | |
| - | - | - | - | - | 21,030,420 | |
| 12,722,204 | - | - | - | - | 73,126,844 | |
| - | - | - | - | - | 2,377,346 | |
| - | - | - | - | 215,741 | 6,585,053 | |
| - | - | - | - | - | 1,373,656 | |
| - | - | - | 389,465 | 1,098,613 | 5,218,857 | |
| - | - | - | 509,564 | 4,910,495 | 24,412,788 | |
| - | - | - | - | 82,450 | 1,172,733 | |
| - | 55,788 | 53,710 | 183,020 | 265,803 | 954,454 | |
| - | - | - | - | 752,622 | 1,775,829 | |
| - | 22,915 | - | 110,000 | 23,507 | 1,074,576 | |
| <u>12,722,204</u> | <u>13,136,283</u> | <u>1,636,460</u> | <u>1,192,049</u> | <u>12,075,019</u> | <u>172,416,877</u> | |
| - | - | - | 524,204 | 218,348 | 24,367,396 | |
| - | - | - | - | 1,495,731 | 38,804,045 | |
| - | - | - | - | 3,702,352 | 17,393,882 | |
| - | - | - | - | 4,952,419 | 14,048,170 | |
| - | - | - | - | - | 19,561,480 | |
| - | - | 70,481 | - | 1,510,250 | 4,351,921 | |
| 12,550,487 | - | - | - | - | 13,301,311 | |
| - | - | - | 3,041,861 | 1,721,753 | 5,125,261 | |
| - | 9,995,000 | - | - | 2,129,309 | 12,124,309 | |
| - | 4,085,663 | - | - | 474,489 | 4,560,152 | |
| - | 126,853 | - | - | - | 136,546 | |
| <u>12,550,487</u> | <u>14,207,516</u> | <u>70,481</u> | <u>3,566,065</u> | <u>16,204,651</u> | <u>153,774,473</u> | |
| <u>171,717</u> | <u>(1,071,233)</u> | <u>1,565,979</u> | <u>(2,374,016)</u> | <u>(4,129,632)</u> | <u>18,642,404</u> | |
| - | 2,057,569 | - | 2,374,000 | 7,699,500 | 20,845,426 | |
| (148,371) | (670,738) | - | (5,000,000) | (188,652) | (24,168,597) | |
| - | - | - | - | 71,090 | 360,678 | |
| - | - | - | - | - | 170,611 | |
| - | - | - | - | 139,894 | 648,619 | |
| <u>(148,371)</u> | <u>1,386,831</u> | <u>-</u> | <u>(2,626,000)</u> | <u>7,721,832</u> | <u>(2,143,263)</u> | |
| 23,346 | 315,598 | 1,565,979 | (5,000,016) | 3,592,200 | 16,499,141 | |
| - | 6,681,805 | 6,533,218 | 14,097,975 | 30,599,574 | 98,676,141 | |
| <u>\$ 23,346</u> | <u>\$ 6,997,403</u> | <u>\$ 8,099,197</u> | <u>\$ 9,097,959</u> | <u>\$ 34,191,774</u> | <u>\$ 115,175,282</u> | |

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City of Grapevine, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activates
For the Year Ended September 30, 2022

Net change in fund balances - total governmental funds \$ 16,499,141

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

The net revenue/(expense) of certain activities of internal service funds are reported with governmental activities. This is the change in net position of the internal service fund. (38,171)

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. This is the amount of capital outlay recorded in the current period. 5,400,964

Governmental funds do not recognize capital assets contributed by other entities. However, in the Statement of Activities, the acquisition cost of those assets is recognized as revenue, then depreciated over their estimated useful lives. 2,300,358

Depreciation/amortization on capital and leased assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation/amortization is not reported as expenditures in the governmental funds. (14,276,658)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) and the transfer of capital assets from governmental activities to business-type activities to decrease net position. (5,185,342)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the 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.

| | |
|--|------------|
| Issuance of leases | (170,611) |
| Repayment of principal of long-term debt | 12,124,309 |
| Repayment of principal of leases | 20,905 |
| Amortization of: | |
| Premium/discount on bond issuance | 626,801 |
| Loss on refunding | (176,484) |

Interest is accrued in the government-wide financial statements but not at the fund level. This represents the change in the accrual during the period. 9,570

Current year changes in certain long-term liabilities (do)/do not require the use of current financial resources and, therefore, are/(are not) reported as expenditures in governmental funds.

| | |
|--------------------------------|-------------|
| Compensated absences liability | 96,058 |
| Retainage payable | 2,333,407 |
| Net OPEB liability | (5,921,239) |
| Net Pension liability | 6,576,046 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year for these revenue sources. (4,641,133)

Change in net position of governmental activities \$ 15,577,921

City of Grapevine, Texas
Statement of Net Position – Proprietary Funds
September 30, 2022

| | Business-type Activities - Enterprise Funds | | | Governmental |
|--|--|----------------------------|--------------------|---|
| | Water and Sewer | Lake Enterprise | Total | Activities Internal Service Fund |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 23,298,039 | \$ 637,464 | \$ 23,935,503 | \$ 119,699 |
| Receivables, net | 3,195,819 | 51,560 | 3,247,379 | - |
| Prepaid items | 52,232 | - | 52,232 | - |
| Inventory | - | 138,538 | 138,538 | - |
| Total current assets | <u>26,546,090</u> | <u>827,562</u> | <u>27,373,652</u> | <u>119,699</u> |
| Noncurrent assets: | | | | |
| Restricted cash and investments: | | | | |
| Bond construction | 332,426 | - | 332,426 | - |
| Impact fees | 2,897,786 | - | 2,897,786 | - |
| Customer deposits | 1,030,117 | - | 1,030,117 | - |
| Total restricted cash and investments | <u>4,260,329</u> | <u>-</u> | <u>4,260,329</u> | <u>-</u> |
| Capital assets: | | | | |
| Land | 548,132 | 45,838 | 593,970 | - |
| Easements | 57,555,464 | - | 57,555,464 | - |
| Construction in progress | 6,918,365 | - | 6,918,365 | - |
| Buildings | 577,791 | 6,622,625 | 7,200,416 | - |
| Improvements other than buildings | 20,218 | 9,155,875 | 9,176,093 | - |
| Infrastructure | 141,044,934 | - | 141,044,934 | - |
| Vehicles, machinery and equipment | 4,906,776 | 1,838,815 | 6,745,591 | 138,339 |
| Water storage rights | 683,547 | - | 683,547 | - |
| Computer software | 70,102 | - | 70,102 | 60,608 |
| Right-to-use leased equipment | 19,126 | - | 19,126 | - |
| Less accumulated depreciation | (65,234,640) | (10,794,995) | (76,029,635) | (81,816) |
| Net capital assets | <u>147,109,815</u> | <u>6,868,158</u> | <u>153,977,973</u> | <u>117,131</u> |
| Total noncurrent assets | <u>151,370,144</u> | <u>6,868,158</u> | <u>158,238,302</u> | <u>117,131</u> |
| Total assets | <u>177,916,234</u> | <u>7,695,720</u> | <u>185,611,954</u> | <u>236,830</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pension | 630,592 | 237,670 | 868,262 | - |
| Deferred outflows related to OPEB | 1,366,317 | 350,618 | 1,716,935 | - |
| Total deferred outflows of resources | <u>1,996,909</u> | <u>588,288</u> | <u>2,585,197</u> | <u>-</u> |

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|--------------------|----------------|----------------------------|
| | Water and Sewer | Lake Enterprise | Total | Internal Service Fund |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 1,694,183 | \$ 139,296 | \$ 1,833,479 | \$ 252 |
| Accrued liabilities | 241,008 | 246,435 | 487,443 | - |
| Accrued bond interest payable | 30,307 | - | 30,307 | - |
| Retainage payable | 282,776 | - | 282,776 | - |
| Compensated absences | 40,808 | 22,954 | 63,762 | - |
| Bonds payable | 430,000 | - | 430,000 | - |
| Lease liability | 6,683 | - | 6,683 | - |
| Customer deposits | 1,030,006 | - | 1,030,006 | - |
| Total current liabilities | 3,755,771 | 408,685 | 4,164,456 | 252 |
| Noncurrent liabilities: | | | | |
| Bonds payable | 6,784,353 | - | 6,784,353 | - |
| Lease liability | 5,778 | - | 5,778 | - |
| Net OPEB liability | 7,666,122 | 1,967,244 | 9,633,366 | - |
| Net pension liability | 1,062,118 | 400,310 | 1,462,428 | - |
| Compensated absences | 122,423 | 68,860 | 191,283 | - |
| Total noncurrent liabilities | 15,640,794 | 2,436,414 | 18,077,208 | - |
| Total liabilities | 19,396,565 | 2,845,099 | 22,241,664 | 252 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pension | 1,280,583 | 482,650 | 1,763,233 | - |
| Deferred inflows related to OPEB | 605,846 | 155,469 | 761,315 | - |
| Total deferred inflows of resources | 1,886,429 | 638,119 | 2,524,548 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 139,854,920 | 6,830,144 | 146,685,064 | 117,131 |
| Restricted for: | | | | |
| Impact fees | 2,897,786 | - | 2,897,786 | - |
| Unrestricted | 15,877,443 | (2,029,354) | 13,848,089 | 119,447 |
| Total net position | \$ 158,630,149 | \$ 4,800,790 | \$ 163,430,939 | \$ 236,578 |

City of Grapevine, Texas
Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds
For the Year Ended September 30, 2022

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|--|------------------------|----------------|--------------------------------|
| | Water and Sewer | Lake Enterprise | Total | Internal Service Fund |
| Operating Revenues | | | | |
| Charges for services | \$ 30,326,244 | \$ 4,238,583 | \$ 34,564,827 | \$ 141,466 |
| Miscellaneous | 960,094 | 17,888 | 977,982 | - |
| Total operating revenues | 31,286,338 | 4,256,471 | 35,542,809 | 141,466 |
| Operating Expenses | | | | |
| Salaries and benefits | 3,748,090 | 1,486,945 | 5,235,035 | - |
| Water purchases, storage, and treatment | 13,114,959 | - | 13,114,959 | - |
| Refuse collections | 2,415,445 | - | 2,415,445 | - |
| Maintenance, repairs, and supplies | 3,892,606 | 751,909 | 4,644,515 | 143,711 |
| General and administrative | 3,143,914 | 963,327 | 4,107,241 | - |
| Depreciation and amortization | 3,500,558 | 473,720 | 3,974,278 | 36,637 |
| Total operating expenses | 29,815,572 | 3,675,901 | 33,491,473 | 180,348 |
| Operating Income (Loss) | 1,470,766 | 580,570 | 2,051,336 | (38,882) |
| Nonoperating Revenues (Expenses) | | | | |
| Gain on disposal of property | 200 | 5,874 | 6,074 | - |
| Investment income | 219,945 | 3,939 | 223,884 | 711 |
| Interest and fiscal agent charges | (245,793) | - | (245,793) | - |
| Total nonoperating revenues (expenses) | (25,648) | 9,813 | (15,835) | 711 |
| Income (Loss) Before Capital Contributions and Transfers | 1,445,118 | 590,383 | 2,035,501 | (38,171) |
| Capital contributions | 674,701 | 4,572,792 | 5,247,493 | - |
| Transfers in | 5,670,738 | - | 5,670,738 | - |
| Transfers out | (2,201,555) | (146,012) | (2,347,567) | - |
| Total capital contributions and transfers | 4,143,884 | 4,426,780 | 8,570,664 | - |
| Change in Net Position | 5,589,002 | 5,017,163 | 10,606,165 | (38,171) |
| Total Net Position (Deficit), Beginning of Year | 153,041,147 | (216,373) | 152,824,774 | 274,749 |
| Total Net Position, Ending of Year | \$ 158,630,149 | \$ 4,800,790 | \$ 163,430,939 | \$ 236,578 |

City of Grapevine, Texas
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2022

| | Business-type Activities - Enterprise Funds | | | Governmental |
|--|--|----------------------------|----------------------|----------------------------------|
| | Water and Sewer | Lake Enterprise | Total | Internal Service Fund |
| Cash Flows from Operating Activities | | | | |
| Receipts from customers | \$ 31,264,604 | \$ 4,274,640 | \$ 35,539,244 | \$ - |
| Receipts from interfund charges for document management services | - | - | - | 141,466 |
| Payments to employees for salaries and benefits | (3,684,806) | (1,558,367) | (5,243,173) | - |
| Payments to suppliers and service providers | (22,321,668) | (1,719,004) | (24,040,672) | (145,945) |
| Return of customer deposits | (1,337) | - | (1,337) | - |
| Net cash provided (used) by operating activities | <u>5,256,793</u> | <u>997,269</u> | <u>6,254,062</u> | <u>(4,479)</u> |
| Cash Flows from Noncapital Financing Activities | | | | |
| Transfer in | 5,670,738 | (198,198) | 5,472,540 | - |
| Transfer out | (2,201,555) | - | (2,201,555) | - |
| Net cash provided (used) by noncapital financing activities | <u>3,469,183</u> | <u>(198,198)</u> | <u>3,270,985</u> | <u>-</u> |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Principal paid on capital debt | (425,000) | - | (425,000) | - |
| Interest paid on capital debt | (289,403) | - | (289,403) | - |
| Acquisition and construction of capital assets | (5,639,893) | (172,020) | (5,811,913) | (22,727) |
| Proceeds from the sale of assets | 200 | 5,874 | 6,074 | - |
| Net cash used by capital and related financing activities | <u>(6,354,096)</u> | <u>(166,146)</u> | <u>(6,520,242)</u> | <u>(22,727)</u> |
| Cash Flows from Investing Activities | | | | |
| Interest received on investments and cash equivalents | 219,945 | 3,939 | 223,884 | 711 |
| Net cash provided by investing activities | <u>219,945</u> | <u>3,939</u> | <u>223,884</u> | <u>711</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,591,825 | 636,864 | 3,228,689 | (26,495) |
| Cash and Cash Equivalents, Beginning of Year | <u>24,966,543</u> | <u>600</u> | <u>24,967,143</u> | <u>146,194</u> |
| Cash and Cash Equivalents, Ending of Year | <u>\$ 27,558,368</u> | <u>\$ 637,464</u> | <u>\$ 28,195,832</u> | <u>\$ 119,699</u> |

City of Grapevine, Texas
Statement of Cash Flows – Proprietary Funds (Continued)
For the Year Ended September 30, 2022

| | Business-type Activities - Enterprise Funds | | | Governmental |
|--|--|----------------------------|---------------------|----------------------------------|
| | Water and Sewer | Lake Enterprise | Total | Internal Service Fund |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating income (loss) | \$ 1,470,766 | \$ 580,570 | \$ 2,051,336 | \$ (38,882) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation and amortization | 3,500,558 | 473,720 | 3,974,278 | 36,637 |
| (Increase) decrease in assets: | | | | |
| Customer receivable | (21,734) | 18,169 | (3,565) | - |
| Prepaid items | (17,203) | - | (17,203) | - |
| Inventories | - | (63,098) | (63,098) | - |
| Deferred outflows of resources - pension | (162,466) | (61,233) | (223,699) | - |
| Deferred outflows of resources - OPEB | 18,967 | 4,867 | 23,834 | - |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | 13,229 | (100,770) | (87,541) | (2,234) |
| Accrued liabilities | 249,230 | 160,100 | 409,330 | - |
| Customer deposits | (1,337) | - | (1,337) | - |
| Net OPEB liability | 607,625 | 155,932 | 763,557 | - |
| Net pension liability | (992,844) | (374,201) | (1,367,045) | - |
| Compensated absences | (5,246) | (33,812) | (39,058) | - |
| Deferred inflows of resources - pension | 696,373 | 262,462 | 958,835 | - |
| Deferred inflows of resources - OPEB | (99,125) | (25,437) | (124,562) | - |
| Total adjustments | <u>3,786,027</u> | <u>416,699</u> | <u>4,202,726</u> | <u>34,403</u> |
| Net cash provided (used) by operating activities | <u>\$ 5,256,793</u> | <u>\$ 997,269</u> | <u>\$ 6,254,062</u> | <u>\$ (4,479)</u> |
| Schedule of Noncash Capital and Related Financing Activities | | | | |
| Contributions of capital assets | \$ 674,701 | \$ 4,572,792 | \$ 5,247,493 | \$ - |
| Capital assets included in accounts payable | 77,731 | 38,014 | 115,745 | - |

City of Grapevine, Texas
Statement of Fiduciary Net Position
For the Year Ended September 30, 2022

| | OPEB Trust | Private-Purpose Trust Fund |
|--|-----------------------|---------------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ - | \$ 14,592 |
| Investments | 2,822,259 | - |
| Total assets | <u>2,822,259</u> | <u>14,592</u> |
| NET POSITION | | |
| Restricted for other postemployment benefits | 2,822,259 | - |
| Restricted for scholarships | - | 14,592 |
| Restricted for individuals and organizations | - | - |
| Total net position | <u>\$ 2,822,259</u> | <u>\$ 14,592</u> |

City of Grapevine, Texas
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

| | OPEB Trust | Private-Purpose Trust Fund |
|--|-----------------------|---------------------------------------|
| Additions | | |
| Contributions | | |
| Employer | \$ 1,764,776 | \$ - |
| Investment income | 318,383 | 100 |
| | <u>2,083,159</u> | <u>100</u> |
| Deductions | | |
| Benefit payments | 1,764,776 | - |
| Administrative expenses | 15,846 | - |
| | <u>1,780,622</u> | <u>-</u> |
| Net Increase (Decrease) in Fiduciary Net Position | <u>302,537</u> | <u>100</u> |
| Net Position, Beginning of Year | - | 14,492 |
| Prior Period Adjustment | <u>2,519,722</u> | <u>-</u> |
| Net Position, Beginning, Restated | <u>2,519,722</u> | <u>14,492</u> |
| Net Position, Ending of Year | <u>\$ 2,822,259</u> | <u>\$ 14,592</u> |

Notes to the Financial Statements

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Note 1: Summary of Significant Accounting Policies

The City of Grapevine (“City”) is a municipal corporation incorporated under Article XI of the Texas Constitution (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, safety, and convenience of its citizens.

The accounting and reporting policies of the City relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. The following represents the more significant accounting and reporting policies and practices used by the City.

Reporting Entity

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

Based on these criteria, the financial information of the following entities has been blended or discretely presented within the financial statements.

Blended Component Units

Grapevine Tax Increment Financing District Reinvestment Zone Number One and Two (the “TIFs”) were formed to finance and make public improvements under the authority of the Tax Increment Financing Act. The TIFs are governed by two separate boards of directors that are substantively the same as the City Council. The chairman of the board is also designated by the City Council. The City is obligated for the debts of both TIFs.

The Grapevine Crime Control and Prevention District (Crime District) was established to account for the accumulation and use of sales tax proceeds designated for crime reduction programs. One-half (1/2) cent of local sales and use tax within the district funds the Crime District. The Board of Directors of the Crime Control and Prevention District is substantively the same as the City Council. The City is entitled to and can otherwise access all the resources of the Crime District.

The Grapevine 4B Economic Development Corporation consists of two funds. The 4B Transit Fund accounts for funds designated for Grapevine’s participation in the commuter rail development project with the Fort Worth Transit Authority (the “T”). The 4B Economic Development Fund accounts for funds used to stimulate the local economy, development, and redevelopment opportunities. One-half (1/2) cent local sales and use tax within the City funds these two blended component units. Three eighths (3/8th) of one cent of the local sales tax is used to fund the 4B Transit Fund. One eighth (1/8th) of one cent of the local sales tax is used to fund the 4B Economic Development Fund. The Board of Directors of the Grapevine 4B Economic Development Corporation include citizens as members but is substantively the same as the City Council. The City is entitled to and can otherwise access all the resources of the Grapevine 4B Economic Development Corporation.

Separate financial statements for the TIF funds, Crime Control and Prevention District, the 4B Transit Fund, and the 4B Economic Development Fund are not prepared.

City of Grapevine, Texas
Notes to the Financial Statements
September 30, 2022

Discretely Presented Component Unit

Grapevine Heritage Foundation (the "Foundation") is a Texas nonprofit corporation governed by a 9-member board of directors appointed by the City Council, which includes a City Council member and the Director of the City's Convention and Visitor's Bureau. The Foundation's operating budget is subject to the approval of the City Council. The City is able to impose its will on the Foundation. The board is not substantively the same as the City Council. The Foundation does not provide services to the City.

Separate financial statements are not prepared for the Heritage Foundation.

Government-wide and Fund Financial Statements

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

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

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The non-major funds are aggregated in a separate column in the fund financial statements. The non-major funds are detailed in the supplementary information section of this report.

The City's fiduciary funds are presented in the fund financial statements by type. Since these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and fiduciary fund 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 revenue 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.

City of Grapevine, Texas
Notes to the Financial Statements
September 30, 2022

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Generally, monies must be expended on a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. Ad valorem taxes are recognized as revenues in the year for which they are levied. Sales taxes, franchise taxes, hotel occupancy taxes, charges for services and fines are recognized as revenue as earned, when measurable and available. Licenses, permits, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned since they are measurable and available.

All proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer and municipal golf course are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

During operations, the City 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 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.

Governmental Funds

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

City of Grapevine, Texas
Notes to the Financial Statements
September 30, 2022

The City reports the following major governmental funds:

The **General Fund** accounts for several of the City's primary services (general administration, police administration, fire, public works, libraries, culture and recreation, etc.) and is the primary operating fund of the City.

The **Hotel Occupancy Tax Fund** is a special revenue fund that accounts for all hotel occupancy tax revenues that are restricted by state statute and can only be used on expenditures related to tourism activities. Additional local revenues generated through tourism activities are accumulated in this fund and are assigned for use on expenditures related to tourism.

The **Crime District Fund** is a special revenue fund that accounts for the accumulation and use of sales tax restricted for crime reduction programs.

The **4-B Economic Development Fund** accounts for the accumulation of sales tax restricted for economic development projects and local funds assigned by the City to stimulate the local economy, development, and redevelopment. This fund is designated as a major fund.

The **4B Transit Fund** is a special revenue fund that accounts for the accumulation of sales tax restricted to fund the City's participation in the commuter rail development project with the Fort Worth Transit Authority (the "T"). This fund is designated as a major fund.

The **Debt Service Fund** is used to account for the accumulation of restricted property tax resources levied for the payment of general long-term debt principal, interest, and related costs of governmental funds. This fund is designated as a major fund.

The **Tax Increment Financing (TIF) #1 Capital Projects Fund** is used to account for capital acquisition and construction, economic incentives, and other expenditures authorized by the TIF #1 Board of Directors. This fund is designated as a major fund.

The **General Facilities and Equipment Fund** is a capital projects fund used to account for the general financing, acquisition, construction and improvements of the City's buildings and capital equipment.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major proprietary funds of the City:

The **Water and Sewer Fund** accounts for the operation of the City's water and sewer utility activities including administration, operation and maintenance of the water and sewer system, and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure integrity of the fund.

The **Lake Enterprise Fund** includes the operations of the City's municipal golf course.

