1. 5:30 P.M. Town Council Agenda 4-8-21

   Documents:

   TOWN COUNCIL AGENDA 4-8-21.PDF

2. 5:30 P.M. Town Council Packet 4-8-21

   Documents:

   COUNCIL PACKET 4-8-21.PDF

3. April 8, 2021 - MEETING SLIDE DECK
   APRIL 8, 2021 - MEETING SLIDE DECK

DAVID A. RETTIG, MAYOR
RENA HARDEMAN, COUNCIL PLACE 1
MICHAEL C. GANZ, COUNCIL PLACE 2

BRIAN MONTINI, MAYOR PRO TEM, COUNCIL PLACE 3
ROGER SESSIONS, COUNCIL PLACE 4
DANNY SIMPSON, COUNCIL PLACE 5

NORTHLAKE TOWN COUNCIL
REGULAR MEETING AGENDA
APRIL 8, 2021 AT 5:30 PM
1500 COMMONS CIRCLE SUITE 300 - NORTHLAKE, TEXAS 76226

Notice is hereby given as required by Title 5, Chapter 551.041 of the Government Code that the Northlake Town Council will meet in a regular meeting on Thursday, April 8, 2021 at 5:30 pm at the Northlake Town Hall in the Chamber Room, 1500 Commons Circle, Suite 300, Northlake, Texas 76226. The items listed below are placed on the agenda for discussion and/or action.

1. Call to Order
   Roll Call
   Invocation
   Pledge of Allegiance

2. Announcements, Proclamations and Presentations
   A. Denton County Commissioner Dianne Edmondson, Precinct 4 'County Government Month'
   B. Employee Recognitions
      - Kyle Brown, Crew Leader, Public Works Department 5 Years of Service
      - Emily Harville, Administrative Assistant, Police Department 5 Years of Service
   C. FY 2020 Annual Financial Report presented by BrooksWatson & Co CPAs
   D. Home Rule Charter Transition - Council Changes
   E. Dangerous Buildings Ordinance Overview
   F. Digital Utility Service Application

3. Public Input
   This item is available for citizens to address the Town Council on any matter. The presiding officer may ask the citizen to hold his or her comment on an agenda item until that agenda item is reached. By law, no deliberation or action may be taken on the topic if the topic is not posted on the agenda. The presiding officer reserves the right to impose a time limit on this portion of the agenda.

4. Consent Items
   Any Council member may request an item on the Consent Agenda to be taken up for individual consideration
   G. Town Council Meeting Minutes 3-25-21
   H. Ordinance providing for the annexation of a territory more specially described herein, but generally comprising approximately 5.424 acres located in a portion of the Patrick Rock Survey, Abstract No.

1063, the J.M. Paine Survey, Abstract No. 1529, and the Texas and Pacific Railway Company Survey, Abstract No. 1305, situated in the extra-territorial jurisdiction of the Town of Northlake, Denton County, Texas; extending the boundary limits of said Town of Northlake, Texas for all municipal purposes

i. Ordinance No. 21-0408

5. Action Items

I. Acceptance of the Annual Financial Report ending September 30, 2020

J. Appointment to the Upper Trinity Regional Water District Board of Directors

K. Approval of modifying, continuing and/or suspending the First Amended Declaration of Local and Public Health Emergency as modified by the Town Council on April 23, 2020

L. Continue with Declaration of Local Disaster in response to severe weather in Town of Northlake, Texas, ordered by Mayor Rettig on February 22, 2021

6. Executive Session

Pursuant to Texas Government Code, annotated, Chapter 551 Subchapter D:

a. Section 551.071 authorizes a governmental body to consult with its attorney in an executive session to seek his or her advice on a legal matter. It provides as follows: A governmental body may not conduct a private consultation with its attorney except: (1) When the governmental body seeks the advice of its attorney about: (a) pending or contemplated litigation; or (b) a settlement offer; or (2) on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter. The Town Council may adjourn into executive session for consultation with the Town Attorney regarding:

i. Legal advice on any matter related to any posted agenda item; and

ii. Legal advice related to the development and annexation of the Hatfield, Brasher, Green Tract on approximately 97.9 acre tract of land generally located south of Evelyn Lane, west of Faught Road and north of Faith Lane in the extraterritorial jurisdiction of the Town; and the development of the Charles Faught tracts totaling approximately 152.3 acres of land generally located north of Evelyn Lane, west of Faught Road, and south of Robson Ranch Road; and