The **Internal Service Fund** accounts for revenues and expenses related to document management services provided to parties inside the City on a cost-reimbursement basis. Because the principal users of the internal services are accounted for in the City's governmental activities, this fund is included in the "Governmental Activities" column of the government-wide financial statements.

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Fiduciary Funds

The **Private-purpose Trust Fund** is used to account for investments and interest for the benefit of the W.D. Tate Scholarship fund. The benefits are dedicated to recipients in accordance with the benefit terms. The donations and other contributions received by the City do not belong to the City and cannot be spent to further the City's own objectives.

The **Other Postemployment Benefit (OPEB) Trust Fund** is used to report assets held for beneficiaries to fund future postemployment benefits other than pensions. The City utilizes a trust to hold required contributions for OPEBs. Plan trustees must act in accordance with the specific purposes and terms of the OPEB plan. The accompanying statement of fiduciary net position and statement of changes in fiduciary net position are presented as of and for the year ended December 31, 2021, the Plan's year-end, in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74).

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

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.

Investments

Investments of the City are reported at fair value, except for the portion in investment pools. The government investment pools, TexPool and LOGIC operate in accordance with state laws and regulations. Investments in external pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, such as TexPool, no readily determinable fair value is deemed available.

Property Taxes and Other Receivables

The City's property tax is levied each October 1, on the assessed value listed as of the prior January 1 for all real property located in the City. The appraisal of property within the City is the responsibility of the Central Appraisal Districts of Dallas, Denton, and Tarrant Counties as required by legislation passed by the Texas Legislature. The Appraisal Districts are required under such legislation to assess all property within their Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The assessed value upon which the completed tax year 2021 levy was based was approximately \$10,711,467,941. The value of property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The combined tax rate to finance maintenance and operations and debt service for the year ended September 30, 2022, was \$0.271811 per \$100 of assessed valuation.

Property taxes attach as an enforceable lien on property as of January 1 following the levy date. Taxes are due by January 31 following the levy date. Property taxes levied for 2022 are recorded as receivables, net of estimated uncollectibles. The collections during 2022 and those considered "available" at year-end are recognized as revenues in 2022. The City considers property taxes available if they are collected within 60 days after year-end. Prior year levies were recorded using these same principles. The remaining receivables are reflected as deferred inflows of resources in the fund financial statements.

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Property taxes are imposed nonexchange revenues. Assets from imposed nonexchange transactions are recorded when the entity has enforceable legal claim to the asset, or when the entity receives resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date. The assessment date has been designated in the enabling legislation as October 1.

Inventories and Prepaid Items

Inventories are valued at average cost on a first-in, first-out basis. Inventories in the General Fund are recorded using the consumption method (i.e., recorded as an expenditure when used rather than when purchased).

Prepaid items are payments made by the City in the current year to provide services occurring in the subsequent fiscal year. A corresponding portion of fund balance is shown as nonexpendable in governmental funds to indicate it is not available for other subsequent expenditures. Prepaid items are defined as payments of greater than \$5,000 that benefit future periods. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Certain proceeds of the City's general obligation bonds and certificates of obligation are classified as restricted assets on the statement of net position because their use is limited by applicable bond restrictions. Also included in restricted assets are impact fees, which are restricted for use in infrastructure projects.

Lease Receivable

The City is a lessor for noncancellable leases related to cellular towers, building space, and billboards. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the lessee's rate, or the rate disclosed in the agreement. If the rate is not readily available, the City uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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Capital and Leased Assets

Capital and leased 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 column in the government-wide financial statements. Capital and leased assets, other than infrastructure, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure assets are defined by the City as assets costing in excess of \$50,000 that have an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation and amortization have been provided on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives are as follows:

| Capital Assets Class | Years |
|-----------------------------------|--------------|
| Buildings | 7 – 40 |
| Water and sewer system | 30 – 50 |
| General infrastructure | 20 – 30 |
| Improvements other than buildings | 10 – 20 |
| Machinery and equipment | 3 – 15 |
| Water storage rights | 40 |
| Other intangibles | 3 – 20 |
| Motor vehicles | 3 – 10 |

Deferred Inflows and Outflows of Resources

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

- Deferred loss on debt refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions and other inputs included in determining the pension and OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Differences between expected and actual economic experience for the City’s pension and OPEB plan – These effects on the pension and OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that arises only under the 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. Deferred inflows of resources reported in the Statements of Net Position and/or balance sheet are as follows:

- Differences between expected and actual economic experience for the City's pension and OPEB plans – These effects on the total pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Changes in actuarial assumptions and other inputs included in determining the OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension and OPEB assets – This difference is deferred and amortized over a closed five-year period.
- Leases – Represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.
- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, court fines and fees, ambulance billing, and intergovernmental revenues.

Compensated Absences

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

Unearned Revenue

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollar received in advance of incurring eligible expenditures.

Long-term Debt

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

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

Lease Liability

The City is a lessee for noncancellable leases of buildings and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life for lease term, whichever is shorter.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital and leased assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its fiduciary net position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. 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.

Defined Benefit Other Postemployment Benefit Plan

The City has a single employer defined benefit other postemployment (benefit) OPEB plan (Plan). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of the liability.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities and proprietary funds. The government-wide and proprietary fund financials utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This amount consists of capital and leased assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year’s 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.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Fund Balance and Net Position Flow Assumptions

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Sometimes the City 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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Minimum Fund Balance Policy

The Council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at 72 days of general fund annual revenues (approximately 20%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

Adoption of New Accounting Standard

GASB Statement No. 87, *Leases*, establishes new guidance for lease accounting for lessees and lessors and eliminates the classification of leases as either operating or capital leases. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Lessees will recognize a lease liability and an intangible right-to-use lease asset, when applicable. Lessors will recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The City has implemented this Statement in fiscal year 2022.

OPEB Trust Fund Restatement

The other postemployment benefit trust fund is used to report assets held for beneficiaries to fund future postemployment benefits other than pensions. The City utilizes a trust to hold required contributions for other postemployment benefits. Plan trustee must act in accordance with the specific purpose and terms of the OPEB plan. For years prior to 2022, the City did not properly report the trust fund. Correcting the fund type resulted in a restatement of beginning fiduciary net position as of October 1, 2021 of \$2,519,722 to properly report the fund as a fiduciary fund. The accompanying statement of fiduciary net position and statement of changes in fiduciary net position are presented as of and for the year ended December 31, 2021, the Plan's year end in accordance with GASB Statement No. 84.

Future Financial Reporting Requirements

The City has reviewed GASB pronouncements that become effective in future years and notes the following statements are applicable to the City.

Statement No. 91, *Conduit Debt Obligations* – This statement provides a single method of reporting conduit debt and clarifies that these obligations are not government liabilities. This statement will be effective for the City in fiscal year 2023. The City will evaluate the potential impact on the City's net position.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – This statement addresses issues related to public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs). This statement will be effective for the City in fiscal year 2023. The City will evaluate the potential impact on the City's net position.

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Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement provides guidance on subscription-based information technology arrangements (SBITAs) to further report on government's obligations and assets from SBITAs. This statement will be effective for the City in fiscal year 2023. The City will evaluate the potential impact on the City's net position.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 – This statement improves the clarity and requirements for accounting changes and error corrections. This statement will be effective for the City in fiscal year 2024.

GASB Statement No. 101, *Compensated Absences* – This statement addresses the recognition and measurement of compensated absences. This statement will be effective for the City in fiscal year 2025. The City will evaluate the potential impact on the City's net position.

Note 2: Cash and Investments

As of September 30, 2022, the City had the following cash and investments:

| | September 30, 2022 | Percent of Total Portfolio | Weighted Average Maturity (Days) |
|--|-------------------------------|---------------------------------------|---|
| Primary Government | | | |
| Cash and cash equivalents: | | | |
| Cash Deposits - City | \$ 6,110,080 | | |
| Certificates of deposit | 4,355,174 | 3% | 146 |
| Total cash and cash equivalents | <u>10,465,254</u> | | |
| Investment Pools: | | | |
| TexPool | 99,417,040 | | 29 |
| LOGIC | 35,716,122 | | 29 |
| Total investment pools | <u>135,133,162</u> | | |
| Total cash and investments of the primary government | <u>\$ 145,598,416</u> | | |
| Portfolio weighted average maturity (days) | | | 59 |
| Discretely Presented Component Unit | | | |
| Cash deposits | <u>\$ 412,148</u> | | |
| Fiduciary Funds | | | |
| OPEB Trust | \$ 2,822,259 | | |
| Private Purpose Trust Fund | 14,592 | | |
| Total cash and investments of fiduciary funds | <u>\$ 2,836,851</u> | | |
| Total cash and investments of the reporting entity | <u>\$ 148,847,415</u> | | |

City of Grapevine, Texas
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Reconciliation to the basic financial statements. The cash and investments as of September 30, 2022, are reported in the financial statements as follows:

| | |
|--|-----------------------|
| Government-wide Statement of Net Position: | |
| Government activities | \$ 117,402,584 |
| Business-type activities | 28,195,832 |
| Discretely presented component unit | 412,148 |
| Fiduciary Funds Statement of Net Position: | |
| OPEB Trust | 2,822,259 |
| Private Purpose Trust Fund | 14,592 |
| | <hr/> |
| Total cash and investments | <u>\$ 148,847,415</u> |

Investment Pools

During the year, the City invested in multiple public fund investment pools, including LOGIC and TexPool.

TexPool was created to invest funds on behalf of Texas political subdivisions. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operation, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool uses amortized cost rather than the market value to report net position to compute share prices. TexPool allows for same day or next day redemptions and deposits. As of September 30, 2022, TexPool's portfolio maintained a weighted average maturity of approximately 24 days.

Hilltop Securities, Inc. (HTS) and JPMorgan Investment Management, Inc. (JPMIM) serve as co-administrators for LOGIC under an agreement with its Board of Trustees and Board of Directors, respectively. HTS provides distribution, administrative, participant support and marketing services. JPMIM provides investment management, custody and fund accounting services. JPMorgan Chase Bank, N.A. serves as custodian for LOGIC.

LOGIC and TexPool are not registered with the Securities and Exchange Commission (SEC) as investment companies. LOGIC and TexPool are investment pools that have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

The government investment pool TexPool is carried at amortized cost. Logic is carried at net asset value.

Interest Rate Risk – In accordance with its investment policy, the City minimizes the risk that the interest earnings and the fair value of investments in the portfolio will fall due to changes in general interest rates, by:

- Structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity.
- Investing operating funds primarily in certificates of deposit, shorter-term securities, money market mutual funds, or local government investment pools functioning as money market mutual funds.
- Diversifying maturities and staggering purchase dates to minimize the impact of market movements over time.

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Credit Risk – In accordance with its investment policy, the City minimizes credit risk, the risk of loss due to the failure of the issuer or backer of the investment by:

- Limiting investments to the safest types of investments.
- Pre-qualifying the financial institutions and broker/dealers with which the City will do business.
- Diversifying the investment portfolio so that potential losses on individual issuers will be minimized.

Concentration of Credit Risk – The City's investment policy allows up to 100% to be invested in U. S. Treasury Bills/Notes/Bonds, and U. S. Agencies and Instrumentalities.

Custodial Credit Risk – State statutes require that all City deposits in financial institutions be fully collateralized by U. S. Government obligations or obligations of the State of Texas or its agencies. The City's deposits were fully collateralized by government securities or had a letter of credit issued by the Federal Home Loan Bank as required by State statutes as of September 30, 2022.

OPEB Trust Fund Investments – The City has contracted with Public Agency Retirement Services (PARS) for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. PARS provides its participants a range of investment strategies, and the City has selected the PARS Balanced HighMark Plus Portfolio. The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay present and future obligations to the Plan. The Balanced Portfolio's goal is to provide growth of both principal and income. The Plan's underlying investments are allocated between equity, fixed income securities, and cash. The OPEB Plan does not have a formal policy for custodial credit risk. As of December 31, 2021 all investments are registered in the name of the OPEB Plan's custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of \$2,822,259 as of December 31, 2021. The investment in master trust is classified in Level 3 of the fair value hierarchy using quoted market prices of the mutual funds owned by the trust, allocated among members. The Trust's funds are invested in a mutual fund that is invested in equity, money market and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

Fair Value of Assets – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

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Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2022:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|-----------------------|---|--|--|
| Investments by Fair Value Level | | | | |
| Investment in Master Trust | \$ 2,822,259 | \$ - | \$ - | \$ 2,822,259 |
| Total investments by fair value level | 2,822,259 | - | - | 2,822,259 |
| Investments Measured at Net Asset Value – LOGIC | 35,716,122 | | | |
| Investments Measured at Amortized Cost – TexPool | 99,417,040 | | | |
| Non-negotiable certificates of deposit | 4,355,174 | | | |
| Total investments | <u>\$ 142,310,595</u> | | | |

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

Investments

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

Note 3: Receivables

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

| | General Fund | Hotel Occupancy Fund | Crime District Fund | 4B - Economic Development Fund | 4B - Transit Fund | Debt Service Fund | TIF #1 Fund | General Facilities and Equipment | Non-Major Governmental Funds | Water and Sewer Fund | Lake Enterprise Fund | Total |
|---------------------------------------|----------------------|----------------------|---------------------|--------------------------------|---------------------|-------------------|-------------|----------------------------------|------------------------------|----------------------|----------------------|----------------------|
| Receivables: | | | | | | | | | | | | |
| Ad valorem | \$ 757,945 | \$ - | \$ - | \$ - | \$ - | \$ 79,970 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 837,915 |
| Sales taxes | 6,889,071 | - | 3,144,174 | 957,833 | 2,266,084 | - | - | - | - | - | - | 13,257,162 |
| Hotel and motel taxes | - | 1,708,404 | - | - | - | - | - | - | - | - | - | 1,708,404 |
| Court fines | 579,510 | - | - | - | - | - | - | - | - | - | - | 579,510 |
| Charges for services | 1,305,603 | - | - | - | - | - | - | - | - | - | - | 1,305,603 |
| Leases | 2,972,184 | 186,628 | - | - | - | - | - | 1,348,299 | 661,909 | - | - | 5,169,020 |
| Interest | 5 | 20,515 | - | 6 | - | 3 | 3 | 7 | - | 9 | - | 20,551 |
| Other | 1,552,505 | 19,022 | 2,049 | - | - | 3,342 | - | - | 1,743,508 | 3,195,810 | 51,560 | 6,567,796 |
| Gross receivables | 14,056,823 | 1,934,569 | 3,146,223 | 957,839 | 2,266,084 | 83,315 | 3 | 1,348,302 | 2,405,424 | 3,195,819 | 51,560 | 29,445,961 |
| Less: allowance for doubtful accounts | (1,919,810) | - | - | - | - | - | - | - | - | - | - | (1,919,810) |
| Net receivables | <u>\$ 12,137,013</u> | <u>\$ 1,934,569</u> | <u>\$ 3,146,223</u> | <u>\$ 957,839</u> | <u>\$ 2,266,084</u> | <u>\$ 83,315</u> | <u>\$ 3</u> | <u>\$ 1,348,302</u> | <u>\$ 2,405,424</u> | <u>\$ 3,195,819</u> | <u>\$ 51,560</u> | <u>\$ 27,526,151</u> |

City of Grapevine, Texas
Notes to the Financial Statements
September 30, 2022

General Facilities and Equipment

The amount due from other governments of \$4,000,000 resulted from a contractual agreement with the Fort Worth Transportation Authority for Grapevine's contribution to the construction of the TEXRail project. The agreement established a \$5,000,000 amount receivable over a 20 year period. One million of the amount has been received thus far.

The note receivable of \$5,317,647 is the remaining amount due from Hotel Vin for initial construction costs paid for by the City which are to be repaid in accordance with an Economic Development Agreement.

Note 4: Lease Receivable

The City leases a portion of its property to various cell phone companies and businesses who use the space to conduct their operations, the terms of which expire 2023 through 2037. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The City recognized \$709,294 in lease revenue and \$50,177 in interest revenue during the current fiscal year related to these leases. As of September 30, 2022, the City's receivable for lease payments was \$5,169,020. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2022, the balance of the deferred inflow of resources was \$5,102,973.

The following is a schedule by year of minimum payments to be received under the City's leases that are included in the measurement of the lease receivable as of September 30, 2022:

| <u>Year Ending September 30,</u> | <u>Governmental Activities</u> | | |
|----------------------------------|--------------------------------|-------------------|-----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total Receipts</u> |
| 2023 | \$ 661,474 | \$ 62,346 | \$ 723,820 |
| 2024 | 620,792 | 56,351 | 677,143 |
| 2025 | 493,706 | 50,432 | 544,138 |
| 2026 | 484,844 | 44,626 | 529,470 |
| 2027 | 496,178 | 38,705 | 534,883 |
| 2028 - 2032 | 1,710,414 | 111,825 | 1,822,239 |
| 2033 - 2037 | 701,612 | 20,612 | 722,224 |
| Total | <u>\$ 5,169,020</u> | <u>\$ 384,897</u> | <u>\$ 5,553,917</u> |

City of Grapevine, Texas
Notes to the Financial Statements
September 30, 2022

Note 5: Capital and Leased Assets

Capital and leased asset activity for the year ended September 30, 2022, was as follows:

| Primary Government | Beginning Balance* | Additions | Retirements | Transfers | Ending Balance |
|---|--------------------|----------------|--------------|----------------|----------------|
| Governmental Activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 36,782,765 | \$ - | \$ - | \$ - | \$ 36,782,765 |
| Right of way | 79,514,520 | 25,709 | - | - | 79,540,229 |
| Construction in progress | 112,602,574 | 4,355,425 | (335,907) | (111,907,570) | 4,714,522 |
| Total capital assets not being depreciated | 228,899,859 | 4,381,134 | (335,907) | (111,907,570) | 121,037,516 |
| Capital and leased assets being depreciated/amortized: | | | | | |
| Buildings | 144,172,933 | - | - | 92,376,427 | 236,549,360 |
| Improvements other than buildings | 61,182,802 | 399,992 | - | 5,967,943 | 67,550,737 |
| Machinery and equipment | 45,611,739 | 947,621 | (926,840) | 607,120 | 46,239,640 |
| Computer Software | 227,320 | 5,000 | - | - | 232,320 |
| Infrastructure | 144,036,019 | 1,819,691 | - | 8,166,413 | 154,022,123 |
| Right-to-use leased building | - | 170,611 | - | - | 170,611 |
| Right-to-use leased equipment | 17,197 | - | - | - | 17,197 |
| Totals capital assets being depreciated/amortized | 395,248,010 | 3,342,915 | (926,840) | 107,117,903 | 504,781,988 |
| Less accumulated depreciation/amortization for: | | | | | |
| Buildings | (36,559,195) | (3,687,447) | - | - | (40,246,642) |
| Improvements other than buildings | (25,114,589) | (3,115,463) | - | - | (28,230,052) |
| Machinery and equipment | (30,846,557) | (2,754,146) | 867,072 | - | (32,733,631) |
| Computer software | (59,523) | (35,511) | - | - | (95,034) |
| Infrastructure | (90,052,837) | (4,698,663) | - | - | (94,751,500) |
| Right-to-use leased building | - | (17,061) | - | - | (17,061) |
| Right-to-use leased equipment | - | (5,004) | - | - | (5,004) |
| Total accumulated depreciation/amortization | (182,632,701) | (14,313,295) | 867,072 | - | (196,078,924) |
| Total capital and leased assets, being depreciated/amortized, net | 212,615,309 | (10,970,380) | (59,768) | 107,117,903 | 308,703,064 |
| Governmental activities capital and leased assets, net | \$ 441,515,168 | \$ (6,589,246) | \$ (395,675) | \$ (4,789,667) | \$ 429,740,580 |

* Fiscal year 2021 amounts have been restated for GASB 87

| Business-type Activities | Beginning Balance* | Additions | Retirements | Transfers | Ending Balance |
|---|--------------------|--------------|--------------|--------------|----------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 593,970 | \$ - | \$ - | \$ - | \$ 593,970 |
| Easements | 57,555,464 | - | - | - | 57,555,464 |
| Construction in progress | 1,927,349 | 5,341,051 | (179,990) | (170,045) | 6,918,365 |
| Total capital assets not being depreciated | 60,076,783 | 5,341,051 | (179,990) | (170,045) | 65,067,799 |
| Capital and leased assets being depreciated/amortized: | | | | | |
| Buildings | 2,531,932 | 102,310 | - | 4,566,174 | 7,200,416 |
| Improvements other than buildings | 9,084,268 | 91,825 | - | - | 9,176,093 |
| Machinery and equipment | 6,298,168 | 462,551 | (32,099) | 16,971 | 6,745,591 |
| Water storage rights | 683,547 | - | - | - | 683,547 |
| Computer software | 70,102 | - | - | - | 70,102 |
| Infrastructure | 140,223,039 | 458,329 | - | 363,567 | 141,044,935 |
| Right-to-use leased equipment | 19,126 | - | - | - | 19,126 |
| Totals capital and leased assets being depreciated/amortized | 158,910,182 | 1,115,015 | (32,099) | 4,946,712 | 164,939,810 |
| Less accumulated depreciation/amortization for: | | | | | |
| Buildings | (1,923,902) | (41,754) | - | - | (1,965,656) |
| Improvements other than buildings | (7,899,531) | (202,122) | - | - | (8,101,653) |
| Machinery and equipment | (3,932,953) | (486,995) | 32,099 | - | (4,387,849) |
| Water storage rights | (683,547) | - | - | - | (683,547) |
| Computer software | (10,042) | (10,015) | - | - | (20,057) |
| Infrastructure | (57,637,482) | (3,226,708) | - | - | (60,864,190) |
| Right-to-use leased assets | - | (6,684) | - | - | (6,684) |
| Total accumulated depreciation/amortization | (72,087,457) | (3,974,278) | 32,099 | - | (76,029,636) |
| Total capital and leased assets, being depreciated/amortized, net | 86,822,725 | (2,859,263) | - | 4,946,712 | 88,910,174 |
| Business-type activities capital and leased assets, net | \$ 146,899,508 | \$ 2,481,788 | \$ (179,990) | \$ 4,776,667 | \$ 153,977,973 |

* Fiscal year 2021 amounts have been restated for GASB 87

City of Grapevine, Texas
Notes to the Financial Statements
September 30, 2022

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

| | |
|---|----------------------|
| Governmental activities: | |
| General government | \$ 883,256 |
| Public safety | 2,927,666 |
| Public works | 5,319,336 |
| Culture and recreation | 4,488,136 |
| Tourism | <u>694,901</u> |
| Total depreciation and amortization expense – governmental activities | <u>\$ 14,313,295</u> |

| | |
|--|---------------------|
| Business-type activities: | |
| Water and sewer | 3,500,558 |
| Lake Enterprise | <u>473,720</u> |
| Total depreciation and amortization expense – business-type activities | <u>\$ 3,974,278</u> |

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|--------------------|------------------|---------------------------|
| Discretely Presented Component Unit | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 450,067 | \$ - | \$ - | \$ - | \$ 450,067 |
| Total capital assets not being depreciated | <u>450,067</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>450,067</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 1,031,174 | - | - | - | 1,031,174 |
| Improvements other than buildings | 970,651 | 6,376 | - | 13,000 | 990,027 |
| Vehicles and equipment | 31,275 | - | - | - | 31,275 |
| Total capital assets being depreciated | <u>2,033,100</u> | <u>6,376</u> | <u>-</u> | <u>13,000</u> | <u>2,052,476</u> |
| Less accumulated depreciation: | | | | | |
| Building | (397,317) | (26,420) | - | - | (423,737) |
| Improvements other than buildings | (941,527) | (556) | - | - | (942,083) |
| Vehicles and equipment | (31,275) | - | - | - | (31,275) |
| Total accumulated depreciation | <u>(1,370,119)</u> | <u>(26,976)</u> | <u>-</u> | <u>-</u> | <u>(1,397,095)</u> |
| Total capital assets being depreciated, net | <u>662,981</u> | <u>(20,600)</u> | <u>-</u> | <u>13,000</u> | <u>655,381</u> |
| Discretely presented component unit capital | <u>\$ 1,113,048</u> | <u>\$ (20,600)</u> | <u>\$ -</u> | <u>\$ 13,000</u> | <u>\$ 1,105,448</u> |

City of Grapevine, Texas
Notes to the Financial Statements
September 30, 2022

Construction Commitments

The City has active construction commitments as of September 30, 2022, totaling \$6,973,504. This includes street construction and improvements of existing streets, and repair and maintenance of existing water and sewer systems.

| Project | Commitment |
|--------------------------------|---------------------|
| Streets and drainage projects | \$ 4,665,620 |
| Water and waste water projects | 1,350,886 |
| Fiber optic cable project | 871,571 |
| Parks projects | 85,427 |
| Total | \$ 6,973,504 |

The commitments for streets, parks and drainage construction will be funded from unexpended general obligation and certificates of obligation bond proceeds. Water and wastewater projects will be funded from unexpended certificates of obligation and revenue bond proceeds and operations.

Note 6: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2022, is as follows:

Due to/from Other Funds

| Receivable Fund | Payable Fund | Amount |
|-----------------|--------------|------------|
| General Fund | Grant Fund | \$ 331,713 |

Interfund balances for all the funds are created by short-term deficiencies in cash position in the individual fund. It is anticipated that the balances will be repaid in one year or less.

Interfund Transfers

A summary of interfund transfers by fund type is as follows:

| | Transfers in | | | | | | | Total Transfers Out |
|---------------------------------------|---------------------|----------------------|---------------------|---------------------|---------------------------------------|------------------------------|----------------------|----------------------|
| | General Fund | Hotel Occupancy Fund | Crime District Fund | Debt Service Fund | General Facilities and Equipment Fund | Non-Major Governmental Funds | Water and Sewer Fund | |
| General Fund | \$ - | \$ - | \$ 4,291,740 | \$ - | \$ 2,300,000 | \$ 7,584,500 | \$ - | \$ 14,176,240 |
| Hotel Occupancy Fund | 1,497,906 | - | - | 658,675 | - | - | - | 2,156,581 |
| Debt Service Fund | - | - | - | - | - | - | 670,738 | 670,738 |
| 4B - Economic Development Fund | 429,121 | - | - | 1,398,894 | - | - | - | 1,828,015 |
| 4B - Transit Fund | - | 148,371 | - | - | - | - | - | 148,371 |
| General Facilities and Equipment Fund | - | - | - | - | - | - | 5,000,000 | 5,000,000 |
| Nonmajor Governmental | 114,652 | - | - | - | 74,000 | - | - | 188,652 |
| Water and Sewer Fund | 2,086,555 | - | - | - | - | 115,000 | - | 2,201,555 |
| Lake Enterprise | 146,012 | - | - | - | - | - | - | 146,012 |
| Total transfers in | \$ 4,274,246 | \$ 148,371 | \$ 4,291,740 | \$ 2,057,569 | \$ 2,374,000 | \$ 7,699,500 | \$ 5,670,738 | \$ 26,516,164 |

City of Grapevine, Texas
Notes to the Financial Statements
September 30, 2022

Interfund transfers are primarily made by the City for the following reasons:

- Transfers to the General Fund from other funds consist of operating and administrative allocations.
- Transfers to the CCPD Fund represent amounts estimated to be required to cover the variance between CCPD requirements and CCPD sales tax collections.
- Transfers to the Debt Service Fund were required to pay for self-supporting debt associated with the 4B Fund and the CVB Fund.
- Transfers to the General Facilities and Equipment Fund represent amounts required to cover excess costs associated with projects for rooftop replacements, main street improvements and library lighting.
- Non major Governmental Funds transfers in consist of amounts for life saving equipment, Quality of Life projects and Parks and Streets maintenance requirements.
- The transfer from the General Facilities and Equipment Fund to the Water and Sewer Fund was a reimbursement to the Utility Fund for Harvest Hall expenditures previously transferred to the Capital Projects Fund.

Note 7: Deferred Inflows of Resources

As of September 30, 2022, deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

| | General Fund | Hotel Occupancy Tax Fund | Debt Service Fund | General Facilities and Equipment Fund | Nonmajor Governmental Funds | Total |
|----------------------|---------------------|--------------------------------|----------------------|--|-----------------------------------|----------------------|
| Property taxes | \$ 48,008 | \$ - | \$ 64,611 | \$ - | \$ - | \$ 112,619 |
| Court fines and fees | 144,878 | - | - | - | - | 144,878 |
| Ambulance billing | 143,774 | - | - | - | - | 143,774 |
| Intergovernmental | 46,128 | - | - | 9,480,933 | 511,489 | 10,038,550 |
| Leases | 2,927,515 | 184,166 | - | 1,343,170 | 648,122 | 5,102,973 |
| Other | 2,413 | - | - | - | 85,286 | 87,699 |
| Total | <u>\$ 3,312,716</u> | <u>\$ 184,166</u> | <u>\$ 64,611</u> | <u>\$ 10,824,103</u> | <u>\$ 1,244,897</u> | <u>\$ 15,630,493</u> |

Note 8: Lease Liability

The City leases property and equipment from various third parties to conduct its operations, the terms of which expire 2024 through 2027. The measurement of the lease payables is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

An initial lease liability was recorded in the amount of \$36,323 during the current fiscal year. As of September 30, 2022, the value of the lease liabilities was \$179,364. Incremental borrowing rates of 0.328 percent to 2.157 percent were used to measure lease payables. The value of the right-to-use assets as of the end of the current fiscal year was \$206,934 and had accumulated amortization of \$28,749.

City of Grapevine, Texas
Notes to the Financial Statements
September 30, 2022

The future principal and interest payments for lease liabilities as of September 30, 2022, are as follows:

| <u>Year Ending September 30,</u> | <u>Governmental Activities</u> | | |
|----------------------------------|--------------------------------|-----------------|---------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
| 2023 | \$ 36,900 | \$ 3,075 | \$ 39,975 |
| 2024 | 36,859 | 2,357 | 39,216 |
| 2025 | 36,846 | 1,613 | 38,459 |
| 2026 | 37,518 | 837 | 38,355 |
| 2027 | 18,780 | 118 | 18,898 |
| Total | <u>\$ 166,903</u> | <u>\$ 8,000</u> | <u>\$ 174,903</u> |

| <u>Year Ending September 30,</u> | <u>Business-type Activities</u> | | |
|----------------------------------|---------------------------------|-----------------|---------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
| 2023 | \$ 6,683 | \$ 34 | \$ 6,717 |
| 2024 | 4,706 | 12 | 4,718 |
| 2025 | 714 | 4 | 718 |
| 2026 | 358 | - | 358 |
| Total | <u>\$ 12,461</u> | <u>\$ 50</u> | <u>\$ 12,511</u> |

Note 9: Long-Term Liabilities

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with principal maturing each year.

A summary of the terms of general obligation bonds outstanding and their corresponding allocations to the governmental and business-type activities as of September 30, 2022, follows:

| General Obligation Bonds | Sale Date | Original Borrowing | Interest Rates to Maturity | Final Maturity | Outstanding |
|---|------------|--------------------|----------------------------|----------------|----------------------|
| Governmental activities: | | | | | |
| 2012 General Obligation Refunding Bonds | 12/01/2012 | 8,060,000 | 2.000% - 2.125% | 02/15/2027 | \$ 980,000 |
| 2013 General Obligation Bonds | 06/15/2013 | 65,805,000 | 0.000% - 5.000% | 02/15/2023 | 3,165,000 |
| 2015 General Obligation Refunding Bonds | 02/26/2015 | 14,695,000 | 3.000% | 02/15/2026 | 1,020,000 |
| 2017 General Obligation Refunding Bonds | 02/21/2017 | 1,365,000 | 2.000% - 3.000% | 02/15/2027 | 725,000 |
| 2019 General Obligation Refunding and Improvement Bonds | 07/09/2019 | 28,860,000 | 3.000% - 4.000% | 02/15/2039 | 23,985,000 |
| 2021 General Obligation Refunding Bonds | 09/02/2021 | 44,945,000 | 1.000% - 2.000% | 02/15/2033 | 44,305,000 |
| Total general obligation bonds outstanding | | | | | <u>\$ 74,180,000</u> |

City of Grapevine, Texas
Notes to the Financial Statements
September 30, 2022

Annual debt service requirements for general obligation bonds are as follows:

| <u>Year Ending September 30,</u> | <u>Governmental Activities</u> | | | <u>Total Requirements</u> |
|----------------------------------|--------------------------------|----------------------|-------------------|---------------------------|
| | <u>Principal</u> | <u>Publicly Sold</u> | <u>Interest</u> | |
| 2023 | \$ 5,940,000 | \$ | 1,595,543 | \$ 7,535,543 |
| 2024 | 5,840,000 | | 1,399,143 | 7,239,143 |
| 2025 | 6,030,000 | | 1,248,118 | 7,278,118 |
| 2026 | 6,220,000 | | 1,108,186 | 7,328,186 |
| 2027 | 6,095,000 | | 988,755 | 7,083,755 |
| 2028 - 2032 | 29,565,000 | | 3,231,208 | 32,796,208 |
| 2033 - 2037 | 11,510,000 | | 1,001,095 | 12,511,095 |
| 2038 - 2039 | 2,980,000 | | 90,000 | 3,070,000 |
| Total | <u>\$ 74,180,000</u> | <u>\$</u> | <u>10,662,048</u> | <u>\$ 84,842,048</u> |

Certificates of Obligation

The City also issued certificates of obligation to finance the acquisition and construction of capital assets including certain capital improvement projects, municipal facilities, and machinery and equipment.

The City had the following certificates of obligation outstanding as of September 30, 2022:

| <u>Certificates of Obligation</u> | <u>Sale Date</u> | <u>Original Borrowing</u> | <u>Interest Rates to Maturity</u> | <u>Final Maturity</u> | <u>Outstanding</u> |
|---|------------------|---------------------------|-----------------------------------|-----------------------|----------------------|
| Governmental Activities: | | | | | |
| 2015 Combination Tax and Revenue Certificates of Obligation | 02/26/2015 | \$ 2,000,000 | 2.500% - 4.500% | 02/15/2035 | \$ 980,000 |
| 2017 Combination Tax and Revenue Certificates of Obligation | 02/21/2017 | 9,535,000 | 3.000% - 5.000% | 02/15/2037 | 7,055,000 |
| 2018 Combination Tax and Revenue Certificates of Obligation | 05/15/2018 | 32,310,000 | 3.000% - 5.000% | 02/15/2038 | 29,600,000 |
| 2021 Combination Tax and Revenue Certificates of Obligation | 09/02/2021 | 10,220,000 | 2.000% - 4.000% | 02/15/2041 | 9,845,000 |
| | | | | | <u>\$ 47,480,000</u> |
| Business-type Activities: | | | | | |
| 2015 Combination Tax and Revenue Certificates of Obligation | 02/26/2015 | \$ 9,720,000 | 2.250% - 4.500% | 02/15/2035 | \$ 6,970,000 |
| Total certificates of obligation outstanding | | | | | <u>\$ 54,450,000</u> |

City of Grapevine, Texas
Notes to the Financial Statements
September 30, 2022

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

| Year Ending September 30, | Governmental Activities | | | Business-type Activities | | |
|---------------------------|-------------------------|---------------|--------------------|--------------------------|--------------|--------------------|
| | Publicly Sold | | | Publicly Sold | | |
| | Principal | Interest | Total Requirements | Principal | Interest | Total Requirements |
| 2023 | \$ 2,130,000 | \$ 1,664,375 | \$ 3,794,375 | \$ 430,000 | \$ 231,919 | \$ 661,919 |
| 2024 | 2,225,000 | 1,564,863 | 3,789,863 | 440,000 | 219,944 | 659,944 |
| 2025 | 2,340,000 | 1,456,513 | 3,796,513 | 460,000 | 206,444 | 666,444 |
| 2026 | 2,475,000 | 1,342,075 | 3,817,075 | 460,000 | 191,494 | 651,494 |
| 2027 | 2,595,000 | 1,221,113 | 3,816,113 | 460,000 | 174,244 | 634,244 |
| 2028 - 2032 | 14,280,000 | 4,433,325 | 18,713,325 | 2,865,000 | 548,881 | 3,413,881 |
| 2033 - 2037 | 16,550,000 | 1,986,831 | 18,536,831 | 1,855,000 | 87,422 | 1,942,422 |
| 2038 - 2041 | 4,885,000 | 143,163 | 5,028,163 | - | - | - |
| Total | \$ 47,480,000 | \$ 13,812,258 | \$ 61,292,258 | \$ 6,970,000 | \$ 1,660,348 | \$ 8,630,348 |

Contractual Obligations

The City has issued contractual obligations to finance the acquisition of certain capital equipment. These obligations are issued pursuant to the Constitution of the State of Texas, including particularly Subchapter A of Chapter 271, Texas Local Government Code (the Public Property Finance Act), and constitute direct obligations of the City of Grapevine, Texas, payable from a continuing ad valorem tax levied on all taxable property within the City.

The City had the following Public Property Finance (“PPF”) contractual obligations outstanding as of September 30, 2022:

| Contractual Obligations | Sale Date | Original Borrowing | Interest Rates to Maturity | Final Maturity | Outstanding |
|--|-----------|--------------------|----------------------------|----------------|---------------------|
| Governmental activities: | | | | | |
| 2012 Public Property Finance Contractual Obligations | 12/4/2012 | \$ 1,225,000 | 2.250% | 2/15/2027 | \$ 480,000 |
| 2015 Public Property Finance Contractual Obligations | 1/1/2015 | 3,070,000 | 4.000% | 2/15/2026 | 280,000 |
| 2018 Public Property Finance Contractual Obligations | 3/6/2018 | 2,500,000 | 3.950% | 3/01/2028 | 1,613,526 |
| Total contractual obligations outstanding | | | | | <u>\$ 2,373,526</u> |

Contractual obligation debt service requirements to maturity are as follows:

| Year Ending September 30, | Governmental Activities | | | Governmental Activities | | |
|---------------------------|-------------------------|-----------|--------------------|-------------------------|------------|--------------------|
| | Publicly Sold | | | Private Placement | | |
| | Principal | Interest | Total Requirements | Principal | Interest | Total Requirements |
| 2023 | \$ 155,000 | \$ 19,688 | \$ 174,688 | \$ 243,564 | \$ 63,734 | \$ 307,298 |
| 2024 | 165,000 | 14,906 | 179,906 | 253,185 | 54,113 | 307,298 |
| 2025 | 165,000 | 9,969 | 174,969 | 263,186 | 44,113 | 307,299 |
| 2026 | 175,000 | 4,875 | 179,875 | 273,582 | 33,717 | 307,299 |
| 2026 | 100,000 | 1,125 | 101,125 | 284,388 | 22,910 | 307,298 |
| 2028 - 2032 | - | - | - | 295,621 | 11,677 | 307,298 |
| Total | \$ 760,000 | \$ 50,563 | \$ 810,563 | \$ 1,613,526 | \$ 230,264 | \$ 1,843,790 |

City of Grapevine, Texas
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Revenue Bonds

On May 15, 2018, the City issued Sales Tax Revenue Refunding Bonds, Series 2018, to refund the existing Sales Tax Revenue Bonds, Series 2014. The Sales Tax Revenue Refunding Bonds, Series 2018, were issued by the Grapevine 4B Economic Development Corporation, a blended component unit of the City, pursuant to Chapters 501, 502, and 505, Texas Local Government Code. These bonds are special obligations of the City, payable from a secured lien on and pledge of certain pledged revenues which include the proceeds of ¼ of the ½ cent sales and use tax levied within the City for the benefit of the Grapevine 4B Economic Development Corporation.

As of September 30, 2022, the remaining balances for principal and interest on the debt are \$13,485,000 and \$3,296,698, respectively. Annual debt service requirements through February 15, 2034, do not exceed \$1,500,000 per year. Sales tax revenue collections in the 4B-Economic Development Fund were \$5,638,319.

A reserve fund is required to be maintained as security for the payment of the sales tax revenue refunding bonds. The reserve fund is required to be funded in an amount equal to the maximum annual principal and interest required for the bonds. The reserve is currently funded at \$1,402,400, which meets the reserve requirements.

On June 6, 2000, the City issued Combination Tax and Tax Increment Revenue Certificates of Obligation, Series 2000. These bonds were subsequently refunded with Combination Tax and Tax Increment Reinvestment Zone Revenue Refunding Bonds, Series 2005A, and with Combination Tax and Tax Increment Reinvestment Zone Revenue Refunding Bonds, Series 2015A. The Combination Tax and Tax Increment Reinvestment Zone #2 Revenue Refunding Bonds, Series 2015A, were issued pursuant to the Constitution and the general laws of the State of Texas, including particularly, Chapter 1207, Texas Government Code and Section 9.26 of the City's Home Rule Charter, and are direct obligations of the City, payable from a combination of the levy and collection of a continuing ad valorem tax levied on all taxable property within the City and a subordinate lien on an pledge of the tax increments deposited in the tax increment fund established for TIF #2.

As of September 30, 2022, the remaining principal and interest on the bonds was \$8,480,000 and \$732,250, respectively. Principal and interest payments for the fiscal year were \$1,895,000 and \$400,100. Tax increment revenues for TIF #2 for the current year were \$4,725,788. The outstanding revenue bonds have a final maturity of August 15, 2026.

A summary of the terms of the revenue bonds outstanding for the governmental activities as of September 30, 2022, is as follows:

| <u>Certificates of Obligation</u> | <u>Sale Date</u> | <u>Original Borrowing</u> | <u>Interest Rates to Maturity</u> | <u>Final Maturity</u> | <u>Outstanding</u> |
|--|------------------|---------------------------|-----------------------------------|-----------------------|----------------------|
| Governmental activities: | | | | | |
| 2015 A Combination Tax and TIRZ #2 Revenue Refunding Bonds | 11/23/2015 | \$ 20,565,000 | 3.000% - 5.000% | 08/15/2026 | \$ 8,480,000 |
| 2018 Sales Tax Revenue Refunding Bonds | 04/17/2018 | 16,930,000 | 3.000% - 4.000% | 02/15/2034 | 13,485,000 |
| | | | Total revenue bonds outstanding | | <u>\$ 21,965,000</u> |

City of Grapevine, Texas
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Annual debt service requirements for the revenue bonds are as follows:

| Year Ending September 30, | Governmental Activities | | Total Requirements |
|---------------------------|-------------------------|--------------|--------------------|
| | Principal | Interest | |
| 2023 | \$ 2,920,000 | \$ 776,794 | \$ 3,696,794 |
| 2024 | 3,050,000 | 649,019 | 3,699,019 |
| 2025 | 3,150,000 | 556,453 | 3,706,453 |
| 2026 | 3,245,000 | 459,619 | 3,704,619 |
| 2027 | 1,050,000 | 348,013 | 1,398,013 |
| 2028 - 2032 | 5,865,000 | 1,130,550 | 6,995,550 |
| 2033 - 2034 | 2,685,000 | 108,500 | 2,793,500 |
| Total | \$ 21,965,000 | \$ 4,028,948 | \$ 25,993,948 |

The following is a summary of long-term liability transactions, excluding net pension liabilities and other postemployment benefit obligations, of the City for the year ended September 30, 2022:

| | Beginning Balance* | Increases | Reductions | Ending Balance | Due Within One Year |
|---|--------------------|--------------|-----------------|----------------|---------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds | \$ 80,400,000 | \$ - | \$ (6,220,000) | \$ 74,180,000 | \$ 5,940,000 |
| Certificates of obligation | 49,770,000 | - | (2,290,000) | 47,480,000 | 2,130,000 |
| Contractual obligations | 1,345,000 | - | (585,000) | 760,000 | 155,000 |
| Contractual obligations – private placement | 1,847,835 | - | (234,309) | 1,613,526 | 243,564 |
| Revenue bonds | 24,760,000 | - | (2,795,000) | 21,965,000 | 2,920,000 |
| Premium on bond issues | 5,661,318 | - | (629,251) | 5,032,067 | - |
| Discount on bond issues | (29,406) | - | 2,450 | (26,956) | - |
| Lease liabilities | 17,197 | 170,611 | (20,905) | 166,903 | 36,900 |
| Total bonds, notes payable, and lease liabilities | 163,771,944 | 170,611 | (12,772,015) | 151,170,540 | 11,425,464 |
| Compensated absences | 4,627,477 | 2,491,290 | (2,587,348) | 4,531,419 | 1,132,855 |
| Total governmental activities long-term liabilities | \$ 168,399,421 | \$ 2,661,901 | \$ (15,359,363) | \$ 155,701,959 | \$ 12,558,319 |

* Fiscal year 2021 amounts have been restated for GASB 87

The liability for compensated absences and the pension and OPEB-related liabilities are paid from the General Fund, Crime District Fund, and enterprise funds based on the assignment of an employee at termination.

| | Beginning Balance* | Increases | Reductions | Ending Balance | Due Within One Year |
|--|--------------------|------------|--------------|----------------|---------------------|
| Business-type Activities: | | | | | |
| Water and sewer obligations: | | | | | |
| Certificates of obligation | \$ 7,395,000 | \$ - | \$ (425,000) | \$ 6,970,000 | \$ 430,000 |
| Premium on bond issues | 298,410 | - | (54,057) | 244,353 | - |
| Lease liabilities | 19,126 | - | (6,665) | 12,461 | 6,683 |
| Total bonds payable and leased liabilities | 7,712,536 | - | (485,722) | 7,226,814 | 436,683 |
| Compensated absences | 294,103 | 141,087 | (180,145) | 255,045 | 63,762 |
| Total business-type activities long-term liabilities | \$ 8,006,639 | \$ 141,087 | \$ (665,867) | \$ 7,481,859 | \$ 500,445 |

* Fiscal year 2021 amounts have been restated for GASB 87

Note 10: Defined Benefit Pension Plan

Plan Description

The City of Grapevine participates as one of over 900 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

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

Benefits Provided

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

At retirement, the benefit is calculated based on the sum of the Member's contributions, with interest, and the City-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

Starting in 2005, the City of Grapevine granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount which considers salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 1998, the City of Grapevine provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

| | |
|-----------------------------------|--|
| Employee deposit rate | 7% |
| Matching ratio (City to employee) | 2 to 1 |
| Years required for vesting | 5 |
| Service retirement eligibility | 20 years to any age, or 5 years at age 60 and above |
| Updated service credit | 100% repeating, transfers |
| Annuity increase to retirees | 70% of CPI, repeating |

City of Grapevine, Texas
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Employees Covered by Benefit Terms

At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 479 |
| Inactive employees entitled to but not yet receiving benefits | 320 |
| Active employees | <u>572</u> |
| Total | <u><u>1,371</u></u> |

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, 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 contributions rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City of Grapevine were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City of Grapevine were 18.54% and 18.82% in calendar years 2022 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$9,350,889 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021, actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.50% per year |
| Overall payroll growth | 2.75% per year |
| Investment Rate of Return | 6.75%, net of pension plan investment expense, including inflation |

City of Grapevine, Texas
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Salary increases were 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 are 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 Rate (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 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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates return for each major asset class in fiscal year 2022 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|----------------------------------|--------------------------|--|
| Global Equity | 35% | 7.55% |
| Core Fixed Income | 6% | 2.00% |
| Non-Core Fixed Income | 20% | 5.68% |
| Other Public and Private Markets | 12% | 7.22% |
| Real Estate | 12% | 6.85% |
| Hedge Funds | 5% | 5.35% |
| Private Equity | 10% | 10.00% |
| Total | <u>100%</u> | |

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 Member 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 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.