iii. Legal advice related to the development and annexation of the Scrivner Tract totaling 44.8 acres of land generally located east of Florance Road approximately 2,533 feet north of FM 407 in the extraterritorial jurisdiction of the Town; and

iv. Legal advice related to the development and annexation of the IMA Development Group and AMI Development Group tracts, 3.4-acre, 1.7-acre and 1.3-acre tracts of land generally located at the northwest corner of FM 407 and Thompson Road in the extraterritorial jurisdiction of the Town; and

v. Pending or contemplated litigation; and

vi. Town of Northlake vs. City of Justin, Denton County District Court Cause No. 15-08170-367; and

vii. City of Justin v. Toby Baker, Cause No. D-1-GN-20-002084.

b. Section 551.072 Deliberation regarding the purchase, exchange, lease or value of real property to be acquired as right-of-way out of certain 12.6 acre tract of land

7. Reconvene into Open Session

In accordance with Texas Government Code, Section 551, the Town Council will reconvene into Open Session and consider action, if any, on matters discussed in Executive Session

8. Adjourn

CERTIFICATION
I hereby certify that the above agenda was posted on the bulletin board at Town Hall 1500 Commons Circle, Suite 300, Northlake, Texas 76226, on the 1st day of April 2021 by 12:00 pm in accordance with Chapter 551, Texas Government Code.
Shirley Rogers
Shirley Rogers, Town Secretary

NOTE: The Town Council reserves the right to adjourn into executive session at any time the course of this meeting to discuss any of the matters listed above as authorized by Texas Government Code Section 551.071 (Consultation with Attorney); Section 551.072 (Deliberations about Real Property); 551.073 (Deliberations about Gifts and Donations); 551.074 (Personnel Matters); 551.076 (Deliberations about Security Devices); 551.087 (Economic Development Negotiations).

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TOWN OF NORTHLAKE COUNCIL ITEM NO. 1

DATE: APRIL 8, 2021

ITEM: CALL TO ORDER

TOWN OF NORTHLAKE COUNCIL ITEM NO. 2

DATE: APRIL 8, 2021

ITEM: ANNOUNCEMENTS-PROCLAMATIONS-PRESENTATIONS

NORTHLAKE MAYOR AND COUNCIL COMMUNICATION

DATE: APRIL 8, 2021

REF. DOC.:

SUBJECT: COUNTY GOVERNMENT MONTH PRESENTATION BY DIANNE EDMONDSON, COUNTY COMMISSIONER PCT. 4

NORTHLAKE MAYOR AND COUNCIL COMMUNICATION

DATE: APRIL 8, 2021

REF #: 5 YEAR SERVICE RECOGNITION

SUBJECT: KYLE BROWN – 5 YEAR ANNIVERSARY

Kyle Brown began his career with the Town of Northlake in April 2016 as a Maintenance Worker. He has been promoted several times to his current position as a Crew Leader. Kyle is responsible for preventative maintenance over the water and wastewater systems. He has been instrumental in updating our geographic information system, fire hydrant and valve maintenance programs. Kyle has been a mentor to staff to continue their growth in the water and wastewater industry. His attention to detail and commitment to provide safe drinking water to our customers is unparalleled.

Kyle holds several licenses through the Texas Commission of Environmental Quality (TCEQ) and the Texas Department of Agriculture (TDA). He continues his advanced technical training for industry professionals through approved courses from TCEQ and TDA.

I am proud to have him as part of the Northlake Public Works Department team and congratulate him on 5 years of service to the Town.

NORTHLAKE MAYOR AND COUNCIL COMMUNICATION

DATE: APRIL 8, 2021

REF #: 5 YEAR SERVICE RECOGNITION

SUBJECT: EMILY HARVILLE – 5 YEAR ANNIVERSARY

Emily Harville began her career with the Town of Northlake in April 2016 as an Accounting Clerk. In January of 2018, Emily transitioned to the Police Department as the first civilian employee. In her new role as Administrative Assistant / Records Coordinator, Emily has been instrumental in growing the department in various areas. Emily's primary duties include payroll, open records, assist citizens in the lobby, filing cases with the District Attorney, audio/video redaction and so many other duties. She wears many hats and keeps pace with a growing number of duties placed on her.