City of Grapevine, Texas
Notes to the Financial Statements
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Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|---|--------------------------------|---------------------------------------|---------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance, October 1, 2021 | \$ 318,601,404 | \$ 286,326,650 | \$ 32,274,754 |
| Changes for the year: | | | - |
| Service cost | 8,933,723 | - | 8,933,723 |
| Interest | 21,349,425 | - | 21,349,425 |
| Difference between expected and actual experience | 3,663,777 | - | 3,663,777 |
| Changes of assumptions | - | - | - |
| Contributions - employer | - | 9,012,183 | (9,012,183) |
| Contributions - employee | - | 3,355,499 | (3,355,499) |
| Net investment income | - | 37,344,139 | (37,344,139) |
| Benefit payments, including refunds of employee contributions | (13,560,965) | (13,560,965) | - |
| Administrative expense | - | (172,710) | 172,710 |
| Other changes | - | 1,183 | (1,183) |
| Net changes | <u>20,385,960</u> | <u>35,979,329</u> | <u>(15,593,369)</u> |
| Balance, September 30, 2022 | <u>\$ 338,987,364</u> | <u>\$ 322,305,979</u> | <u>\$ 16,681,385</u> |

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) 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 in Discount Rate (5.75%) | Current Single Discount Rate Assumption (6.75%) | 1% Increase in Discount Rate (7.75%) |
|--------------------------------------|--|---|--|
| City's net pension liability (asset) | 63,326,116 | 16,681,385 | (21,744,558) |

City of Grapevine, Texas
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Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

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

For the year ended September 30, 2022, the City recognized pension expense of \$1,693,383, which is allocated to the governmental and business-type activities in the amounts of \$1,544,927 and \$148,456, respectively.

As of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ 3,079,742 | \$ 915,718 |
| Changes in actuarial assumptions | 72,024 | - |
| Difference between projected and actual investment earnings | | 19,196,833 |
| Contributions subsequent to the measurement date | <u>6,752,162</u> | <u>-</u> |
| Total | <u>\$ 9,903,928</u> | <u>\$ 20,112,551</u> |

\$6,752,162 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|-------|------------------------|
| 2023 | \$ (2,905,281) |
| 2024 | (7,444,976) |
| 2025 | (3,421,415) |
| 2026 | <u>(3,189,113)</u> |
| Total | <u>\$ (16,960,785)</u> |

Note 11: Other Postemployment Benefit (OPEB) Plan

Plan Description

The City offers retired employees and their dependents the option to retain health and dental insurance coverage under the City’s plan through a single employer defined benefit OPEB plan administered by the City of Grapevine Post-Retirement Health Care Plan Trust. Public Agency Retirement Services (PARS) is the Trust Administrator. The governing body of the Trust is composed of a coalition of member public agencies. Each member public agency appoints its individual plan administrator to serve as a member of the governing body. Certain provisions of the Trust may be changed by a two-thirds vote of the members of the governing body. A more detailed description of the plan is as follows:

Eligibility

The benefit is available to retirees and their spouses.

An employee must resign and satisfy the requirements for service retirement under TMRS with 20 years of full-time service with the City or 5 years of service with the City for age 60 and above. City Council members that serve three terms will be classified as retired employees when they leave office.

Retirees pay premiums for coverage in the OPEB programs. There is not a maximum employer paid premium amount (capped benefit). Active employees do not contribute to the retiree health care plan. Retirees are eligible for benefits immediately upon retirement. If the employee returns to work for an employer that offers health coverage, they become ineligible for the City’s plan and cannot rejoin the City’s health plan at a later date.

Benefits Provided

Retirees are eligible for medical, dental, vision, and prescription insurance until they become Medicare eligible. Retirees are also eligible for a \$20,000 life insurance policy. Once Medicare eligible, retirees are eligible for dental, vision, and life insurance only. At that time, the City medical plan will no longer be available. The City supplements 70% of the premium to all retirees who either (1) retire after the age of 65 or (2) are covered pre-Medicare in the retiree medical program. Spouses of retirees will receive the City supplement if they have been on the plan for one year prior to retirement.

If an active employee passes away, the spouse and dependents will become eligible for retiree coverage if (1) the employee was eligible for retirement as defined by the Texas Municipal Retirement System; and (2) the employee had dependent coverage at the time of death. Coverage will continue under the plan if monthly retiree premiums are paid by the specified due date, until dependents are no longer considered eligible dependents as defined by the plan, until the covered dependent becomes Medicare eligible, or until a surviving spouse remarries.

For the fiscal year ended September 30, 2022, the City’s contributions to the plan were \$1,764,776, which was equal to benefit payments.

The number of employees currently covered by the benefit terms is as follows:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 238 |
| Active members | 599 |
| | <hr/> |
| Total | <u>837</u> |

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

| | |
|------------------------------|---|
| Actuarial Valuation Date | 12/31/2020 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Discount Rate | 1.87% as of December 31, 2021 |
| Inflation Rate | 2.50% |
| Salary Increases | 3.50% to 11.50%, including inflation |
| Demographic Assumptions | Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS) |
| Mortality | For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. |
| Participation Rates | For health care coverage: 85% for retirees who are at least 50 years old at retirement and 65% for retirees who are younger than 50 years old at retirement; For life insurance: 85% regardless of age at retirement |
| Health care cost trend rates | Pre-65 Medical: Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years; Post-65 Medical Subsidy: Increases with inflation; Dental: 4.00%; Vision: 3.00% |
| Note: | The long-term investment return assumption was changed from 6.75% to 6.25%. The Single Discount Rate changed from 2.04% as of December 31, 2020 to 1.87% as of December 31, 2021. |

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

There is no separately issued audited benefit plan report available for the City’s OPEB plan.

Discount Rate

A single discount rate of 1.87% was used to measure the total OPEB liability. This single discount rate was based on the municipal bond rates (1.84%) as of the measurement date. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” based on the daily rate closest to but not later than the measurement date, along with the expected rate of return on OPEB plan investments of 6.25% resulting in the single discount rate of 1.87%.

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 6.25%.

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Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.87%) in measuring the net OPEB liability.

| | <u>1% Decrease in Discount Rate (0.87%)</u> | <u>Discount Rate (1.87%)</u> | <u>1% Increase in Discount Rate (2.87%)</u> |
|---------------------------|---|----------------------------------|---|
| City's net OPEB liability | \$ 111,261,026 | \$ 95,691,976 | \$ 83,058,630 |

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the Net OPEB liability.

| | <u>1% Decrease</u> | <u>Current Healthcare Cost Trend Rate Assumption</u> | <u>1% Increase</u> |
|---------------------------|--------------------|--|--------------------|
| City's net OPEB liability | \$ 80,495,064 | \$ 95,691,976 | \$ 115,360,775 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs

As of September 30, 2022, the City reported a liability of \$95,691,976 for its net OPEB liability. The net OPEB liability was determined by an actuarial valuation as of December 31, 2020, and a measurement date of December 31, 2021. For the year ended September 30, 2022, the City recognized OPEB expense of \$9,133,027, which is allocated to governmental and business-type activities in the amounts of \$8,213,600 and \$919,427, respectively. There were no changes of benefit terms that affected measurement of the net OPEB liability during the measurement period.

| | <u>Total OPEB Liability (a)</u> | <u>Increase (Decrease) Plan Fiduciary Net Position (b)</u> | <u>Net OPEB Liability (a) - (b)</u> |
|--|---|---|---|
| Balance at 10/1/21 | \$ 90,627,051 | \$ 2,519,722 | \$ 88,107,329 |
| Changes for the year: | | | - |
| Service cost | 6,003,761 | - | 6,003,761 |
| Interest | 1,892,029 | - | 1,892,029 |
| Difference between expected and actual experience | (577,180) | - | (577,180) |
| Changes of assumptions | 2,333,350 | - | 2,333,350 |
| Contributions – employer | - | 1,764,776 | (1,764,776) |
| Net investment income | - | 318,383 | (318,383) |
| Benefit payments | (1,764,776) | (1,764,776) | - |
| Administrative expense | - | (15,846) | 15,846 |
| Net changes | <u>7,887,184</u> | <u>302,537</u> | <u>7,584,647</u> |
| Balance at 9/30/22 | <u>\$ 98,514,235</u> | <u>\$ 2,822,259</u> | <u>\$ 95,691,976</u> |

City of Grapevine, Texas
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Changes in assumptions and other inputs reflect a change in the discount rate from 2.04% to 1.87%. As of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ 65,752 | \$ 3,529,942 |
| Changes in actuarial assumptions | 14,870,901 | 3,796,796 |
| Difference between projected and actual investment earnings | - | 235,700 |
| Contributions subsequent to the measurement date | <u>2,118,333</u> | <u>-</u> |
| Total | <u>\$ 17,054,986</u> | <u>\$ 7,562,438</u> |

\$2,118,333 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the City paid with own assets and will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2023.

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

| | |
|------------|---------------------|
| 2023 | \$ 1,384,274 |
| 2024 | 1,350,849 |
| 2025 | 907,070 |
| 2026 | 1,764,652 |
| 2027 | 1,466,866 |
| Thereafter | <u>500,504</u> |
| Total | <u>\$ 7,374,215</u> |

Note 12: 457(b) Retirement Plans

The City offers all employees an opportunity to participate in two deferred compensation plans that have been established in accordance with Internal Revenue Code Section 457. These plans are 457(b) plans, and one is administered by Mission Square, and one is administered by Nationwide. The Plans provisions and contribution requirements are established and may be amended by plan administrator. Vantage Trust Company is the trustee of the Mission Square plan and Nationwide is the trustee of its plan. Employees may enroll in the plans and/or change their contribution amounts at any time. The City does not contribute to either plan.

Note 13: Commitments and Contingencies

The City is a defendant in several pending lawsuits. City management estimates, based on the advice of legal counsel, that the potential claims against the City, in excess of insurance coverage, would not materially affect the basic financial statements of the City.

The City participates in several federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability that may arise as the result of these audits is not believed to be estimable or probable.

Note 14: Tax Abatements

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of the City. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code, Chapter 311 (Tax Increment Financing Act) and Chapter 312 (Property Redevelopment and Tax Abatement) of the Texas Tax Code. The economic development agreements are designed to support the creation of new businesses, the expansion and retention of existing businesses within the City, and the attraction of companies that offer high impact jobs and share the community's values. Recipients may be eligible to receive economic assistance based on the employment, economic or community impact of the project requesting assistance. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations, or bringing targeted business to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has the following categories of economic development agreements:

General Economic Development

The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount, or a percentage of hotel occupancy taxes or sales taxes received by the City, may result in fee reductions such as utility charges or building inspection or permit fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs, or other expenses. For fiscal year 2022, the City rebated \$5,100,752 in taxes and made incentive payments of \$920,475 under these agreements.

Tax Increment Financing

The City has adopted two Tax Increment Financing zones ("TIFs") under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until the terms of the agreements have been met. Additionally, the City enters into general economic development agreements under Chapter 380 of the Texas Local Government Code, which are funded with TIF resources. The City made \$1,580,731 in payments for TIF obligations.

Note 15: Risk Management

The City purchases a fully insured program for property and casualty insurance coverage through Travelers Insurance and workers' compensation coverage through Texas Municipal League. The City is insured at the following limits:

| <u>Policy</u> | <u>Limits</u> | <u>Deductible</u> |
|----------------------------|--|-------------------|
| General liability | 1,000,000 per occurrence/\$2,000,000 aggregate | \$10,000 |
| Automobile liability | 1,000,000 per occurrence | - |
| Automobile physical damage | Actual cash value | \$5,000 |
| Excess liability | 10,000,000 per occurrence/\$10,000,000 aggregate | - |
| Property | \$250,837,035 | varies by peril |
| Workers' compensation | Statutory/employers' liability | \$1,000,000 |

Risk Management oversees the City's self-insured employee health plan and retiree health plans. UMR is the third-party administrator for the employee and pre-65 retiree health plans. Claims and other plan administration services are performed by UMR. All participating funds make payments to the General Fund for their portion of property and casualty and health plan cost.

Financial responsibility in a self-insured funding arrangement is on the City, the risk of losses exceeding an affordable threshold is transferred to an insurance company through the purchase of stop-loss insurance with Stealth Partner Group. Stop-loss insurance protects the City from plan claims costs exceeding a specified deductible during the plan year.

There were no reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage during any of the past three fiscal years.

Specific Excess Loss Insurance

The City has specific excess loss insurance to cover specific claims incurred by plan participants. The City has a \$250,000 specific deductible for each medical plan member. The specific benefit period reimbursement maximum under this coverage is unlimited per covered person.

Aggregate Excess Loss Insurance

The City also has coverage for aggregate claims incurred under the self-insured health plan. Under this coverage, aggregate claims in excess of an estimate annual aggregate attachment point of \$9,505,503 would be covered up to an aggregate benefit period reimbursement maximum of \$1,000,000.

The City establishes the insurance claim liability based on estimates of the ultimate cost of claims reported but unsettled and of claims incurred but not reported. Any claims incurred and not reported are not believed to be significant to the City's financial statements. Activity for the last two years is as follows:

| | <u>2022</u> | <u>2021</u> |
|---|--------------------|---------------------|
| Claims payable, beginning of year | \$ 700,263 | \$ 788,072 |
| Current year claims and changes in estimates | 9,504,179 | 10,038,172 |
| Payments on claims | <u>(9,260,488)</u> | <u>(10,125,981)</u> |
| Claims payable at end of year | <u>\$ 943,954</u> | <u>\$ 700,263</u> |

Note 16: Impact Fees

The City records impact fees received in excess of the cost of physical connection to the water and sewer system as revenues. Corresponding cash is recorded as a restricted asset for future expansion of the water and sewer system.

Note 17: Water and Sewer Contracts

The City has separate contracts with the Trinity River Authority of Texas (“TRA”) for the purchase of treated water and for the transportation, treatment, and disposal of wastewater. The contracts require the City to pay varying amounts based on the costs associated with water purchased and wastewater transported and/or treated and disposed. The costs include the City’s proportionate share of TRA’s operating and maintenance expenses, related debt service costs, plus certain other miscellaneous charges. The City also purchases water from the City of Dallas-Water Utilities and Dallas County Park Cities Municipal Utilities District.

Payments during 2022 for the purchase of treated water were \$10,304,838 and payments made for the transportation, treatment, and disposal of wastewater by TRA were \$2,780,120. If the City were unable to fulfill its obligations under the contracts, the only liability for future payment would be its proportionate share of debt service requirements. In addition, the City does not retain an ongoing financial interest in TRA and has no representation on the TRA Board; therefore, the TRA contracts are not considered to be joint venture agreements.

Note 18: Subsequent Events

On December 1, 2022, the City issued \$13,510,000 in Combination Tax and Revenue Certificates of Obligation, Series 2022.

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Required Supplementary Information

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City of Grapevine, Texas
General Fund Budgetary Comparison Schedule
September 30, 2022

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget - Increase (Decrease) |
|---|-------------------------|----------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Property taxes | \$ 14,135,767 | \$ 14,135,767 | \$ 13,948,203 | \$ (187,564) |
| Sales taxes | 29,147,580 | 29,147,580 | 36,748,631 | 7,601,051 |
| Mixed beverage taxes | 2,057,000 | 2,057,000 | 2,377,346 | 320,346 |
| Franchise taxes | 6,216,567 | 6,216,567 | 6,369,312 | 152,745 |
| Licenses and permits | 1,594,796 | 1,594,796 | 1,373,656 | (221,140) |
| Intergovernmental | 339,094 | 339,094 | 3,695,708 | 3,356,614 |
| Charges for services | 6,556,950 | 6,556,950 | 9,814,179 | 3,257,229 |
| Fines and forfeitures | 1,163,550 | 1,163,550 | 1,028,444 | (135,106) |
| Investment income | 130,500 | 130,500 | 97,776 | (32,724) |
| Contributions | - | - | 1,023,207 | 1,023,207 |
| Miscellaneous | 400,700 | 400,700 | 871,559 | 470,859 |
| Total revenues | 61,742,504 | 61,742,504 | 77,348,021 | 15,605,517 |
| Current: | | | | |
| Current: | | | | |
| General government | 18,369,109 | 18,369,109 | 23,430,505 | (5,061,396) |
| Public safety | 16,964,684 | 16,964,684 | 17,951,599 | (986,915) |
| Culture and recreation | 14,250,109 | 14,250,109 | 13,691,530 | 558,579 |
| Public works | 9,085,718 | 9,085,718 | 9,095,751 | (10,033) |
| Transportation | - | - | 750,824 | (750,824) |
| Capital outlay | 138,600 | 138,600 | 271,477 | (132,877) |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent charges | - | - | 8,101 | (8,101) |
| Total expenditures | 58,808,220 | 58,808,220 | 65,199,787 | (6,391,567) |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | 2,934,284 | 2,934,284 | 12,148,234 | 9,213,950 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 3,463,591 | 3,463,591 | 4,274,246 | 810,655 |
| Transfers out | (5,931,740) | (5,931,740) | (14,176,240) | (8,244,500) |
| Sale of capital assets | 108,300 | 108,300 | 289,588 | 181,288 |
| Insurance recoveries | 130,000 | 130,000 | 508,725 | 378,725 |
| Total other financing sources (uses) | (2,229,849) | (2,229,849) | (9,103,681) | (6,873,832) |
| Net Change in Fund Balances | 704,435 | 704,435 | 3,044,553 | 2,340,118 |
| Fund Balances, Beginning of Year | 11,582,854 | 11,582,854 | 11,582,854 | - |
| Fund Balances, Ending of Year | \$ 12,287,289 | \$ 12,287,289 | \$ 14,627,407 | \$ 2,340,118 |

City of Grapevine, Texas
Hotel Occupancy Tax Fund Budgetary Comparison Schedule
September 30, 2022

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget - Increase (Decrease) |
|---|-------------------------|----------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Taxes | \$ 14,625,001 | \$ 14,625,001 | \$ 21,030,420 | \$ 6,405,419 |
| Charges for services | 7,861,486 | 7,861,486 | 9,121,667 | 1,260,181 |
| Investment income | 40,500 | 40,500 | 186,106 | 145,606 |
| Miscellaneous | 30,000 | 30,000 | 46,590 | 16,590 |
| Total revenues | 22,556,987 | 22,556,987 | 30,384,783 | 7,827,796 |
| Expenditures | | | | |
| Current: | | | | |
| Tourism | 21,118,870 | 21,118,870 | 19,561,480 | 1,557,390 |
| Capital outlay | - | - | 77,694 | (77,694) |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent charges | - | - | 1,592 | (1,592) |
| Total expenditures | 21,118,870 | 21,118,870 | 19,640,766 | 1,478,104 |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | 1,438,117 | 1,438,117 | 10,744,017 | 9,305,900 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 476,332 | 476,332 | 148,371 | (327,961) |
| Transfers out | (1,913,949) | (1,913,949) | (2,156,581) | (242,632) |
| Leases issued | - | - | 170,611 | 170,611 |
| Total other financing sources (uses) | (1,437,617) | (1,437,617) | (1,837,599) | (399,982) |
| Net Change in Fund Balances | 500 | 500 | 8,906,418 | 8,905,918 |
| Fund Balances, Beginning of Year | 16,957,445 | 16,957,445 | 16,957,445 | - |
| Fund Balances, Ending of Year | \$ 16,957,945 | \$ 16,957,945 | \$ 25,863,863 | \$ 8,905,918 |

City of Grapevine, Texas
Crime District Fund Budgetary Comparison Schedule
September 30, 2022

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget - Increase (Decrease) |
|---|-------------------------|--------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Taxes | \$ 14,573,790 | \$ 14,573,790 | \$ 18,017,690 | \$ 3,443,900 |
| Intergovernmental | - | - | 35,071 | 35,071 |
| Fines and forfeitures | 111,900 | 111,900 | 61,839 | (50,061) |
| Investment income | 35,000 | 35,000 | 28,950 | (6,050) |
| Miscellaneous | 6,500 | 6,500 | 3 | (6,497) |
| Total revenues | 14,727,190 | 14,727,190 | 18,143,553 | 3,416,363 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 189,863 | 189,863 | 194,339 | (4,476) |
| Public safety | 18,594,267 | 18,829,067 | 19,356,715 | (527,648) |
| Capital outlay | - | - | 12,476 | (12,476) |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | 18,784,130 | 19,018,930 | 19,563,530 | (544,600) |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | (4,056,940) | (4,291,740) | (1,419,977) | 2,871,763 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 4,291,740 | 4,291,740 | 4,291,740 | - |
| Total other financing sources (uses) | 4,291,740 | 4,291,740 | 4,291,740 | - |
| Net Change in Fund Balances | 234,800 | - | 2,871,763 | 2,871,763 |
| Fund Balances, Beginning of Year | 13,629 | 13,629 | 13,629 | - |
| Fund Balances, Ending of Year | \$ 248,429 | \$ 13,629 | \$ 2,885,392 | \$ 2,871,763 |

City of Grapevine, Texas
4B Economic Development Fund Budgetary Comparison Schedule
September 30, 2022

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget - Increase (Decrease) |
|--|-------------------------|----------------------|----------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Taxes | \$ 3,643,448 | \$ 3,643,448 | \$ 5,638,319 | \$ 1,994,871 |
| Charges for services | - | - | 56,883 | 56,883 |
| Investment income | 110,000 | 110,000 | 83,301 | (26,699) |
| Miscellaneous | - | - | 2 | 2 |
| Total revenues | 3,753,448 | 3,753,448 | 5,778,505 | 2,025,057 |
| Expenditures | | | | |
| Current: | | | | |
| Economic development | - | - | 2,771,190 | (2,771,190) |
| Total expenditures | - | - | 2,771,190 | (2,771,190) |
| Excess (Deficiency) of Revenue Other Financing Sources (Uses) | 3,753,448 | 3,753,448 | 3,007,315 | (746,133) |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (1,680,403) | (1,680,403) | (1,828,015) | (147,612) |
| Total other financing sources (uses) | (1,680,403) | (1,680,403) | (1,828,015) | (147,612) |
| Net Change in Fund Balances | 2,073,045 | 2,073,045 | 1,179,300 | (893,745) |
| Fund Balances, Beginning of Year | 12,209,641 | 12,209,641 | 12,209,641 | - |
| Fund Balances, Ending of Year | \$ 14,282,686 | \$ 14,282,686 | \$ 13,388,941 | \$ (893,745) |

City of Grapevine, Texas
4B Transit Fund Budgetary Comparison Schedule
September 30, 2022

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget - Increase (Decrease) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Sales taxes | \$ 10,930,343 | \$ 10,930,343 | \$ 12,722,204 | \$ 1,791,861 |
| Investment income | 10,000 | 10,000 | - | (10,000) |
| Total revenues | <u>10,940,343</u> | <u>10,940,343</u> | <u>12,722,204</u> | <u>1,781,861</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transportation | <u>10,454,011</u> | <u>10,454,011</u> | <u>12,550,487</u> | <u>(2,096,476)</u> |
| Total expenditures | <u>10,454,011</u> | <u>10,454,011</u> | <u>12,550,487</u> | <u>(2,096,476)</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>486,332</u> | <u>486,332</u> | <u>171,717</u> | <u>(314,615)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(476,332)</u> | <u>(476,332)</u> | <u>(148,371)</u> | <u>327,961</u> |
| Total other financing sources (uses) | <u>(476,332)</u> | <u>(476,332)</u> | <u>(148,371)</u> | <u>327,961</u> |
| Net Change in Fund Balances | 10,000 | 10,000 | 23,346 | 13,346 |
| Fund Balances, Beginning of Year | - | - | - | - |
| Fund Balances, Ending of Year | <u>\$ 10,000</u> | <u>\$ 10,000</u> | <u>\$ 23,346</u> | <u>\$ 13,346</u> |

City of Grapevine, Texas
Schedule of Changes in Net Pension Liability and Related Ratios – TMRS (Unaudited)
September 30, 2022

| Plan Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| A. Total pension liability | | | | | | | | |
| Service Cost | \$ 6,509,572 | \$ 7,082,668 | \$ 7,293,298 | \$ 7,724,236 | \$ 8,129,774 | \$ 8,579,543 | \$ 8,865,558 | \$ 8,933,723 |
| Interest (on the total pension liability) | 15,338,396 | 16,144,617 | 16,410,412 | 17,301,746 | 18,265,311 | 19,238,959 | 20,359,202 | 21,349,425 |
| Actuarial determined contribution | - | - | - | - | - | - | - | - |
| Difference between expected and actual experience | (1,847,827) | (1,393,602) | (1,109,085) | (772,200) | (1,201,653) | 659,154 | (1,320,295) | 3,663,777 |
| Changes of assumptions | - | (77,299) | - | - | - | 207,921 | - | - |
| Benefit payments, including refunds of employee contributions | (8,121,165) | (9,417,307) | (9,346,450) | (9,863,833) | (10,499,198) | (11,488,595) | (12,976,187) | (13,560,965) |
| Net change in total pension liability | 11,878,976 | 12,339,077 | 13,248,175 | 14,389,949 | 14,694,234 | 17,196,982 | 14,928,278 | 20,385,960 |
| Total pension liability - beginning | 219,925,733 | 231,804,709 | 244,143,786 | 257,391,961 | 271,781,910 | 286,476,144 | 303,673,126 | 318,601,404 |
| Total pension liability - ending (a) | \$ 231,804,709 | \$ 244,143,786 | \$ 257,391,961 | \$ 271,781,910 | \$ 286,476,144 | \$ 303,673,126 | \$ 318,601,404 | \$ 338,987,364 |
| B. Plan fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 6,975,288 | \$ 7,547,081 | \$ 7,526,300 | \$ 7,958,051 | \$ 8,375,515 | \$ 8,626,976 | \$ 8,775,571 | \$ 9,012,183 |
| Contributions - employee | 2,583,406 | 2,769,765 | 2,764,119 | 2,922,684 | 3,093,341 | 3,250,584 | 3,315,113 | 3,355,499 |
| Net investment income | 10,365,590 | 284,606 | 13,104,905 | 28,801,972 | (7,113,672) | 35,749,292 | 20,280,650 | 37,344,139 |
| Benefit payments, including refunds of employee contributions | (8,121,165) | (9,417,307) | (9,346,450) | (9,863,833) | (10,499,198) | (11,488,595) | (12,976,187) | (13,560,965) |
| Administrative expense | (108,213) | (173,344) | (147,973) | (149,230) | (137,452) | (201,910) | (131,176) | (172,710) |
| Other | (8,897) | (8,562) | (7,972) | (7,564) | (7,184) | (6,064) | (5,118) | 1,183 |
| Net change in plan fiduciary net position | 11,686,009 | 1,002,239 | 13,892,929 | 29,662,080 | (6,288,650) | 35,930,283 | 19,258,853 | 35,979,329 |
| Plan fiduciary net position - beginning | 181,182,907 | 192,868,916 | 193,871,155 | 207,764,084 | 237,426,164 | 231,137,514 | 267,067,797 | 286,326,650 |
| Plan fiduciary net position - ending (b) | 192,868,916 | 193,871,155 | 207,764,084 | 237,426,164 | 231,137,514 | 267,067,797 | 286,326,650 | 322,305,979 |
| C. Net pension liability - ending (a) - (b) | \$ 38,935,793 | \$ 50,272,631 | \$ 49,627,877 | \$ 34,355,746 | \$ 55,338,630 | \$ 36,605,329 | \$ 32,274,754 | \$ 16,681,385 |
| D. Plan fiduciary net position as a percentage of total pension | 83.20% | 79.41% | 80.72% | 87.36% | 80.68% | 87.95% | 89.87% | 95.08% |
| E. Covered payroll | \$ 36,690,944 | \$ 39,260,910 | \$ 39,444,551 | \$ 41,752,627 | \$ 44,087,711 | \$ 46,426,097 | \$ 47,358,751 | \$ 47,722,880 |
| F. Net pension liability as a percentage of covered payroll | 106.12% | 128.05% | 125.82% | 82.28% | 125.52% | 78.85% | 68.15% | 34.95% |

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of December 31, 2021 (measurement date), only 8 years are included and additional years will be added in the future as the information becomes available.

City of Grapevine, Texas
Schedule of Contributions - TMRS (Unaudited)
September 30, 2022

| Fiscal Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarial determined contribution | \$ 6,911,778 | \$ 7,193,830 | \$ 7,395,291 | \$ 7,815,149 | \$ 8,334,727 | \$ 8,735,515 | \$ 8,848,797 | \$ 8,857,579 | \$ 9,350,889 |
| Contributions in relation to the actuarially determined contribution | <u>6,911,778</u> | <u>7,193,830</u> | <u>7,395,291</u> | <u>7,815,149</u> | <u>8,334,727</u> | <u>8,735,515</u> | <u>8,848,797</u> | <u>8,857,579</u> | <u>9,350,889</u> |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - |
| Covered payroll | 36,595,511 | 37,658,091 | 38,748,515 | 41,002,879 | 43,861,106 | 45,272,727 | 47,716,819 | 47,270,943 | 50,227,753 |
| Contributions as a percentage of covered payroll | 18.89% | 19.10% | 19.09% | 19.06% | 19.00% | 19.30% | 18.54% | 18.74% | 18.62% |

Notes to Schedule of Contributions

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st 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 | 24 years (longest amortization ladder) |
| 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 basis with scale UMP. |
| Other Information | There were no benefit changes during the year. |

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of September 30, 2022, only 9 years are included and additional years will be added in the future as the information becomes available.

City of Grapevine, Texas
Schedule of Changes in Net OPEB Liability and Related Ratios
Health Care Benefit Plan (Unaudited)
September 30, 2022

| Plan Year | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| A. Total OPEB liability | | | | | |
| Service Cost | \$ 2,883,770 | \$ 3,547,117 | \$ 3,955,532 | \$ 4,841,226 | \$ 6,003,761 |
| Interest (on the total OPEB liability) | 2,452,440 | 2,423,640 | 2,606,795 | 2,339,946 | 1,892,029 |
| Actuarial determined contribution | - | - | - | - | - |
| Difference between expected and actual experience | 209,342 | (1,065,868) | (528,026) | (3,113,851) | (577,180) |
| Changes of assumptions | 4,730,475 | (8,510,968) | 6,316,707 | 10,638,856 | 2,333,350 |
| Benefit payments | <u>(1,821,839)</u> | <u>(1,687,035)</u> | <u>(1,471,310)</u> | <u>(1,957,430)</u> | <u>(1,764,776)</u> |
| Net change in total OPEB liability | 8,454,188 | (5,293,114) | 10,879,698 | 12,748,747 | 7,887,184 |
| Total OPEB liability - beginning | <u>63,837,532</u> | <u>72,291,720</u> | <u>66,998,606</u> | <u>77,878,304</u> | <u>90,627,051</u> |
| Total OPEB liability - ending (a) | <u>\$ 72,291,720</u> | <u>\$ 66,998,606</u> | <u>\$ 77,878,304</u> | <u>\$ 90,627,051</u> | <u>\$ 98,514,235</u> |
| B. Plan fiduciary net position | | | | | |
| Employer Contributions | \$ 2,821,839 | \$ 2,187,035 | \$ 1,971,310 | \$ 1,957,430 | \$ 1,764,776 |
| Net investment income | 63,643 | (77,518) | 304,042 | 261,069 | 318,383 |
| Benefit payments | (1,821,839) | (1,687,035) | (1,471,310) | (1,957,430) | (1,764,776) |
| Administrative expense | (2,315) | (6,401) | (9,715) | (13,083) | (15,846) |
| Net change in plan fiduciary net position | 1,061,328 | 416,081 | 794,327 | 247,986 | 302,537 |
| Plan fiduciary net position - beginning | <u>-</u> | <u>1,061,328</u> | <u>1,477,409</u> | <u>2,271,736</u> | <u>2,519,722</u> |
| Plan fiduciary net position - ending (b) | <u>1,061,328</u> | <u>1,477,409</u> | <u>2,271,736</u> | <u>2,519,722</u> | <u>2,822,259</u> |
| C. Net OPEB liability - ending (a) - (b) | <u>\$ 71,230,392</u> | <u>\$ 65,521,197</u> | <u>\$ 75,606,568</u> | <u>\$ 88,107,329</u> | <u>\$ 95,691,976</u> |
| D. Plan fiduciary net position as a percentage of total OPEB liability | 1.47% | 2.21% | 2.92% | 2.78% | 2.86% |
| E. Covered-employee payroll | \$ 41,752,627 | \$ 44,087,895 | \$ 46,426,087 | \$ 47,352,845 | \$ 50,766,918 |
| F. Net OPEB liability as a percentage of Covered-employee payroll | 170.60% | 148.61% | 162.85% | 186.07% | 188.49% |

Notes to Schedule:

GASB Statement No. 75 requires 10 years of data to be provided in this schedule. As of December 30, 2021 (Plan Year), only 5 years are included. Additional years will be added in the future as the information becomes available.

The long-term expected investment return assumption was changed from 6.75% to 6.25% in plan year 2020.

The demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend

Included in the changes of assumptions was a change in the discount rate from 2.04% to 1.87% in plan year 2021.

**City of Grapevine, Texas
Schedule of Investment Returns
Health Care Benefit Plan (Unaudited)
September 30, 2022**

| Plan Year | Annual Money-Weighted Rate of Return |
|------------------|---|
| 2017 | 15.64 % |
| 2018 | (4.66) % |
| 2019 | 19.90 % |
| 2020 | 13.48 % |
| 2021 | 12.66 % |

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

1. Summary of Significant Accounting Policies

A. Budgets

The City follows these procedures in establishing budgetary data reflected in the financial statements:

- (1) Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to September 15, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council, after public hearings. Total expenditures may not exceed appropriations at the individual fund level.
- (5) Budgets are legally adopted for the General Fund, Hotel Occupancy Tax Fund, the Crime District Fund, the 4B – Economic Development Fund, the 4B – Transit Fund, the Debt Service Fund and Enterprise Funds. Budgetary control is maintained at the fund level.
- (6) Budgets for the General, Hotel Occupancy Tax, Crime District, 4-B Economic Development Fund, 4B–Transit Fund, and Debt Service Fund are adopted in accordance with generally accepted accounting principles. Budget amounts are as amended by the City Council and adjusted for transfers of budgeted amounts between departments within any fund, authorized by the City Manager.
- (7) Budgetary comparison schedules are presented as required supplementary information for the General Fund and for each major special revenue fund. Capital Projects Funds have not been presented as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of these funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.
- (8) The budgetary comparison schedules included in the required supplementary information present a comparison of budgetary data to actual results of operations for the General Fund, Hotel Occupancy Tax Fund, Crime District Fund, 4-B Economic Development Fund, and 4B–Transit Fund. A comparison of budgetary data to actual results of operations for the Debt Service Fund is presented as supplementary information.

2. Excess of Expenditures Over Appropriations

For the year ended September 30, 2022, expenditures exceeded appropriations in the following funds by the following amounts:

General Fund – \$6,391,567
Crime District Fund – \$544,600
4B – Economic Development Fund – \$2,771,190
4B–Transit Fund – \$2,096,476
Debt Service Fund – \$710,728

The overages were covered by excess revenue or available fund balance.

Combining and Individual Statements and Schedules

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues that are restricted in nature for a special purpose limited by state law and management intentions for expenditures.

Special Revenue Fund – to account for revenues that are restricted in name for a special purpose limited by state law and management intentions for expenditures. These funds include monies for state and federal forfeitures, library and parks programs and police in-service training.

Storm Drainage Fund – to account for revenues from a special fee that is restricted to finance the maintenance, repair, and construction of drainage facilities.

Lake Parks Fund – is a special revenue fund that accounts for the operations of the City's Parks and Recreation Department at Grapevine Lake.

DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Tax Increment Financing (TIF) #2 Fund – to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of TIF #2.

CAPITAL PROJECTS FUNDS

Capital Projects Funds – used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Grant Fund – accounts for capital grants awarded to the City that are used for the acquisition and construction of major capital facilities.

Parks Open Space and Recreation Fund – used to account for the financing, acquisition, construction and improvement of parks and public recreation facilities.

Tax Increment Financing (TIF) #2 Fund – established for the financing, acquisition and construction of the infrastructure surrounding Gaylord Texas Resort and Convention Center.

Streets Fund – is used to account for the construction of improvements to various streets, drainage, and sidewalk projects.

Street Maintenance and Capital Replacement Fund – to account for resources provided and expended on street maintenance and capital replacements.

Capital Acquisition Fund – to account for financial resources for the replacement and acquisition of capital assets.

Quality of Life Fund – to account for capital projects as designated by the City Council.

**City of Grapevine, Texas
Combining Balance Sheet
September 30, 2022**

| | Special Revenue | | | Debt Service |
|---|---------------------|---------------------|---------------------|----------------------|
| | Special Revenue | Storm Drainage | Lake Parks | TIF #2 |
| ASSETS | | | | |
| Cash | \$ 3,762,598 | \$ 1,439,339 | \$ 1,385,540 | \$ 14,047,794 |
| Receivables, net: | | | | |
| Accounts | 15,510 | 148,382 | - | 1,443,043 |
| Leases | 661,909 | - | - | - |
| Accrued interest | 1 | - | - | 5 |
| Due from other governments | - | - | - | - |
| Total assets | 4,440,018 | 1,587,721 | 1,385,540 | 15,490,842 |
| LIABILITIES | | | | |
| Liabilities: | | | | |
| Accounts payable | 8,570 | 101,253 | 181,159 | - |
| Accrued liabilities | 20,678 | 33,371 | 27,992 | 1 |
| Due to other funds | - | - | - | - |
| Unearned revenue | 128,080 | - | 897,111 | - |
| Developer deposits | - | - | - | - |
| Total liabilities | 157,328 | 134,624 | 1,106,262 | 1 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | - | - | - | - |
| Lease related | 648,122 | - | - | - |
| Total deferred inflows of resources | 648,122 | - | - | - |
| FUND BALANCES (DEFICITS) | | | | |
| Restricted: | | | | |
| Capital projects | 451,423 | 215,472 | - | - |
| Court security and technology | 143,939 | - | - | - |
| Public safety | 908,976 | - | - | - |
| Records preservation | 17,742 | - | - | - |
| Debt service | - | - | - | 15,490,841 |
| Culture and recreation | 216,533 | - | 279,278 | - |
| Committed for: | | | | |
| Capital projects | - | - | - | - |
| Stormwater drainage operations | - | 1,237,625 | - | - |
| Public arts | 1,324,210 | - | - | - |
| Assigned for: | | | | |
| Capital projects | - | - | - | - |
| Culture and recreation | 565,086 | - | - | - |
| Public safety | 6,659 | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances (deficits) | 3,634,568 | 1,453,097 | 279,278 | 15,490,841 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 4,440,018 | \$ 1,587,721 | \$ 1,385,540 | \$ 15,490,842 |

Capital Projects

| Grant | Parks Open Space and Recreation | TIF #2 | Streets | Street Maintenance and Capital Replacement | Capital Acquisition | Quality of Life | Total Other Governmental Funds |
|--------------|--|---------------|----------------|---|----------------------------|------------------------|---------------------------------------|
| \$ - | \$ 235,893 | \$ 2,313,004 | \$ 1,344,322 | \$ 4,298,662 | \$ 3,140,982 | \$ 3,449,561 | \$ 35,417,695 |
| - | - | - | - | 90,088 | - | 46,485 | 1,743,508 |
| - | - | - | - | - | - | - | 661,909 |
| - | - | - | - | - | - | 1 | 7 |
| 612,527 | - | - | 71,031 | 38,801 | - | - | 722,359 |
| 612,527 | 235,893 | 2,313,004 | 1,415,353 | 4,427,551 | 3,140,982 | 3,496,047 | 38,545,478 |
| - | - | - | 124,736 | 58,790 | - | 10,622 | 485,130 |
| 101,767 | - | - | - | - | - | - | 183,809 |
| 331,713 | - | - | - | - | - | - | 331,713 |
| 6,215 | - | - | - | - | - | - | 1,031,406 |
| - | 21,803 | - | 1,054,946 | - | - | - | 1,076,749 |
| 439,695 | 21,803 | - | 1,179,682 | 58,790 | - | 10,622 | 3,108,807 |
| 511,489 | - | - | - | 38,801 | - | 46,485 | 596,775 |
| - | - | - | - | - | - | - | 648,122 |
| 511,489 | - | - | - | 38,801 | - | 46,485 | 1,244,897 |
| - | - | 2,313,004 | 235,671 | 4,329,960 | 1,950,559 | - | 9,496,089 |
| - | - | - | - | - | - | - | 143,939 |
| - | - | - | - | - | - | - | 908,976 |
| - | - | - | - | - | - | - | 17,742 |
| - | - | - | - | - | - | - | 15,490,841 |
| - | - | - | - | - | - | - | 495,811 |
| - | - | - | - | - | - | 3,438,940 | 3,438,940 |
| - | - | - | - | - | - | - | 1,237,625 |
| - | - | - | - | - | - | - | 1,324,210 |
| - | - | - | - | - | 1,190,423 | - | 1,190,423 |
| - | 214,090 | - | - | - | - | - | 779,176 |
| - | - | - | - | - | - | - | 6,659 |
| (338,657) | - | - | - | - | - | - | (338,657) |
| (338,657) | 214,090 | 2,313,004 | 235,671 | 4,329,960 | 3,140,982 | 3,438,940 | 34,191,774 |
| \$ 612,527 | \$ 235,893 | \$ 2,313,004 | \$ 1,415,353 | \$ 4,427,551 | \$ 3,140,982 | \$ 3,496,047 | \$ 38,545,478 |

City of Grapevine, Texas
Combining Statement of Revenues, Expenditures and Changes In Fund Balances
For the Year Ended September 30, 2022

| | <u>Special Revenue</u> | | | <u>Debt Service</u> |
|---|------------------------|-----------------------|-------------------|----------------------|
| | <u>Special Revenue</u> | <u>Storm Drainage</u> | <u>Lake Parks</u> | <u>TIF #2</u> |
| Revenues | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 4,725,788 |
| Franchise taxes | 215,741 | - | - | - |
| Charges for services | 167,319 | 1,516,846 | 3,213,091 | - |
| Fines and forfeitures | 82,450 | - | - | - |
| Intergovernmental | 12,810 | - | - | - |
| Contributions | 641,173 | - | - | - |
| Investment income | 24,846 | 10,149 | - | 102,893 |
| Miscellaneous | 4,711 | 1,052 | 10,121 | - |
| Total revenues | <u>1,149,050</u> | <u>1,528,047</u> | <u>3,223,212</u> | <u>4,828,681</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 38,588 | - | - | - |
| Public safety | 125,353 | 739,378 | - | - |
| Culture and recreation | 131,484 | - | 2,782,226 | - |
| Public works | - | - | - | - |
| Economic development | - | - | - | 1,510,250 |
| Capital outlay | 2,500 | 803,747 | 161,708 | - |
| Debt service: | | | | |
| Principal | - | - | - | 1,895,000 |
| Interest | - | - | - | 400,100 |
| Total expenditures | <u>297,925</u> | <u>1,543,125</u> | <u>2,943,934</u> | <u>3,805,350</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>851,125</u> | <u>(15,078)</u> | <u>279,278</u> | <u>1,023,331</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (114,652) | - | - |
| Sale of capital assets | - | - | - | - |
| Insurance recoveries | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(114,652)</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 851,125 | (129,730) | 279,278 | 1,023,331 |
| Fund Balances, Beginning of Year | <u>2,783,443</u> | <u>1,582,827</u> | <u>-</u> | <u>14,467,510</u> |
| Fund Balances, Ending of Year | <u>\$ 3,634,568</u> | <u>\$ 1,453,097</u> | <u>\$ 279,278</u> | <u>\$ 15,490,841</u> |