Emily received the first Chief's Star Award in 2019 for her hard work and dedication to the Town and Police Department. She is known throughout the Department as the go to person of the department, because of the diverse work she does and the great attitude she displays day after day. Emily instills the departments core values of Respect, Integrity, Service and Excellence in every part of her job.

I am proud to have her as part of the Northlake Police Department team and congratulate her on 5 years of service to the Town.

NORTHLAKE MAYOR AND COUNCIL COMMUNICATION

DATE: APRIL 8, 2020

REF. DOC.: TEXAS LOCAL GOVERNMENT CODE, CHAPTER 103 – AUDIT OF MUNICIPAL FINANCES

SUBJECT: FISCAL YEAR 2019-2020 AUDITED FINANCIAL REPORT

GOALS/OBJECTIVES:

- Operate Efficiently and Effectively (Council Goal)
- Sustain Balance Budget and low municipal tax rate (Mayor Goal)

BACKGROUND INFORMATION:

- Submission to Council of Comprehensive Annual Financial Report (CAFR) of the Town of Northlake, Texas for the fiscal year ending September 30, 2020
- State statute requires annual audit by licensed certified public accountant
- Town's financial statements audited by BrooksWatson & Co., PLLC.
- Town's Financial Statements received unmodified or "clean" opinion
- Financial statements presented in conformity with General Accepted Accounting Principles (GAAP)
- Government-Wide Highlights:
  - Ending net position of the Town was $66,748,363
  - Town's total net position increased by $13,973,338
- Changes in Fund Balance:
  - General Fund ending fund balance increased by $526,382 to a total of $3,601,826,

COUNCIL ACTION:

- Accept audited financial statement as presented by Town Auditor

March 31, 2021

To the Honorable Mayor,
Members of the Town Council
and Management of the
Town of Northlake, Texas

We have audited the financial statements of the Town of Northlake, Texas (the "Town"), for the year ended September 30, 2020, and have issued our report thereon dated March 31, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Government Auditing Standards

As communicated in our engagement letter dated August 13, 2020, our responsibility, as described by professional standards, is to plan and perform our audit to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Town of Northlake solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses, and other matters noted during our audit in a separate letter to you dated March 31, 2021.

14950 Heathrow Forest Pkwy | Suite 530 | Houston, TX 77032 | Tel: 281.907.8788 | Fax: 888.875.0587 | www.BrooksWatsonCPA.com

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

In relation to all nonattest services provided, such as preparation of the financial statements and supporting schedules, the Town has assigned an individual with adequate skills, knowledge, and experience to oversee this service.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Town of Northlake is included in Note I to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended September 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Estimates inherent within the projection of the future pension obligation used to calculate the net pension liability.
- Estimated useful lives for capital assets

Management's estimates inherent within the projection of future pension obligation are based on experience studies and observations by the actuaries hired by TMRS. We evaluated the key factors and assumptions used to develop these estimates and determined they appeared reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimates for the useful lives of capital assets are based on experience and industry standards. We evaluated the key factors and assumptions used to develop these estimates and determined they appeared reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Town of Northlake's financial statements relate to capital assets and long-term debt.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management: see Exhibit 1.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Town of Northlake's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 31, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Modification of the Auditor's Report

Our audit opinion includes an emphasis-of-a-matter paragraph. As discussed in Note V.F to the financial statements, there was a restatement of beginning net position within governmental type activities, business type activities, governmental fund and enterprise funds to properly reflect corrections of accounting errors in the prior year.

Other Significant Findings or Issues

In the normal course of our professional association with the Town of Northlake, Texas, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Town of Northlake, Texas's auditors.