Capital Projects

| Grant | Parks Open Space and Recreation | TIF #2 | Streets | Street Maintenance and Capital Replacement | Capital Acquisition | Quality of Life | Total Other Governmental Funds |
|---------------------|--|---------------------|--------------------|---|--------------------------------|----------------------------|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,725,788 |
| - | - | - | - | - | - | - | 215,741 |
| - | - | - | 13,239 | - | - | - | 4,910,495 |
| - | - | - | - | - | - | - | 82,450 |
| 831,761 | - | - | 187,526 | 66,516 | - | - | 1,098,613 |
| - | 106,516 | - | 4,933 | - | - | - | 752,622 |
| 1,189 | 1,659 | 18,765 | 43,314 | 27,677 | 21,426 | 13,885 | 265,803 |
| 1 | - | - | - | - | - | 7,622 | 23,507 |
| <u>832,951</u> | <u>108,175</u> | <u>18,765</u> | <u>249,012</u> | <u>94,193</u> | <u>21,426</u> | <u>21,507</u> | <u>12,075,019</u> |
| - | - | - | - | 179,760 | - | - | 218,348 |
| 584,096 | - | - | - | 46,904 | - | - | 1,495,731 |
| 9,967 | - | - | - | 553,130 | - | 225,545 | 3,702,352 |
| 240,632 | - | - | 4,675,317 | 36,470 | - | - | 4,952,419 |
| - | - | - | - | - | - | - | 1,510,250 |
| 83,232 | 106,516 | - | 54,810 | 143,059 | 31,021 | 335,160 | 1,721,753 |
| - | - | - | - | - | - | 234,309 | 2,129,309 |
| - | - | - | - | - | - | 74,389 | 474,489 |
| <u>917,927</u> | <u>106,516</u> | <u>-</u> | <u>4,730,127</u> | <u>959,323</u> | <u>31,021</u> | <u>869,403</u> | <u>16,204,651</u> |
| <u>(84,976)</u> | <u>1,659</u> | <u>18,765</u> | <u>(4,481,115)</u> | <u>(865,130)</u> | <u>(9,595)</u> | <u>(847,896)</u> | <u>(4,129,632)</u> |
| - | - | - | 115,000 | 5,124,000 | 960,500 | 1,500,000 | 7,699,500 |
| - | - | - | (74,000) | - | - | - | (188,652) |
| - | - | - | - | 71,090 | - | - | 71,090 |
| - | - | - | - | - | 139,894 | - | 139,894 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>41,000</u> | <u>5,195,090</u> | <u>1,100,394</u> | <u>1,500,000</u> | <u>7,721,832</u> |
| (84,976) | 1,659 | 18,765 | (4,440,115) | 4,329,960 | 1,090,799 | 652,104 | 3,592,200 |
| (253,681) | 212,431 | 2,294,239 | 4,675,786 | - | 2,050,183 | 2,786,836 | 30,599,574 |
| <u>\$ (338,657)</u> | <u>\$ 214,090</u> | <u>\$ 2,313,004</u> | <u>\$ 235,671</u> | <u>\$ 4,329,960</u> | <u>\$ 3,140,982</u> | <u>\$ 3,438,940</u> | <u>\$ 34,191,774</u> |

City of Grapevine, Texas
Debt Service Fund Budgetary Comparison Schedule
September 30, 2022

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget - Increase (Decrease) |
|---|-------------------------|-------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Taxes | \$ 13,422,507 | \$ 13,422,507 | \$ 13,057,580 | \$ (364,927) |
| Investment income | 150,000 | 150,000 | 55,788 | (94,212) |
| Miscellaneous | - | - | 22,915 | 22,915 |
| | <u>13,572,507</u> | <u>13,572,507</u> | <u>13,136,283</u> | <u>(436,224)</u> |
| Total revenues | | | | |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal | 9,780,000 | 9,780,000 | 9,995,000 | (215,000) |
| Interest | 3,716,788 | 3,716,788 | 4,085,663 | (368,875) |
| Fiscal agent charges | - | - | 126,853 | (126,853) |
| | <u>13,496,788</u> | <u>13,496,788</u> | <u>14,207,516</u> | <u>(710,728)</u> |
| Total expenditures | | | | |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>75,719</u> | <u>75,719</u> | <u>(1,071,233)</u> | <u>(1,146,952)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 2,057,569 | 2,057,569 | 2,057,569 | - |
| Transfers out | - | - | (670,738) | (670,738) |
| | <u>2,057,569</u> | <u>2,057,569</u> | <u>1,386,831</u> | <u>(670,738)</u> |
| Total other financing sources (uses) | | | | |
| Net Change in Fund Balances | 2,133,288 | 2,133,288 | 315,598 | (1,817,690) |
| Fund Balances, Beginning of Year | <u>6,681,805</u> | <u>6,681,805</u> | <u>6,681,805</u> | <u>-</u> |
| Fund Balances, Ending of Year | <u>8,815,093</u> | <u>8,815,093</u> | <u>6,997,403</u> | <u>(1,817,690)</u> |

City of Grapevine, Texas
Balance Sheet - Discretely Presented Component Unit
Heritage Foundation
September 30, 2022

| | |
|-------------------------------------|--------------------------|
| ASSETS | |
| Cash and investments | <u>\$ 412,148</u> |
| Total assets | <u>412,148</u> |
| LIABILITIES | |
| Accounts payable | 21,419 |
| Unearned revenue | <u>4,116</u> |
| Total liabilities | <u>25,535</u> |
| FUND BALANCES | |
| Unassigned | <u>386,613</u> |
| Total fund balances | <u>386,613</u> |
| Total liabilities and fund balances | <u><u>\$ 412,148</u></u> |

City of Grapevine, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position - Discretely Presented Component Unit
Heritage Foundation
September 30, 2022

Total fund balances - governmental funds balance sheet \$ 386,613

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not reported in the funds. 1,105,448

Net position of governmental activities \$ 1,492,061

City of Grapevine, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance - Discretely Presented
Component Unit
Heritage Foundation
For the Year Ended September 30, 2022

| | |
|---|--------------------------|
| Revenues | |
| Charges for services | \$ 6,481 |
| Investment income | 2,615 |
| Contributions | 145,933 |
| Miscellaneous | <u>30,428</u> |
| Total revenues | <u>185,457</u> |
| Expenditures | |
| Economic development | 119,595 |
| Capital outlay | <u>6,376</u> |
| Total expenditures | <u>125,971</u> |
| Net Change in Fund Balances | 59,486 |
| Fund Balances, Beginning of Year | <u>327,127</u> |
| Fund Balances, Ending of Year | <u><u>\$ 386,613</u></u> |

City of Grapevine, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance to the Statement of Activities – Discretely Presented Component Unit
Heritage Foundation
For the Year Ended September 30, 2022

| | |
|---|------------------|
| Net change in fund balances – total governmental funds | \$ 59,486 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount of capital outlay recorded in the current period. | 6,376 |
| Governmental funds do not recognize capital assets contributed from the City. However, in the Statement of Activities, the acquisition cost of those assets is recognized as revenue, then depreciated over their estimated useful lives. | 13,000 |
| Depreciation on capital assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds. | <u>(26,976)</u> |
| Change in net position of governmental activities | <u>\$ 51,886</u> |

Statistical Section

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STATISTICAL SECTION

This part of the City of Grapevine, Texas' annual comprehensive 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.

| Contents | <u>Page</u> |
|--|--------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 89 - 98 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources. Sales tax is the City's most significant revenue source. Sales tax revenue information available to the City is in Tables 5 and 6. Information about principal sales tax revenue payers is confidential under Texas statutes and is not provided. Additionally, information about the City's second most significant local revenue source, property taxes, is provided. | 99 - 105 |
| Debt Capacity 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. | 106 - 111 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 112 - 114 |
| Operating Information 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. | 115 - 117 |

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

City of Grapevine, Texas
Net Position by Component Last Ten Years
(Unaudited) (Amounts Expressed in Thousands)
September 30, 2022

| | Fiscal Year | | |
|---|-------------------|-------------------|-------------------|
| | 2013 | 2014 | 2015 |
| Governmental activities: | | | |
| Net investment in capital assets | \$ 114,212 | \$ 139,392 | \$ 176,133 |
| Restricted | 78,377 | 74,312 | 71,932 |
| Unrestricted | <u>(3,570)</u> | <u>(10,147)</u> | <u>(21,047)</u> |
| Total governmental activities net position | <u>\$ 189,019</u> | <u>\$ 203,557</u> | <u>\$ 227,018</u> |
| Business-type activities: | | | |
| Net investment in capital assets | \$ 74,750 | \$ 77,872 | \$ 104,296 |
| Restricted | 8,032 | 2,612 | 2,649 |
| Unrestricted | <u>6,912</u> | <u>11,590</u> | <u>8,094</u> |
| Total business-type activities net position | <u>\$ 89,694</u> | <u>\$ 92,074</u> | <u>\$ 115,039</u> |
| Primary government: | | | |
| Net investment in capital assets | \$ 188,962 | \$ 217,264 | \$ 280,429 |
| Restricted | 86,409 | 76,924 | 74,581 |
| Unrestricted | <u>3,342</u> | <u>1,443</u> | <u>(12,953)</u> |
| Total primary government net position | <u>\$ 278,713</u> | <u>\$ 295,631</u> | <u>\$ 342,057</u> |

TABLE 1

| Fiscal Year | | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 176,591 | \$ 214,481 | \$ 226,572 | \$ 241,514 | \$ 279,795 | \$ 292,357 | \$ 291,801 |
| 78,219 | 73,872 | 80,078 | 95,251 | 69,120 | 55,449 | 50,192 |
| <u>(14,043)</u> | <u>(26,090)</u> | <u>(68,706)</u> | <u>(61,220)</u> | <u>(76,423)</u> | <u>(64,903)</u> | <u>(43,512)</u> |
| <u>\$ 240,767</u> | <u>\$ 262,263</u> | <u>\$ 237,944</u> | <u>\$ 275,545</u> | <u>\$ 272,492</u> | <u>\$ 282,903</u> | <u>\$ 298,481</u> |
| \$ 126,510 | \$ 122,775 | \$ 125,604 | \$ 131,141 | \$ 133,349 | \$ 141,819 | \$ 146,685 |
| 3,205 | 3,467 | 4,187 | 3,714 | 3,147 | 2,871 | 2,898 |
| <u>8,507</u> | <u>10,548</u> | <u>11,817</u> | <u>6,303</u> | <u>5,262</u> | <u>8,135</u> | <u>13,848</u> |
| <u>\$ 138,222</u> | <u>\$ 136,790</u> | <u>\$ 141,608</u> | <u>\$ 141,158</u> | <u>\$ 141,758</u> | <u>\$ 152,825</u> | <u>\$ 163,431</u> |
| \$ 303,101 | \$ 337,256 | \$ 352,175 | \$ 372,654 | \$ 413,144 | \$ 434,176 | \$ 438,486 |
| 81,424 | 77,339 | 84,265 | 98,965 | 72,267 | 58,320 | 53,090 |
| <u>(5,536)</u> | <u>(15,542)</u> | <u>(56,889)</u> | <u>(54,917)</u> | <u>(71,161)</u> | <u>(56,768)</u> | <u>(29,664)</u> |
| <u>\$ 378,989</u> | <u>\$ 399,053</u> | <u>\$ 379,551</u> | <u>\$ 416,702</u> | <u>\$ 414,250</u> | <u>\$ 435,728</u> | <u>\$ 461,912</u> |

City of Grapevine, Texas
Changes in Net Position Last Ten Years
(Unaudited) (Amounts Expressed in Thousands)
September 30, 2022

| | Fiscal Year | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 18,602 | \$ 16,348 | \$ 18,944 | \$ 21,301 |
| Public safety | 28,309 | 30,039 | 31,305 | 31,686 |
| Culture and recreation | 29,578 | 31,549 | 15,617 | 18,354 |
| Public works | 12,216 | 13,689 | 12,817 | 13,590 |
| Transportation | 8,620 | 11,275 | 9,223 | 9,600 |
| Economic development | 3,609 | 1,405 | 10,036 | 15,976 |
| Tourism | - | - | 16,966 | 18,526 |
| Interest on long-term debt | 4,095 | 6,029 | 6,013 | 5,480 |
| Total governmental activities expenses | <u>105,029</u> | <u>110,334</u> | <u>120,921</u> | <u>134,513</u> |
| Business-type activities: | | | | |
| Water and sewer | 18,807 | 19,763 | 19,691 | 20,498 |
| Lake Enterprise | <u>3,156</u> | <u>2,764</u> | <u>2,850</u> | <u>3,256</u> |
| Total business-type activities expenses | <u>21,963</u> | <u>22,527</u> | <u>22,541</u> | <u>23,754</u> |
| Total primary government expenses | <u>\$ 126,992</u> | <u>\$ 132,861</u> | <u>\$ 143,462</u> | <u>\$ 158,267</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Fees, fines, and charges for services: | | | | |
| General government | \$ 2,013 | \$ 1,992 | \$ 1,723 | \$ 2,735 |
| Public safety | 3,971 | 4,109 | 3,705 | 3,789 |
| Culture and recreation | 10,012 | 10,531 | 4,322 | 4,526 |
| Public works | 1,486 | 1,504 | 1,448 | 1,495 |
| Transportation | - | - | - | - |
| Tourism | - | - | 7,327 | 7,721 |
| Operating grants and contributions | 526 | 275 | 1,381 | 383 |
| Capital grants and contributions | <u>108</u> | <u>203</u> | <u>1,609</u> | <u>9,549</u> |
| Total governmental activities program revenues | <u>18,116</u> | <u>18,614</u> | <u>21,515</u> | <u>30,198</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 20,185 | 23,667 | 22,434 | 23,824 |
| Lake Enterprise | 3,120 | 3,017 | 2,214 | 2,816 |
| Capital grants and contributions | <u>-</u> | <u>-</u> | <u>4,896</u> | <u>17,981</u> |
| Total business-type activities program revenues | <u>23,305</u> | <u>26,684</u> | <u>29,544</u> | <u>44,621</u> |
| Total primary government program revenues | <u>\$ 41,421</u> | <u>\$ 45,298</u> | <u>\$ 51,059</u> | <u>\$ 74,819</u> |

TABLE 2

| Fiscal Year | | | | | | | | | | | |
|-------------|----------------|------|----------------|------|----------------|------|----------------|------|----------------|------|----------------|
| 2017 | | 2018 | | 2019 | | 2020 | | 2021 | | 2022 | |
| \$ | 20,417 | \$ | 19,231 | \$ | 18,382 | \$ | 21,449 | \$ | 20,934 | \$ | 32,737 |
| | 35,651 | | 35,954 | | 38,472 | | 41,528 | | 38,778 | | 37,990 |
| | 21,087 | | 19,597 | | 21,341 | | 22,432 | | 22,802 | | 21,178 |
| | 16,585 | | 16,826 | | 17,930 | | 18,876 | | 15,787 | | 18,684 |
| | 9,078 | | 9,467 | | 10,047 | | 8,642 | | 9,367 | | 13,301 |
| | 9,757 | | 14,954 | | 5,122 | | 4,881 | | 8,713 | | 4,293 |
| | 20,507 | | 21,561 | | 23,886 | | 16,982 | | 17,560 | | 20,482 |
| | 5,332 | | 5,174 | | 5,312 | | 5,823 | | 5,289 | | 4,132 |
| | <u>138,414</u> | | <u>142,764</u> | | <u>140,493</u> | | <u>140,613</u> | | <u>139,230</u> | | <u>152,797</u> |
| | 20,926 | | 22,411 | | 23,901 | | 25,228 | | 27,564 | | 30,061 |
| | 3,242 | | 3,217 | | 4,159 | | 2,790 | | 2,414 | | 3,676 |
| | <u>24,168</u> | | <u>25,628</u> | | <u>28,060</u> | | <u>28,018</u> | | <u>29,978</u> | | <u>33,737</u> |
| \$ | <u>162,582</u> | \$ | <u>168,392</u> | \$ | <u>168,553</u> | \$ | <u>168,631</u> | \$ | <u>169,208</u> | \$ | <u>186,534</u> |
| \$ | 2,155 | \$ | 1,962 | \$ | 2,050 | \$ | 1,495 | \$ | 2,066 | \$ | 3,574 |
| | 2,198 | | 1,663 | | 2,200 | | 2,183 | | 2,228 | | 3,155 |
| | 6,003 | | 6,340 | | 4,394 | | 5,258 | | 6,351 | | 8,993 |
| | 3,367 | | 3,449 | | 3,674 | | 3,078 | | 3,055 | | 4,325 |
| | - | | - | | - | | - | | 14 | | 20 |
| | 7,840 | | 7,882 | | 7,635 | | 3,407 | | 5,426 | | 7,683 |
| | 1,079 | | 2,200 | | 993 | | 3,576 | | 8,888 | | 3,273 |
| | 8,171 | | 5,007 | | 23,230 | | 6,733 | | 12,214 | | 2,300 |
| | <u>30,813</u> | | <u>28,503</u> | | <u>44,176</u> | | <u>25,730</u> | | <u>40,242</u> | | <u>33,322</u> |
| | 24,663 | | 28,267 | | 28,267 | | 27,224 | | 29,309 | | 31,286 |
| | 3,174 | | 3,131 | | 3,131 | | 3,057 | | 3,842 | | 4,256 |
| | 1,803 | | 4,984 | | 4,984 | | 3,714 | | 8,128 | | 5,247 |
| | <u>29,640</u> | | <u>36,382</u> | | <u>36,382</u> | | <u>33,995</u> | | <u>41,279</u> | | <u>40,789</u> |
| \$ | <u>60,453</u> | \$ | <u>64,885</u> | \$ | <u>80,558</u> | \$ | <u>59,725</u> | \$ | <u>81,521</u> | \$ | <u>74,111</u> |

City of Grapevine, Texas
Changes in Net Position Last Ten Years (continued)
(Unaudited) (Amounts Expressed in Thousands)
September 30, 2022

| | Fiscal Year | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Net (Expense) Revenues | | | | |
| Governmental activities | \$ (86,913) | \$ (91,720) | \$ (99,406) | \$ (104,316) |
| Business-type activities | 1,342 | 4,158 | 7,003 | 20,868 |
| Total primary government net expense | <u>(85,571)</u> | <u>(87,562)</u> | <u>(92,403)</u> | <u>(83,448)</u> |
| General Revenues and Other | | | | |
| Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property | 29,979 | 30,917 | 30,903 | 31,617 |
| Franchise | 6,618 | 6,785 | 6,824 | 6,818 |
| Hotel occupancy | 12,772 | 14,025 | 18,103 | 18,965 |
| Sales | 49,047 | 52,020 | 54,060 | 55,884 |
| Mixed beverage | 1,159 | 1,567 | 1,648 | 1,710 |
| Investment earnings | 159 | 120 | 266 | 887 |
| Gain on sale of capital assets | - | 262 | 1,490 | 4,144 |
| Miscellaneous | 6 | 23 | 11 | 204 |
| Transfers | 1,471 | 1,661 | 1,424 | (2,164) |
| Total governmental activities | <u>101,211</u> | <u>107,380</u> | <u>114,729</u> | <u>118,065</u> |
| Business-type activities: | | | | |
| Investment earnings | 152 | 20 | 43 | 148 |
| Gain on sale of capital assets | - | - | - | - |
| Transfers | (1,471) | (1,661) | (1,424) | 2,164 |
| Total business-type activities | <u>(1,319)</u> | <u>(1,641)</u> | <u>(1,381)</u> | <u>2,312</u> |
| Total primary government | <u>99,892</u> | <u>105,739</u> | <u>113,348</u> | <u>120,377</u> |
| Change in Net Position | | | | |
| Governmental activities | 14,298 | 15,658 | 15,323 | 13,748 |
| Business-type activities | 23 | 2,517 | 5,629 | 23,182 |
| Total primary government | <u>\$ 14,321</u> | <u>\$ 18,175</u> | <u>\$ 20,952</u> | <u>\$ 36,930</u> |

TABLE 2

| Fiscal Year | | | | | |
|------------------|------------------|------------------|-------------------|------------------|------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ (107,602) | \$ (114,261) | \$ (96,317) | \$ (114,883) | \$ (98,989) | \$ (119,475) |
| 5,472 | 10,754 | 5,850 | 5,977 | 11,212 | 7,052 |
| <u>(102,130)</u> | <u>(103,507)</u> | <u>(90,467)</u> | <u>(108,906)</u> | <u>(87,777)</u> | <u>(112,423)</u> |
| 26,027 | 28,561 | 30,849 | 33,161 | 34,037 | 33,226 |
| 6,602 | 7,145 | 6,898 | 6,182 | 5,978 | 6,585 |
| 18,801 | 19,875 | 20,767 | 11,721 | 12,626 | 21,030 |
| 53,854 | 56,029 | 59,298 | 51,112 | 56,914 | 73,127 |
| 1,733 | 1,793 | 2,146 | 1,477 | 1,793 | 2,377 |
| 1,523 | 2,737 | 3,784 | 1,893 | 26 | 955 |
| 1,605 | 262 | 2,076 | 227 | 711 | - |
| 579 | 331 | 420 | 865 | 264 | 1,075 |
| 3,199 | 3,020 | 6,951 | 5,889 | 407 | (3,323) |
| <u>113,923</u> | <u>119,753</u> | <u>133,189</u> | <u>112,527</u> | <u>112,756</u> | <u>135,052</u> |
| 306 | 580 | 650 | 296 | 25 | 224 |
| - | - | - | - | 237 | 6 |
| (3,199) | (3,020) | (6,951) | (5,889) | (407) | 3,323 |
| <u>(2,893)</u> | <u>(2,440)</u> | <u>(6,301)</u> | <u>(5,593)</u> | <u>(145)</u> | <u>3,553</u> |
| <u>111,030</u> | <u>117,313</u> | <u>126,888</u> | <u>106,934</u> | <u>112,611</u> | <u>138,606</u> |
| 6,323 | 5,492 | 36,872 | (2,356) | 13,768 | 15,577 |
| 2,578 | 8,314 | (451) | 384 | 11,067 | 10,606 |
| <u>\$ 8,901</u> | <u>\$ 13,806</u> | <u>\$ 36,421</u> | <u>\$ (1,972)</u> | <u>\$ 24,835</u> | <u>\$ 26,183</u> |

City of Grapevine, Texas
Fund Balances Governmental Funds Last Ten Fiscal Years
(Unaudited) (Amounts Expressed in Thousands)
September 30, 2022

| | Fiscal Year | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2013 | 2014 | 2015 | 2016 |
| General fund: | | | | |
| Nonspendable* | \$ 659 | \$ 600 | \$ 553 | \$ 779 |
| Assigned | - | - | - | - |
| Unassigned | 11,303 | 12,318 | 13,402 | 12,753 |
| Total general fund | <u>\$ 11,962</u> | <u>\$ 12,918</u> | <u>\$ 13,955</u> | <u>\$ 13,532</u> |
| All other governmental funds: | | | | |
| Nonspendable | \$ 22 | \$ 38 | \$ 145 | \$ 322 |
| Restricted | 167,799 | 144,841 | 123,249 | 99,110 |
| Committed | 2,721 | 1,831 | 1,567 | 2,007 |
| Assigned | 8,720 | 15,831 | 31,129 | 48,712 |
| Unassigned | (76,407) | (1,123) | (1,477) | (3,769) |
| Total all other governmental funds | <u>\$ 102,855</u> | <u>\$ 161,418</u> | <u>\$ 154,613</u> | <u>\$ 146,382</u> |

Note:

* Includes inventory, advances to other funds, and prepaid items.

TABLE 3

| Fiscal Year | | | | | |
|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 943 | \$ 1,303 | \$ 1,209 | \$ 893 | \$ 1,061 | \$ 1,122 |
| - | 1,401 | 901 | 429 | 429 | 395 |
| 11,452 | 12,852 | 12,186 | 10,252 | 10,093 | 13,110 |
| <u>\$ 12,395</u> | <u>\$ 15,556</u> | <u>\$ 14,296</u> | <u>\$ 11,574</u> | <u>\$ 11,583</u> | <u>\$ 14,627</u> |
| \$ 1,153 | \$ 566 | \$ 155 | \$ 316 | \$ 264 | \$ 331 |
| 93,285 | 111,728 | 104,007 | 73,429 | 50,853 | 62,169 |
| 2,242 | 2,632 | 2,770 | 2,366 | 2,311 | 6,001 |
| 42,036 | 28,026 | 39,943 | 34,049 | 33,954 | 32,387 |
| (5,076) | (3,106) | (4,491) | (7,815) | (289) | (339) |
| <u>\$ 133,640</u> | <u>\$ 139,846</u> | <u>\$ 142,384</u> | <u>\$ 102,345</u> | <u>\$ 87,093</u> | <u>\$ 100,548</u> |

City of Grapevine, Texas
Changes in Fund Balances – Governmental Funds Last Ten Fiscal Years
(Unaudited) (Amounts Expressed in Thousands)
September 30, 2022

| | Fiscal Year | | |
|--|------------------|--------------------|-------------------|
| | 2013 | 2014 | 2015 |
| Revenues | | | |
| Taxes: | | | |
| Property | \$ 28,326 | \$ 33,470 | \$ 30,931 |
| Hotel occupancy | 12,772 | 14,025 | 18,103 |
| Sales | 49,047 | 52,020 | 54,060 |
| Mixed beverage | 1,159 | 1,567 | 1,648 |
| Franchise | 6,618 | 6,785 | 6,824 |
| Licenses and permits | 1,248 | 1,337 | 1,527 |
| Intergovernmental | 1,175 | 430 | 974 |
| Charges for services | 13,286 | 13,755 | 14,681 |
| Fines and forfeitures | 2,258 | 2,413 | 2,100 |
| Contributions | 162 | 169 | 304 |
| Interest and miscellaneous | 731 | 872 | 872 |
| Total revenues | <u>116,782</u> | <u>126,843</u> | <u>132,024</u> |
| Expenditures | | | |
| General government | 13,714 | 15,611 | 17,878 |
| Public safety | 25,674 | 27,215 | 28,672 |
| Culture and recreation | 26,202 | 27,707 | 12,931 |
| Public works | 7,037 | 8,335 | 8,077 |
| Transportation | 8,620 | 11,275 | 9,223 |
| Economic development | 3,609 | 1,405 | 10,036 |
| Tourism | - | - | 16,179 |
| Capital outlay | 17,011 | 53,121 | 24,476 |
| Debt service: | | | |
| Principal | 11,462 | 12,664 | 14,477 |
| Interest and fiscal charges | 3,864 | 6,695 | 6,405 |
| Payment to refunded bond escrow agent | - | - | 22,812 |
| Bond issuance costs | - | - | 358 |
| Other | 394 | 269 | 21 |
| Total expenditures | <u>117,587</u> | <u>164,297</u> | <u>171,545</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(805)</u> | <u>(37,454)</u> | <u>(39,521)</u> |
| Other Financing Sources (Uses) | | | |
| Issuance of debt | 78,640 | 19,500 | 35,065 |
| Premium(discount) on issuance of debt | 3,455 | - | 3,757 |
| Payment to refunded bond escrow agent | (7,834) | - | (13,643) |
| Issuance of lease | - | - | - |
| Sale of capital assets | 204 | 250 | 6,110 |
| Insurance recoveries | - | - | 800 |
| Transfers in | 19,768 | 18,507 | 17,248 |
| Transfers out | (18,297) | (16,846) | (15,585) |
| Total other financing sources (uses) | <u>75,936</u> | <u>21,411</u> | <u>33,752</u> |
| Net Change in Fund Balances | <u>\$ 75,131</u> | <u>\$ (16,043)</u> | <u>\$ (5,769)</u> |
| Debt Service As A Percentage of Noncapital Expenditures | <u>14.7%</u> | <u>17.5%</u> | <u>30.2%</u> |

TABLE 4

| Fiscal Year | | | | | | |
|-------------------|--------------------|-----------------|--------------------|--------------------|--------------------|------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 31,650 | \$ 25,991 | \$ 28,350 | \$ 30,883 | \$ 33,150 | \$ 34,088 | \$ 33,314 |
| 18,965 | 18,801 | 19,875 | 20,767 | 11,721 | 12,626 | 21,030 |
| 55,884 | 53,854 | 56,029 | 59,298 | 51,112 | 56,914 | 73,127 |
| 1,710 | 1,733 | 1,793 | 2,146 | 1,477 | 1,793 | 2,377 |
| 6,662 | 6,602 | 7,064 | 6,618 | 6,408 | 6,059 | 6,585 |
| 1,745 | 1,883 | 1,604 | 1,969 | 1,345 | 1,460 | 1,374 |
| 1,356 | 1,939 | 2,270 | 1,736 | 22,071 | 7,448 | 5,219 |
| 15,568 | 17,308 | 17,973 | 16,152 | 12,544 | 15,995 | 24,413 |
| 1,967 | 1,968 | 1,736 | 1,662 | 1,125 | 1,055 | 1,173 |
| 253 | 370 | 318 | 233 | 124 | 130 | 1,776 |
| 2,861 | 2,630 | 4,429 | 4,726 | 2,810 | 835 | 2,029 |
| <u>138,621</u> | <u>133,079</u> | <u>141,441</u> | <u>146,190</u> | <u>143,887</u> | <u>138,403</u> | <u>172,417</u> |
| 19,768 | 18,543 | 17,018 | 16,010 | 17,979 | 18,489 | 24,367 |
| 27,803 | 30,441 | 32,240 | 34,490 | 36,886 | 35,687 | 38,804 |
| 14,731 | 16,686 | 18,451 | 17,173 | 18,583 | 18,060 | 17,394 |
| 7,938 | 10,526 | 11,367 | 11,600 | 12,720 | 10,906 | 14,048 |
| 9,600 | 9,078 | 9,467 | 10,047 | 8,642 | 9,367 | 13,301 |
| 15,976 | 9,757 | 16,639 | 5,109 | 4,851 | 8,699 | 4,352 |
| 17,702 | 19,735 | 20,335 | 22,414 | 15,649 | 17,177 | 19,561 |
| 33,576 | 32,596 | 30,029 | 45,994 | 58,610 | 27,244 | 5,125 |
| 16,099 | 13,018 | 12,059 | 12,564 | 12,759 | 11,540 | 12,124 |
| 6,234 | 5,850 | 5,974 | 6,001 | 6,550 | 5,941 | 4,560 |
| 1 | - | 17,025 | 6,077 | - | 302 | - |
| 73 | 127 | 392 | 171 | - | - | - |
| 10 | 120 | 47 | 141 | 135 | 125 | 137 |
| <u>169,511</u> | <u>166,477</u> | <u>191,043</u> | <u>187,791</u> | <u>193,364</u> | <u>163,537</u> | <u>153,773</u> |
| <u>(30,890)</u> | <u>(33,398)</u> | <u>(49,602)</u> | <u>(41,601)</u> | <u>(49,477)</u> | <u>(25,134)</u> | <u>18,644</u> |
| 3,070 | 10,900 | 51,740 | 5,395 | - | 55,165 | - |
| 192 | 590 | 1,265 | 1,973 | - | 832 | - |
| - | (1,391) | - | - | - | (44,715) | - |
| - | - | - | - | - | - | 171 |
| 13,856 | 5,406 | 311 | 4,439 | 1,471 | 648 | 361 |
| 540 | 649 | 66 | 63 | 53 | 488 | 649 |
| 21,735 | 56,144 | 46,963 | 24,310 | 22,063 | 20,500 | 20,845 |
| (17,764) | (52,781) | (43,943) | (17,357) | (16,174) | (19,667) | (24,169) |
| <u>21,629</u> | <u>19,517</u> | <u>56,402</u> | <u>18,823</u> | <u>7,413</u> | <u>13,251</u> | <u>(2,143)</u> |
| \$ <u>(9,261)</u> | \$ <u>(13,881)</u> | \$ <u>6,800</u> | \$ <u>(22,778)</u> | \$ <u>(42,064)</u> | \$ <u>(11,883)</u> | \$ <u>16,501</u> |
| <u>16.5%</u> | <u>14.1%</u> | <u>11.5%</u> | <u>13.0%</u> | <u>14.2%</u> | <u>13.2%</u> | <u>11.2%</u> |

City of Grapevine, Texas
Taxable Sales by Category Last Ten Fiscal Years
(Unaudited) (Amounts Expressed in Thousands)
September 30, 2022

| Function/Program | # | Fiscal Year | | | |
|---|---|---------------------|---------------------|---------------------|---------------------|
| | | 2013 | 2014 | 2015 | 2016 |
| Agriculture/forestry/fishing/hunting | | \$ - | \$ 252 | \$ 147 | \$ 91 |
| Utilities | | - | - | - | - |
| Construction | | 38,720 | 46,112 | 49,895 | 53,763 |
| Manufacturing | | 155,834 | 164,330 | 164,065 | 161,142 |
| Wholesale trade | | 267,621 | 276,361 | 285,962 | 299,678 |
| Retail trade | | 897,734 | 924,761 | 921,960 | 931,680 |
| Transportation/warehousing | | 13,751 | 11,277 | 13,434 | 12,455 |
| Information | | 49,597 | 58,898 | 68,852 | 68,142 |
| Finance/insurance | | 804 | 807 | 808 | 885 |
| Professional/scientific/technical | | 20,321 | 28,089 | 26,370 | 31,969 |
| Real estate/rental/leasing | | 47,005 | 52,057 | 61,551 | 63,638 |
| Management of companies/enterprises | | - | - | - | - |
| Admin/support/waste mgmt/remediation svcs | | 47,096 | 60,275 | 76,037 | 55,143 |
| Educational services | | 1,931 | 2,489 | 645 | 634 |
| Health care/social assistance | | 2,961 | 2,027 | 1,736 | 1,784 |
| Arts/entertainment/recreation | | 24,591 | 27,169 | 16,309 | 22,104 |
| Accommodation/food service | | 477,172 | 523,373 | 574,198 | 586,563 |
| Other services (except public administration) | | 33,720 | 38,111 | 47,645 | 49,898 |
| Unclassified | | - | - | - | 8 |
| Total | | \$ 2,078,858 | \$ 2,216,388 | \$ 2,309,614 | \$ 2,339,577 |
| City direct sales tax rate | | 2.0% | 2.0% | 2.0% | 2.0% |

Source: Texas Comptroller

(1) Only two quarters of information were available for the fiscal year.

TABLE 5

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 (1) |
| \$ 253 | \$ - | \$ - | \$ 149 | \$ - | \$ - |
| - | 120 | 505 | 243 | 724 | 349 |
| 59,903 | 65,214 | 75,647 | 61,898 | 77,933 | 41,496 |
| 160,911 | 166,837 | 196,578 | 167,081 | 157,886 | 84,456 |
| 300,792 | 323,073 | 331,027 | 333,059 | 432,066 | 237,333 |
| 938,782 | 945,177 | 925,983 | 821,887 | 1,060,896 | 597,996 |
| 12,587 | 9,951 | 10,423 | 10,437 | 11,343 | 9,792 |
| 39,913 | 40,091 | 35,698 | 21,076 | 23,562 | 58,263 |
| 1,190 | 1,691 | 887 | 826 | 1,113 | 748 |
| 31,014 | 35,322 | 32,907 | 37,018 | 45,680 | 39,480 |
| 66,688 | 67,963 | 66,390 | 58,714 | 60,236 | 40,863 |
| - | 2,719 | 3,029 | 2,071 | 2,325 | 1,306 |
| 54,605 | 49,130 | 42,620 | 43,711 | 47,408 | 28,004 |
| 383 | 364 | 436 | 534 | 345 | 127 |
| 1,589 | 1,494 | 1,554 | 1,192 | 1,661 | 827 |
| 26,622 | 28,611 | 28,966 | 20,554 | 26,951 | 14,153 |
| 595,409 | 625,298 | 677,604 | 440,309 | 490,396 | 325,472 |
| 38,372 | 37,280 | 55,413 | 40,032 | 55,608 | 27,786 |
| - | - | - | - | - | - |
| <u>\$ 2,329,013</u> | <u>\$ 2,400,335</u> | <u>\$ 2,485,667</u> | <u>\$ 2,060,791</u> | <u>\$ 2,496,133</u> | <u>\$ 1,508,451</u> |
| 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |

City of Grapevine, Texas
Direct and Overlapping Sales Tax Rates Last Ten Years (Unaudited)
September 30, 2022

TABLE 6

| <u>Fiscal Year</u> | <u>City Direct Rate</u> | <u>State of Texas</u> |
|--------------------|-----------------------------|---------------------------|
| 2013 | 2.00% | 6.25% |
| 2014 | 2.00% | 6.25% |
| 2015 | 2.00% | 6.25% |
| 2016 | 2.00% | 6.25% |
| 2017 | 2.00% | 6.25% |
| 2018 | 2.00% | 6.25% |
| 2019 | 2.00% | 6.25% |
| 2020 | 2.00% | 6.25% |
| 2021 | 2.00% | 6.25% |
| 2022 | 2.00% | 6.25% |

Source: City Budget Office and Texas Comptroller

City of Grapevine, Texas

TABLE 7

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

(Unaudited) (Amounts Expressed in Thousands)

September 30, 2022

| Fiscal Year | Estimated Market Value | | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|-------------|------------------------|----------------------|---------------------------------|------------------------------------|-----------------------------|
| | Real Property | Personal Property | | | |
| 2013 | 7,373,725 | 2,169,614 | 3,311,568 | 6,231,772 | 0.3457 |
| 2014 | 7,744,617 | 2,141,161 | 3,421,500 | 6,464,278 | 0.3425 |
| 2015 | 7,972,445 | 2,437,129 | 3,816,444 | 6,593,130 | 0.3324 |
| 2016 | 8,127,156 | 2,620,115 | 3,874,106 | 6,873,165 | 0.3284 |
| 2017 | 9,369,452 | 2,705,089 | 4,462,148 | 7,612,393 | 0.2893 |
| 2018 | 9,911,677 | 3,033,390 | 4,586,943 | 8,358,123 | 0.2893 |
| 2019 | 10,450,709 | 3,316,173 | 4,760,485 | 9,006,397 | 0.2893 |
| 2020 | 11,430,947 | 3,416,886 | 5,069,749 | 9,778,084 | 0.2843 |
| 2021 | 11,592,137 | 3,915,491 | 5,281,076 | 10,226,552 | 0.2826 |
| 2022 | 11,731,849 | 3,361,359 | 4,381,740 | 10,711,468 | 0.2718 |

Source: Grapevine/Colleyville ISD Tax Assessor

City of Grapevine, Texas

**Property Tax Rates – Direct and Overlapping Governments Last Ten Fiscal Years (Unaudited)
September 30, 2022**

TABLE 8

| Fiscal Year | City Direct Rates | | | Overlapping Rates | | | | Total Direct and Overlapping Rates |
|-------------|-------------------------|--------------|-------------------|-------------------|-----------------|-------------------|--------|------------------------------------|
| | Operating/ General Rate | Debt Service | Total Direct Rate | Junior College | School District | Hospital District | County | |
| 2013 | 0.1357 | 0.2100 | 0.3457 | 0.1490 | 1.3201 | 0.2279 | 0.2640 | 2.3067 |
| 2014 | 0.1314 | 0.2111 | 0.3425 | 0.1490 | 1.3201 | 0.2279 | 0.2640 | 2.3035 |
| 2015 | 0.1274 | 0.2050 | 0.3324 | 0.1495 | 1.3201 | 0.2279 | 0.2640 | 2.2939 |
| 2016 | 0.1421 | 0.1863 | 0.3284 | 0.1495 | 1.3201 | 0.2279 | 0.2640 | 2.2899 |
| 2017 | 0.1265 | 0.1628 | 0.2893 | 0.1447 | 1.3967 | 0.2279 | 0.2540 | 2.3126 |
| 2018 | 0.1347 | 0.1545 | 0.2893 | 0.1401 | 1.3967 | 0.2244 | 0.2440 | 2.2945 |
| 2019 | 0.1306 | 0.1587 | 0.2893 | 0.1361 | 1.3967 | 0.2244 | 0.2340 | 2.2805 |
| 2020 | 0.1416 | 0.1427 | 0.2843 | 0.1302 | 1.3267 | 0.2244 | 0.2340 | 2.1995 |
| 2021 | 0.1435 | 0.1391 | 0.2826 | 0.1302 | 1.3031 | 0.2244 | 0.2340 | 2.1743 |
| 2022 | 0.1404 | 0.1314 | 0.2718 | 0.1302 | 1.2751 | 0.2244 | 0.2290 | 2.1305 |

Source: Tarrant County Appraisal District

Note: Tax rate limitations imposed by the Home Rules Section of the Texas Constitution, Article II, Section 5, provide that a maximum tax rate of \$2.50 per \$100 valuation may be imposed in any one year. No provisions are made limiting the amount of this \$2.50 tax rate that can be used for debt service.

City of Grapevine, Texas
Principal Property Taxpayers Current Year and Nine Years Ago
(Unaudited) (Amounts Expressed in Thousands)
September 30, 2022

TABLE 9

| Taxpayer | FY 2022 | | Taxpayer | FY 2013 | |
|--|------------------------|---|---|------------------------|---|
| | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value | | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value |
| American Airlines Inc/Envoy Air Inc | \$ 557,205 | 5.20% | Gaylord Texan Resort | \$ 285,854 | 4.59% |
| Gaylord Texan Resort and Convention Center | 317,539 | 2.96% | American Airlines, Inc. | 237,140 | 3.81% |
| Grapevine Mills Mall LP | 236,257 | 2.21% | Grapevine Mills, Ltd. Partnership | 215,200 | 3.46% |
| Fund Riverwalk LLC | 130,400 | 1.22% | Great Wolf Lodge | 124,000 | 1.99% |
| Great Wolf Lodge | 128,244 | 1.20% | CAE Simuflite/Simufly Training Unit | 100,387 | 1.61% |
| WMCI Dallas IX LLC | 101,700 | 0.95% | Fund Riverwalk LLC | 65,506 | 1.05% |
| Silver Oaks LP | 97,800 | 0.91% | Rackspace US Inc. | 58,199 | 0.93% |
| GGIF Grapevine LLP | 94,208 | 0.88% | Oncor Electric Delivery Co., LLC | 50,072 | 0.80% |
| Oncor Electric Delivery Co., LLC | 93,009 | 0.87% | A & B Properties | 49,931 | 0.80% |
| Jefferson Silverlake | 90,500 | 0.84% | Silver Oaks, LP | 46,977 | 0.75% |
| Total | \$ 1,846,862 | 17.24% | Total | \$ 1,233,266 | 19.79% |
| | | \$ 0.1724 | | | |
| Source: Grapevine/Colleyville ISD Tax Assessor | | \$ 10,711,468 | Total taxable assessed value from Table 7 | | |
| Grapevine ACFR 2013 | | | | | |

City of Grapevine, Texas
Property Tax Levies and Collections Last Ten Fiscal Years
(Unaudited) (Amounts Expressed in Thousands)
September 30, 2022

TABLE 10

| Fiscal Year Ended | Taxes Levied for the Fiscal Year | | | Collections Within the Fiscal Year of the Levy | | in Subsequent Years | Total Collections to Date | |
|-------------------|----------------------------------|-------------|---------------|--|------------------------------|---------------------|---------------------------|--------------------|
| | Original Levy* | Adjustments | Adjusted Levy | Amount | Percentage of Levy Collected | | Amount | Percentage of Levy |
| 2013 | 21,543 | (75) | 21,468 | 21,364 | 99.52% | 88 | 21,452 | 99.93% |
| 2014 | 21,739 | 108 | 21,847 | 21,804 | 99.80% | 32 | 21,836 | 99.95% |
| 2015 | 22,249 | (232) | 22,017 | 21,952 | 99.70% | 52 | 22,004 | 99.94% |
| 2016 | 21,506 | 1,064 | 22,570 | 22,498 | 99.68% | 50 | 22,548 | 99.90% |
| 2017 | 21,669 | 290 | 21,959 | 21,905 | 99.75% | 32 | 21,937 | 99.90% |
| 2018 | 23,387 | 769 | 24,156 | 24,023 | 99.45% | 113 | 24,136 | 99.92% |
| 2019 | 25,711 | 284 | 25,995 | 25,946 | 99.81% | 29 | 25,975 | 99.92% |
| 2020 | 27,136 | 333 | 27,469 | 27,532 | 100.23% | (92) | 27,440 | 99.89% |
| 2021 | 27,568 | 1,057 | 28,625 | 28,674 | 100.17% | (89) | 28,585 | 99.86% |
| 2022 | 28,638 | 477 | 29,115 | 29,004 | 99.62% | - | 29,004 | 99.62% |

Source: Grapevine/Colleyville ISD Tax Assessor

*Excludes property tax contributions from Grapevine/Colleyville ISD related to TIF#2

City of Grapevine, Texas
Ratios of Outstanding Debt by Type Last Ten Fiscal Years
(Unaudited) (Amounts Expressed in Thousands, excluding
Percentage of Personal Income and Per Capita)
September 30, 2022

TABLE 11

| Fiscal Year | Governmental Activities | | | | | | Business-type Activities | | | | Total Primary Government Debt | Percentage of Personal Income | Per Capita* |
|-------------|--------------------------|----------------------------|-------------------------|---------------|--------|-----------|-----------------------------|--------------------------|----------------------------|--------|-------------------------------|-------------------------------|-------------|
| | General Obligation Bonds | Certificates of Obligation | Contractual Obligations | Revenue Bonds | Leases | Tax Notes | Water and Sewer Obligations | General Obligation Bonds | Certificates of Obligation | Leases | | | |
| 2013 | 102,690 | 44,459 | 1,200 | - | - | 6,297 | - | 10,962 | - | - | 165,608 | 8.89% | 3,380 |
| 2014 | 100,952 | 41,325 | 1,130 | 19,500 | - | 4,514 | - | 9,556 | - | - | 176,977 | 9.26% | 3,612 |
| 2015 | 93,376 | 13,618 | 4,317 | 39,030 | - | 3,107 | - | 7,579 | 10,097 | - | 171,124 | 8.32% | 3,492 |
| 2016 | 88,200 | 14,065 | 4,224 | 36,855 | - | 2,529 | - | 2,551 | 8,902 | - | 157,326 | 7.16% | 3,147 |
| 2017 | 80,718 | 21,286 | 3,692 | 34,630 | - | 1,934 | - | 2,388 | 8,902 | - | 153,550 | 0.01% | 3,011 |
| 2018 | 73,200 | 51,470 | 5,645 | 34,153 | - | 1,209 | - | 1,892 | 8,901 | - | 176,470 | 0.01% | 3,394 |
| 2019 | 96,587 | 43,645 | 4,878 | 31,480 | - | 612 | - | 1,025 | 8,476 | - | 186,703 | 0.01% | 3,523 |
| 2020 | 88,523 | 42,303 | 4,088 | 28,703 | - | - | - | 556 | 8,051 | - | 172,224 | 0.01% | 3,191 |
| 2021 | 82,543 | 52,121 | 3,280 | 25,810 | - | - | - | 72 | 7,621 | - | 171,448 | 0.01% | 3,175 |
| 2022 | 76,084 | 49,695 | 2,418 | 22,808 | 166 | - | - | 43 | 7,171 | 12 | 158,397 | 0.01% | 3,106 |

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

* See Table 17 for personal income and population data.