Other Information in Documents Containing Audited Financial Statements (*if applicable*)

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Town of Northlake, Texas's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing body and management of the Town of Northlake, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BrooksWatson & Co., PLLC

Exhibit 1

Audit Journal Entries

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To correct PID #2 assessment receivable and deferred revenue as of year end			
402-13101-00-00	Assessment Receivable	2,278,214.00	
402-21075-00-00	Deferred Revenue		2,278,214.00
Total		**2,278,214.00**	**2,278,214.00**
Adjusting Journal Entries JE # 2			
To record and adjust the OPEB balances in accordance with GASB 75 requirements for the enterprise fund.			
200-12011-00-00	Dfrd Outflow of Resources-OPEB	0.80	
200-12016-00-00	Deferred Outflows - OPEB - DAC	1,057.12	
200-50352-70-00 AUDIT	OPEB Expense - Contributions	677.77	
200-12015-00-00	Deferred Outflows - OPEB - AEA		35.35
200-21012-00-00	Net Pension Liability-OPEB		1,700.34
Total		**1,735.69**	**1,735.69**
Adjusting Journal Entries JE # 3			
GASB 68 Entry to true up pension liability			
200-12010-00-00	Deferred Outflow of Resources	2,497.56	
200-12013-00-00	Deferred Outflows - Diff in AC	1,516.00	
200-21011-00-00	Net Pension Liability	28,218.84	
200-50351-70-00	Pension Expense	1,458.60	
200-12012-00-00	Deferred Outflows - AE vs As		2,595.00
200-12014-00-00	Deferred Outflows - Inv. Exp		31,096.00
Total		**33,691.00**	**33,691.00**
Adjusting Journal Entries JE # 4			
Town had a water line asset sitting in the PID fund. This will be serviced by the utility fund going forward and as such, should be transferred to business type activities. This entry records the transfer at the fund level for water/wastewater.			
200-18300-00-00	Water & Sewer System	890,000.00	
200-54900-11-00	Depreciation	22,250.00	
200-18950-00-00	Accumulated Depreciation		92,708.33
200-18950-00-00	Accumulated Depreciation		22,250.00
200-58550-00-00	Transfer Assets From Government		797,291.67
Total		**912,250.00**	**912,250.00**

Adjusting Journal Entries JE # 5

To expense security deposit for police building (booked by Town as JE 2232)

506-51065-99-00	Building Rental	10,000.00	
506-11500-00-00	Deposits		10,000.00
Total		**10,000.00**	**10,000.00**

Adjusting Journal Entries JE # 6

Accrue for invoice that should have been in September (Town booked as JE2236)

203-57600-99-00	Water Mains	169,700.00	
203-20111-00-00	Accounts Payable-Adjusting		161,215.00
203-20120-00-00	Retainage		8,485.00
Total		**169,700.00**	**169,700.00**

Adjusting Journal Entries JE # 7

Restate fund balance for PY developer contributions (booked by Town as JE 2233

200-18300-00-00	Water & Sewer System	15,655,120.32	
200-18950-00-00	Accumulated Depreciation		55,678.64
200-39000-00-00	Retained Earnings-Fund Balance		15,599,441.68
Total		**15,655,120.32**	**15,655,120.32**

Adjusting Journal Entries JE # 8

To book current year developer contributions (booked by Town as JE 2234)

200-18300-00-00	Water & Sewer System	6,928,451.60	
200-54900-11-00	Depreciation	452,021.91	
200-18950-00-00	Accumulated Depreciation		452,021.91
200-49461-00-00	Developer Contributions		6,928,451.60
Total		**7,380,473.51**	**7,380,473.51**

Adjusting Journal Entries JE # 9

To book disposal realized after the capital assets schedule was provided to the auditors (booked by Town as JE 2235

505-18950-00-00	Accumulated Depreciation	7,747.72	
505-18950-00-00	Accumulated Depreciation	16,592.16	
505-49600-00-00	Insurance Proceeds	25,250.00	
505-58600-00-00	Loss(Gain) on Assets	9,809.33	
505-18124-00-00	Motor Vehicles		51,651.49
505-54900-11-00	Depreciation		7,747.72
Total		**59,399.21**	**59,399.21**

Adjusting Journal Entries JE # 10

To book addition to CIP that was found during SURL testing (Town booked as JE 2237)

203-18175-00-00	Construction In Progress	169,700.00	
203-57999-99-00	Contra Expense account		169,700.00
Total		**169,700.00**	**169,700.00**