City of Grapevine, Texas
Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years
(Unaudited) (Amounts Expressed in Thousands except
Percentage of Actual Taxable Value of Property and Per Capita)
September 30, 2022

TABLE 12

| Fiscal Year | Governmental Activities | | | | | | Business-type Activities | | | Resources Restricted For Debt Service | Net Bonded Debt | Percentage of Actual Taxable Value of Property ^a Per Capita ^b | |
|-------------|--------------------------|----------------------------|-------------------------|-----------|-------|---------|--------------------------|----------------------------|-------|---------------------------------------|-----------------|---|-------------------------|
| | General Obligation Bonds | Certificates of Obligation | Contractual Obligations | Tax Notes | Lease | Total | General Obligation Bonds | Certificates of Obligation | Lease | | | of Property ^a | Per Capita ^b |
| 2013 | 102,690 | 44,459 | 1,200 | 4,015 | - | 152,364 | 10,845 | - | - | 29,051 | 134,158 | 2.15% | 2,738 |
| 2014 | 100,952 | 41,325 | 1,130 | 3,488 | - | 146,895 | 9,556 | - | - | 20,985 | 135,466 | 2.10% | 2,765 |
| 2015 | 93,376 | 13,618 | 4,317 | 2,935 | - | 114,246 | 7,579 | 10,097 | - | 19,603 | 112,319 | 1.70% | 2,292 |
| 2016 | 88,200 | 14,065 | 4,224 | 2,373 | - | 108,862 | 2,551 | 8,902 | - | 17,938 | 102,377 | 1.49% | 2,048 |
| 2017 | 80,718 | 21,286 | 3,692 | 1,796 | - | 107,492 | 2,388 | 8,902 | - | 16,087 | 102,695 | 1.35% | 2,014 |
| 2018 | 73,200 | 51,470 | 5,645 | 1,209 | - | 131,524 | 1,892 | 8,901 | - | 9,829 | 132,488 | 1.59% | 2,548 |
| 2019 | 96,587 | 43,645 | 4,878 | 612 | - | 145,722 | 1,025 | 8,476 | - | 18,050 | 137,173 | 1.52% | 2,588 |
| 2020 | 88,523 | 42,303 | 4,088 | - | - | 134,914 | 556 | 8,051 | - | 20,258 | 123,263 | 1.26% | 2,284 |
| 2021 | 82,543 | 52,121 | 3,280 | - | - | 137,944 | 72 | 7,621 | - | 23,270 | 122,368 | 1.20% | 2,266 |
| 2022 | 76,084 | 49,695 | 2,418 | - | 166 | 128,363 | 43 | 7,171 | 12 | 23,890 | 111,699 | 1.04% | 2,190 |

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

^a See Table 7 for property value data.

^b See Table 17 for population data.

City of Grapevine, Texas
Direct and Overlapping Governmental Activities Debt (Unaudited)
September 30, 2022

TABLE 13

| Government Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Direct and Overlapping Debt |
|---|---------------------|---------------------------------------|--|
| Debt Repaid with Property Taxes: | | | |
| Carroll Independent School District | \$ 311,395,000 | 5.63% | \$ 17,531,539 |
| Coppell Independent School District | 335,954,846 | 2.25% | 7,558,984 |
| Dallas County | 236,605,000 | 0.10% | 236,605 |
| Dallas County Community College District | 110,835,000 | 0.10% | 110,835 |
| Dallas County Hospital District | 559,905,000 | 0.10% | 559,905 |
| Denton County | 559,930,000 | less than .01% | - |
| Grapevine-Colleyville Independent School District | 311,711,018 | 55.51% | 173,030,786 |
| Northwest Independent School District | 1,353,929,040 | 0.17% | 2,301,679 |
| Tarrant County | 404,360,000 | 5.19% | 20,986,284 |
| Tarrant County College District | 610,315,000 | 5.19% | 31,675,349 |
| Tarrant County Hospital District | 12,825,000 | 5.19% | <u>665,618</u> |
| Subtotal overlapping debt | | | 254,657,583 |
| Total direct – City of Grapevine | \$ 151,171,000 | 100.00% | <u>151,171,000</u> |
| Direct and Overlapping Debt | | | <u><u>\$ 405,828,583</u></u> |
| Total Direct and Overlapping Debt % of A.V.: | | 3.97% | |
| Total Direct and Overlapping Debt per Capita: | | \$ 7,515 | |

The percentage of overlapping debt applicable is estimated using taxable assessed property values.

Source: Municipal Advisory Council of Texas

Tax rate limitations imposed by the Home Rules Section of the Texas Constitution, Article II, Section 5, provide that a maximum tax rate of \$2.50 per \$100 valuation may be imposed in any one year.

City of Grapevine, Texas
Pledged Revenue Coverage Last Ten Fiscal Years
(Unaudited) (Amounts Expressed in Thousands, except Coverage)
September 30, 2022

TABLE 15

| Fiscal Year | 4B Economic Development Fund | | | | Coverage |
|-------------|------------------------------|---------------------------------------|-----------------------|---------------------------------|----------|
| | Total Revenues ^a | Less: Operating Expenses ^b | Net Available Revenue | Principal and Interest Payments | |
| 2014 | 3,772 | 492 | 3,280 | 443 | 7.40 |
| 2015 | 3,983 | 1,430 | 2,553 | 1,594 | 1.60 |
| 2016 | 4,170 | 3,224 | 946 | 1,595 | 0.59 |
| 2017 | 4,062 | 2,167 | 1,895 | 1,593 | 1.19 |
| 2018 | 4,256 | 1,918 | 2,338 | 1,593 | 1.47 |
| 2019 | 4,394 | 1,642 | 2,752 | 1,396 | 1.97 |
| 2020 | 3,873 | 3,518 | 355 | 1,401 | 0.25 |
| 2021 | 4,699 | 3,262 | 1,437 | 1,401 | 1.03 |
| 2022 | 5,638 | 4,599 | 1,039 | 1,399 | 0.74 |

Notes: ^a Includes tax revenues only

^b Includes operating transfers out.

Debt was issued in FY 2014, so prior year data is not available.

Source: Annual Comprehensive Financial Statement

City of Grapevine, Texas
Pledged Revenue Coverage Last Ten Fiscal Years
(Unaudited) (Amounts Expressed in Thousands, except Coverage)
September 30, 2022

TABLE 16

| Fiscal Year | Tax Increment Financing District Reinvestment Zone Number Two | | | | Coverage |
|----------------|---|---|-----------------------------|---------------------------------------|----------|
| | Total Revenues ^a | Less: Operating Expenses ^b | Net Available Revenue | Principal and Interest Payments | |
| 2013 | 3,637 | 2,283 | 1,354 | 2,679 | 0.51 |
| 2014 | 5,878 | 2,446 | 3,432 | 2,681 | 1.28 |
| 2015 | 4,246 | 2,678 | 1,568 | 2,683 | 0.58 |
| 2016 | 4,416 | 2,714 | 1,702 | 2,273 | 0.75 |
| 2017 | 4,697 | 1,410 | 3,287 | 2,282 | 1.44 |
| 2018 | 4,818 | 1,410 | 3,408 | 2,281 | 1.49 |
| 2019 | 5,806 | 1,430 | 4,376 | 2,287 | 1.91 |
| 2020 | 6,296 | 1,510 | 4,786 | 2,296 | 2.08 |
| 2021 | 6,253 | 1,510 | 4,743 | 2,301 | 2.06 |
| 2022 | 4,726 | 1,510 | 3,216 | 2,295 | 1.40 |

Notes: ^a Includes tax revenues only
^b Includes operating transfers out.

Source: Grapevine Tax Increment Financing District Reinvestment Zone Number Two Basic Financial Statements

City of Grapevine, Texas
Demographic And Economic Statistics Last Ten Calendar Years
(Unaudited) (Amounts Expressed in Thousands except for
Median Age and Unemployment Rate)
September 30, 2022

TABLE 17

| <u>Calendar Year</u> | <u>(1) Estimated Population</u> | <u>(1) Personal Income</u> | <u>(1) Personal Income Per Capita</u> | <u>(1) Median Age</u> | <u>(1) School Enrollment</u> | <u>(3) Unemployment Rate</u> |
|----------------------|-------------------------------------|--------------------------------|---|---------------------------|----------------------------------|----------------------------------|
| 2013 | 49 | 1,862,000 | 38 | 38 | 14 | 4.8% |
| 2014 | 49 | 1,911,000 | 39 | 38 | 14 | 4.1% |
| 2015 | 49 | 2,058,000 | 42 | 39 | 14 | 3.3% |
| 2016 | 50 | 2,197,000 | 42 | 39 | 14 | 3.7% |
| 2017 | 51 | 2,252,000 | 44 | 39 | 14 | 3.1% |
| 2018 | 52 | 2,249,000 | 44 | 39 | 14 | 3.0% |
| 2019 | 53 | 2,303,000 | 45 | 39 | 14 | 2.8% |
| 2020 | 54 | 2,515,000 | 47 | 38 | 14 | 6.1% |
| 2021 | 54 | 2,659,000 | 49 | 39 | 14 | 3.5% |
| 2022 | 51 | 2,652,000 | 52 | 39 | 14 | 2.7% |

Sources: (1) Estimate from City Economic Development Dept staff; Neilsen/Clarita's Report
(2) Grapevine/Colleyville ISD
(3) Bureau of Labor Statistics

**City of Grapevine, Texas
Principal Employers Current Year And Nine Years Ago
(Unaudited) (Amounts Expressed in Thousands except for
Percentage of Total City Employment)
September 30, 2022**

TABLE 18

| 2022 | | | 2013 | | |
|---------------------------|------------|---|--|-------------|-------------------------------------|
| Employer | Employees | Percentage of Total City Employment (1) | Employer | Employees | Percentage of Total City Employment |
| Gaylord Texan | 2.00 | 3.68% | Gaylord Texan Resort and Convention Center | 2.00 | 3.33% |
| DFW International Airport | 1.98 | 3.64% | United Parcel Service | 2.00 | 3.33% |
| Grapevine/Colleyville ISD | 1.70 | 3.12% | Game Stop | 2.00 | 3.33% |
| Paycom | 0.90 | 1.65% | Grapevine/Colleyville ISD | 1.80 | 3.00% |
| City of Grapevine | 0.70 | 1.29% | DFW International Airport (3) | 1.76 | 2.93% |
| Baylor Medical | 0.66 | 1.21% | Baylor Medical | 1.00 | 1.67% |
| Great Wolf Lodge | 0.60 | 1.10% | Great Wolf Lodge | 0.60 | 1.00% |
| Hyatt Regency DFW | 0.50 | 0.92% | City of Grapevine | 0.60 | 1.00% |
| Texas Toyota of Grapevine | 0.35 | 0.64% | Pavestone Mfg | 0.40 | 0.67% |
| American Warranty Service | 0.34 | 0.62% | Wal-Mart/Sams (250-500) | 0.30 | 0.50% |
| | <u>9.7</u> | <u>17.87%</u> | | <u>12.5</u> | <u>20.76%</u> |

Total Employees 2022: 54

Sources: (1) City of Grapevine Economic Development Department, ESRI
(2) 2013 ACFR
(3) 2022 and 2013 number of employees employed by DFW airport was adjusted to include airport employee only and not surrounding businesses

City of Grapevine, Texas
Full Time Equivalent City Government Employees By
Function/Program Last Ten Fiscal Years
(Unaudited) (Amounts Expressed in Whole Numbers)
September 30, 2022

TABLE 19

| Function/Program | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General government and administration | 55 | 55 | 60 | 60 | 60 | 59 | 58 | 58 | 58 | 57 |
| Public safety | 237 | 238 | 240 | 240 | 252 | 253 | 252 | 253 | 253 | 253 |
| Development services | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Culture and recreational | 111 | 114 | 126 | 132 | 135 | 135 | 136 | 141 | 141 | 141 |
| Water and sewer | 59 | 60 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 |
| Golf course | 19 | 19 | 20 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Public works | <u>61</u> | <u>61</u> | <u>61</u> | <u>61</u> | <u>62</u> | <u>62</u> | <u>62</u> | <u>62</u> | <u>62</u> | <u>63</u> |
| Total | <u>556</u> | <u>562</u> | <u>581</u> | <u>586</u> | <u>602</u> | <u>602</u> | <u>601</u> | <u>607</u> | <u>607</u> | <u>607</u> |

Source: Human Resources Department - City of Grapevine

City of Grapevine, Texas
Operating Indicators by Function/Program Last Ten Fiscal Years
(Unaudited) (Amounts Expressed in Whole Numbers)
September 30, 2022

| Function/Program | Fiscal Year | | | |
|---|-------------|---------|---------|---------|
| | 2013 | 2014 | 2015 | 2016 |
| General Government | | | | |
| City Secretary | | | | |
| Ordinances prepared | 61 | 74 | 72 | 90 |
| Resolutions prepared | 114 | 89 | 92 | 106 |
| Fiscal Services | | | | |
| Invoices processed | 18,719 | 17,410 | 17,556 | 19,098 |
| Ratio of ACH/checks | 27.48 | 47.50 | 49.60 | 53.60 |
| Public safety | | | | |
| Police | | | | |
| Calls for service | 58,680 | 44,266 | 53,372 | 52,613 |
| Traffic citations | 21,447 | 24,441 | 19,138 | 14,566 |
| Criminal offenses | 3,219 | 2,948 | 2,743 | 2,812 |
| Fire | | | | |
| Fire runs | 5,156 | 5,101 | 5,588 | 5,905 |
| Ambulance runs | 3,541 | 3,614 | 3,715 | 4,893 |
| Municipal Court | | | | |
| Cases filed | 23,855 | 24,298 | 19,012 | 16,398 |
| Cultural and recreational | | | | |
| Parks & Recreation | | | | |
| Recreation center membership-family | 4,677 | 2,731 | 9,856 | 11,512 |
| Recreation center membership-individual | 2,852 | 2,502 | 5,227 | 4,660 |
| Athletic league registrants- youth | 6,126 | 6,250 | 5,324 | 6,860 |
| Athletic league registrants- adult | 9,588 | 9,248 | 7,720 | 7,370 |
| Public swim attendance | 48,680 | 46,120 | 75,245 | 101,774 |
| % Campground occupancy rate | 63.00 | 61.00 | 53.00 | 13.83 |
| Total acres maintained | 1,662 | 1,662 | 1,677 | 1,677 |
| Library | | | | |
| Volumes | 197,377 | 204,206 | 252,227 | 259,203 |
| Annual circulation | 303,622 | 293,434 | 301,522 | 307,662 |
| Public works | | | | |
| Development services | | | | |
| Permits issued | 3,877 | 4,500 | 4,139 | 4,340 |
| Streets | | | | |
| Square yard of overlay completed | 53,167 | 75,555 | 82,202 | 98,693 |
| Linear feet of gutter wedge milled | 72,713 | 45,792 | 43,359 | 50,034 |
| Linear feet of curb and gutter replaced | 3,969 | 944 | 300 | 3,926 |
| Number of blocks crack sealed | 257 | 174 | 133 | 179 |
| Square feet of concrete rehab | 47,813 | 96,068 | 15,706 | 28,735 |
| Tourism | | | | |
| Convention and visitor bureau | | | | |
| Nash farm attendance | 8,468 | 13,500 | 14,588 | 11,566 |
| Main street days attendance | 139,770 | 148,260 | 154,032 | 178,672 |
| Grapefest attendance | 262,910 | 266,170 | 263,832 | 260,151 |
| Water and sewer | | | | |
| Number of water connections | 14,517 | 14,476 | 14,564 | 14,665 |
| Average daily consumption MG (water) | 10.40 | 9.35 | 9.40 | 9.30 |
| System capacity - MG (Water) | 27 | 27 | 27 | 27 |
| Number of sewer connections | 13,315 | 13,387 | 13,452 | 13,570 |
| Number of refuse customers | 11,964 | 12,110 | 12,175 | 12,272 |
| Sewer system capacity (MGD) | 8 | 8 | 8 | 8 |
| Lake Enterprise | | | | |
| Numbers of golfers, annually | 71,706 | 68,368 | 48,689 | 55,913 |

TABLE 20

| Fiscal Year | | | | | |
|-------------|---------|---------|---------|---------|---------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| 84 | 88 | 87 | 70 | 55 | 81 |
| 106 | 100 | 35 | 21 | 18 | 22 |
| 18,944 | 17,075 | 16,690 | 16,586 | 14,803 | 17,084 |
| 58.80 | 57.10 | 55.73 | 53.30 | 59.20 | 59.10 |
| 47,751 | 43,402 | 41,059 | 39,006 | 38,903 | 46,010 |
| 13,269 | 11,705 | 13,574 | 6,736 | 5,002 | 4,828 |
| 2,740 | 2,570 | 2,664 | 4,658 | 4,468 | 4,665 |
| 6,161 | 6,026 | 6,192 | 1,832 | 2,432 | 2,282 |
| 4,432 | 4,047 | 4,291 | 4,008 | 4,264 | 4,632 |
| 15,578 | 14,088 | 13,574 | 8,275 | 6,784 | 8,355 |
| 12,126 | 12,273 | 9,969 | N/A | N/A | N/A |
| 5,687 | 4,748 | 4,046 | 12,869 | 13,676 | 20,300 |
| 1,450 | 1,500 | 3,472 | 3,200 | 4,344 | 4,730 |
| 5,746 | 5,092 | 1,863 | 1,900 | 4,075 | 3,652 |
| 106,359 | 98,192 | 92,436 | 92,436 | 93,706 | 97,121 |
| 70.99 | 71.65 | 41.81 | 56.20 | 70.43 | 82.00 |
| 1,677 | 1,740 | 1,556 | 2,635 | 2,960 | 2,960 |
| 234,546 | 230,284 | 274,810 | 279,817 | 281,161 | 331,018 |
| 345,429 | 342,303 | 355,594 | 343,714 | 313,712 | 346,602 |
| 4,369 | 4,501 | 4,410 | 4,306 | 4,034 | 3,843 |
| 79,238 | 66,432 | 61,957 | 62,200 | 78,638 | 102,000 |
| 48,404 | 37,540 | 27,972 | 37,564 | 21,578 | 39,491 |
| 1,605 | 3,812 | 4,187 | 7,602 | 3,297 | 1,800 |
| 149 | 174 | 117 | 175 | 260 | 180 |
| 49,069 | 27,112 | 47,708 | 70,523 | 42,763 | 52,000 |
| 14,868 | 11,759 | 15,085 | 11,210 | 17,283 | 36,110 |
| 169,560 | 168,480 | 141,570 | - | 20,000 | 96,000 |
| 268,180 | 260,001 | 261,000 | - | 100,000 | 201,000 |
| 14,732 | 14,788 | 14,869 | 14,887 | 14,954 | 14,967 |
| 9.21 | 9.45 | 7.75 | 8.55 | 8.60 | 10.05 |
| 27 | 27 | 27 | 27 | 27 | 27 |
| 13,632 | 13,696 | 13,766 | 13,797 | 13,853 | 13,840 |
| 12,318 | 12,394 | 12,416 | 12,446 | 12,489 | 12,498 |
| 8 | 8 | 8 | 8 | 8 | 8 |
| 64,424 | 64,382 | 62,510 | 63,815 | 80,479 | 83,004 |

City of Grapevine, Texas
Capital Asset Statistics by Function/Program Last Ten Fiscal Years
(Unaudited) (Amounts Expressed in Whole Numbers)
September 30, 2022

TABLE 21

| Function/Program | Fiscal Year | | | | | | | | | |
|-------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Police | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Patrol units | 35 | 35 | 35 | 35 | 35 | 35 | 37 | 34 | 31 | 31 |
| Motorcycle Units | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Fire | | | | | | | | | | |
| Stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Fire engines/trucks | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 11 |
| EMS trucks | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 |
| Public works | | | | | | | | | | |
| Streets - paved (miles) | 208 | 208 | 208 | 208 | 208 | 211 | 211 | 212 | 197 | 197 |
| Traffic signals | 75 | 75 | 75 | 75 | 75 | 76 | 76 | 78 | 78 | 78 |
| Parks and recreation | | | | | | | | | | |
| Acreage* | 1,662 | 1,522 | 1,677 | 1,677 | 1,677 | 1,556 | 1,556 | 2,635 | 2,960 | 2,960 |
| Playgrounds | 36 | 37 | 37 | 37 | 37 | 32 | 36 | 36 | 36 | 47 |
| Swimming pools | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Splash parks | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 5 | 5 |
| Tennis courts | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 12 | 12 | 10 |
| Recreation centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf Courses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | | | |
| Water mains (miles) | 290 | 292 | 293 | 295 | 295 | 300 | 305 | 306 | 324 | 325 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | 224 | 225 | 226 | 228 | 228 | 226 | 227 | 228 | 251 | 252 |

Source: City departments



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forvis.com

Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Grapevine, Texas

We have audited, 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, the financial statements of governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grapevine, Texas ("the City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2023, which contained emphasis of matters paragraphs regarding a change in accounting principle and correction of an error.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

**Dallas, Texas
March 17, 2023**

Findings Required to be Reported by *Government Auditing Standards*

| Reference Number | Finding |
|-----------------------------|---|
| 2022-001 | <p>Criteria: Management is responsible for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP.)</p> <p>Condition: The City’s financial statements required a prior period adjustment for proper financial statement presentation. The results of our audit test work indicated the City did not properly record the other postemployment benefit trust fund (OPEB) as a fiduciary fund in the prior year in conjunction with implementation of GASB Statement No. 84. This fund is used to report assets held for beneficiaries to fund future postemployment benefits other than pensions.</p> <p>Cause: Internal controls and review processes were not in place to ensure all fiduciary activities were properly recorded in the annual financial statements.</p> <p>Effect: The beginning net position of the 2021 fiduciary funds were restated in order to confirm with GAAP.</p> <p>Recommendation: Management should implement procedures to help ensure that controls are in place that will allow for the preparation of the financial statements in accordance with GAAP.</p> <p>Views of Responsible Officials and Planned Corrective Actions: We agree with finding and represent all fiduciary activities of the City are properly reflected as of September 30, 2022.</p> |