Adjusting Journal Entries JE # 11

Correct payroll accrual based on two payroll registers provided

100-20100-00-00	Accrued Wages	12,722.59	
100-50100-11-00	Salaries & Wages		2,334.21
100-50100-12-00	Salaries & Wages		450.96
100-50100-16-00	Salaries & Wages		867.30
100-50100-20-00	Salaries & Wages		247.72
100-50100-30-00	Salaries & Wages		5,902.77
100-50100-50-00	Salaries & Wages		2,919.63
200-20100-00-00	Accrued Wages	22,158.18	
200-50100-70-00	Salaries & Wages		22,158.18
Total		**34,880.77**	**34,880.77**

Adjusting Journal Entries JE # 12

Book compensated absence accrual for FY 20 in business type fund

200-50100-70-00	Salaries & Wages	15,080.51	
200-21215-00-00	Compensated Absences Payable		15,080.51
Total		**15,080.51**	**15,080.51**

Adjusting Journal Entries JE # 13

To transfer business-type long term debt from governmental activities.

200-22001 AUDIT	LT Debt - CO 2014B	20,000.00	
200-58559 AUDIT	Transfer of long term debt from governmental activities	11,330,000.00	
200-58559 AUDIT	Transfer of long term debt from governmental activities	574,750.00	
200-60061-99-00	Debt Service Interest	9,781.26	
200-21300-00-00	Accrued Interest		1,266.58
200-22000 AUDIT	LT Debt - CO 2018		10,995,000.00
200-22001 AUDIT	LT Debt - CO 2014B		335,000.00
200-22020 AUDIT	Bond Premium		544,500.00
200-45369 AUDIT	Transfer from Water Capital		28,514.68
200-60068 AUDIT	Debt Service Interest-Amort of Bond Premium		30,250.00
203-21300-00-00	Accrued Interest	1,266.58	
203-58559 AUDIT	Transfer to Water Fund	28,514.68	
203-60060-99-00	Debt Service Principal		20,000.00
203-60061-99-00	Debt Service Interest		9,781.26
Total		**11,964,312.52**	**11,964,312.52**

Adjusting Journal Entries JE # 14

True up accrued interest payable for business-type activities.

200-60069 AUDIT	Debt Service Interest-Change in Accrued Interest	47,741.91	
200-21300-00-00	Accrued Interest		47,741.91
Total		**47,741.91**	**47,741.91**

Adjusting Journal Entries JE # 15

To correct the accrual of an interest payable on debt at the fund level for governmental funds. Should only be accrued for at the government wide level.

160-21300-00-00	Accrued Interest	65,915.07	
160-38000-00-00	Unrestricted R/E-Fund Balance		65,915.07
402-21300-00-00	Accrued Interest	14,842.88	
402-39000-00-00	Retained Earnings-Fund Balance		14,842.88
Total		**80,757.95**	**80,757.95**

TOWN OF NORTHLAKE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF SEPTEMBER 30,2020

NORTHLAKE
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Town of Northlake, Texas

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Town of Northlake, Texas

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INTRODUCTORY SECTION

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March 31, 2021

The Honorable Mayor, Town Council Members, and the Citizens of Northlake:

The Comprehensive Annual Financial Report of the Town of Northlake, Texas for the fiscal year ended September 30, 2020 is submitted to you. Local Government Code Chapter 103 prescribes that a municipality shall have an annual audit by a licensed certified public accountant. The annual certified financial statements, including the auditor's opinion on the statement, must be filed with the Town's Secretary after the Town's fiscal year end.

This report consists of management's representations concerning the finances of the Town; therefore, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of the Town has established an internal controls framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with General Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. As management, we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ending on September 30, 2021 are free of material misstatements. The Town's financial statements have been audited by BrooksWatson & Co., PLLC. Their audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements. Upon completion of the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2021 are fairly presented in conformity with GAAP. The auditors' report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Town Profile

The Town of Northlake is located in Denton County, Texas and town limits are approximately 17 square miles with an additional 15 square miles of extraterritorial jurisdiction. The Town is bisected by the Interstate 35W highway corridor and from this corridor begins at Fort Worth, Texas extends eastward towards Argyle, Texas, westward towards Justin, Texas and ends at Denton, Texas to the north.

The Town was incorporated on December 28, 1960 and per Texas Local Government Code is deemed a “General Law Type A” municipality. The Town operates under a “Mayor-Council” structure whereby policy making authority rests solely with the Mayor and Council and they must annually adopt a property tax rate and an operating budget, approve Town ordinances and resolutions and employ a Town Attorney, Municipal Judge, Town Administrator, and a Town Secretary The five Council members and Mayor serve two-year staggered terms and are elected at large.

The Town Administrator is responsible for implementing the policies, ordinances and resolutions enacted by the governing body, managing day-to-day operations of the Town, and appointing the department directors. The Town Secretary is the official record keeper of the Town.

The Town Council has created a Type A Economic Development Corporation and a Type B Community Development Corporation. Each of these corporations are operated by a board of directors that are appointed by the Mayor and Council members.

To better serve the residents of Northlake and to manage development, the Mayor and Council members have adopted a Comprehensive Future Land Use Plan, Parks, Recreation and Open Space Master Plan, Master Thoroughfare Plan, Water & Wastewater System Master Plan, and Unified Development Code.

Services Provided

The Town of Northlake provides police services, municipal court services, water and wastewater utility services, utility billing services, public works services, and developmental services.

Other Services Provided

Solid waste rubbish and collection services for the Town are contracted through Waste Connections. Fire and EMS services is provided by Denton County Emergency Services Number 1 and is funded through a district-wide property tax levy. The Town contracts with the Upper Trinity Regional Water District and with City of Fort Worth for the purchase of wholesale water. Wastewater treatment and collection services are contracted with the Trinity River Authority.

Economic Conditions and Outlook

Due to the strength of the regions' economic conditions, the proximity of the Town to major job centers within the Dallas-Fort Worth (DFW) and Denton Metroplexes, and the exemplary school districts within the Town has caused increased development within the Town.

Fiscal Year 2020 welcomed the opening of several commercial businesses including a Texas Roadhouse, Taco Casa, PJ's Coffee, Tru Hotel, Grace's Donuts, and Resort Nail Spa.

Residential growth continued during fiscal year 2020 with a large growth population, new estimated over 5,000 residents.

Fiscal Year 2020 Budget

The general themes of the 2020 fiscal year adopted budget was to maintain one of the lowest tax rates in Denton County, protect the Town's future, improve existing infrastructure, continue funding of maintenance and operational activities, and maintain the fiscal health of the Town's net position.

In order to achieve the goals mentioned above, the Town Council kept the same property tax rate of prior years'; $0.295 per $100.00 of valuation. In addition, the Town approved the following expenditures:

- Capital projects for FY 2020 Included:
    - Cleveland-Gibbs South right of way acquisition
    - Complete design and start construction of phase 3 of the northern pressure plain and phase 2 of the southern pressure plain including ground storage, pumps, and elevated tanks
    - Strader & Holder Road base repairs
    - Complete design and right of way acquisition for Old Justin Road (Faught to 1800' east)
    - Police Building lease space finish out

- The increased staffing included:
    - Police Positions:
        - Police officer
        - Public Safety Officer
        - Police Captain
    - Public Works Positions:
        - Superintendent
        - Crew Leader
        - Equipment Operator
        - Maintenance Worker
    - Marketing & Communications Coordinator

- Employment benefits were enhanced with the implementation a 2-5% market salary adjustment

- Equipment purchases included 2 police patrol replacement vehicles, one police admin vehicle for the Captain, a pickup for the Superintendent, a crew cab pickup for the new public works crew and a new mower.

Accounting and Budgetary Controls

In developing and maintaining the Town's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgements by management.

All of the Town's internal control evaluations occur within the above framework. We believe the Town's internal controls both adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annually adopted budget serves as the foundation of the Town Council's financial and planning control. State law requires the budget to be adopted by the Town Council, on an annual basis, before the start of the new fiscal year. In addition, state law requires that the Town Council hold public hearings so that citizens may have the opportunity to review and provide comment on the proposed budget.

To assist the Mayor and Town Council with the annual budget, The Town Administrator and Departmental Directors prepare program expenditure and revenue estimates for the remainder of the current fiscal year as well as for the upcoming fiscal year. These estimates are submitted to the Town Council for consideration for revisions to the current year fiscal budget and for the adoption into the upcoming fiscal year budget.

A budgetary comparison to actual activities is provided later in this report for the General Fund, Hotel/Motel Fund, Capital Projects Fund, Economic Development Corporation, and the Community Development Corporation.

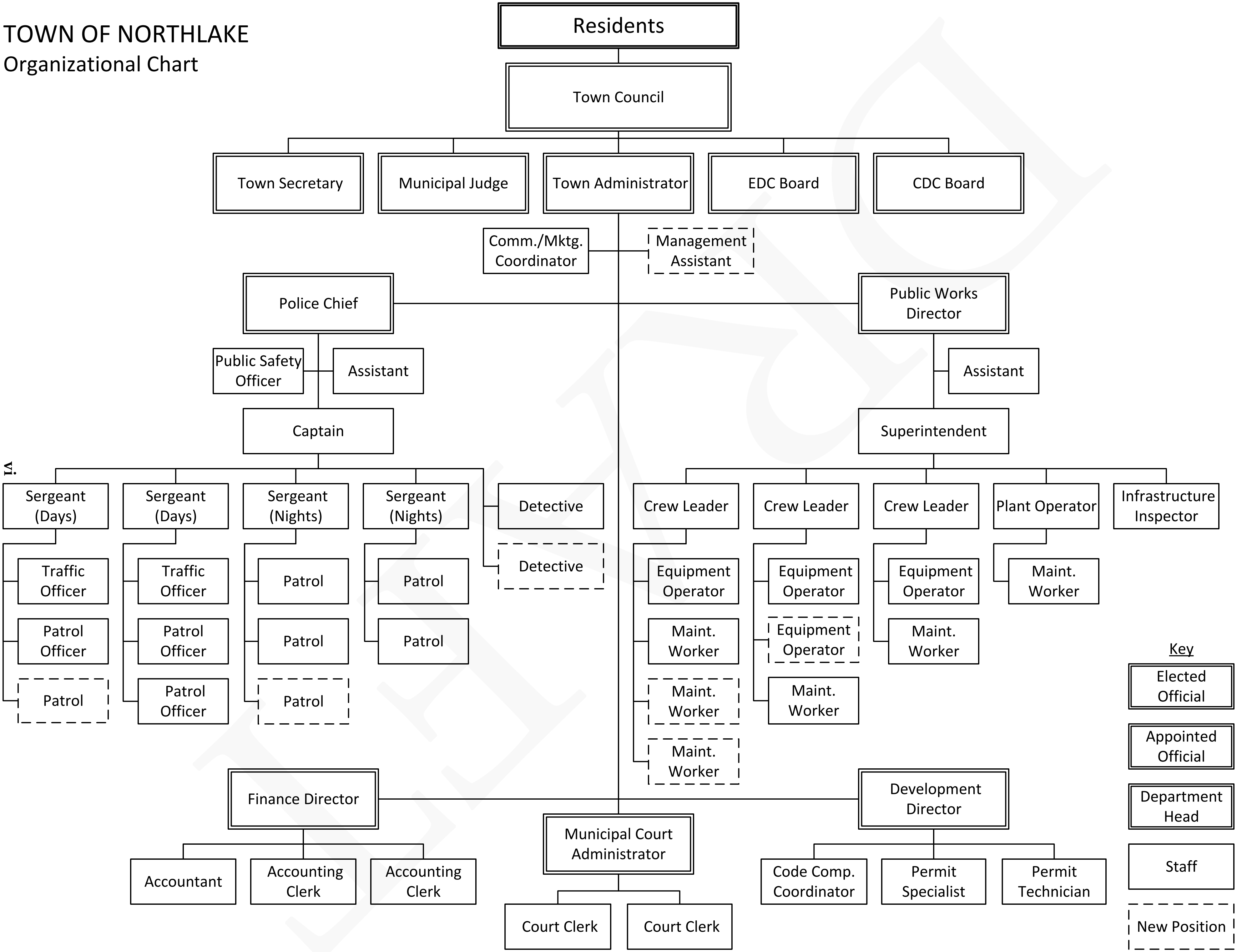
Acknowledgements

We would like to express our appreciation to the Mayor and Town Council for their leadership and support in planning and conducting the financial operations of the Town. In addition, we would like to thank the entire staff of the Town as this report could not be accomplished without their dedicated service to the Town.

Respectfully Submitted,

	John Zagurski
Drew Corn, Town Administrator	John Zagurski, Finance Director

TOWN OF NORTHLAKE
Organizational Chart



KEY OFFICIALS

MAYOR
DAVID RETTIG

MAYOR PRO TEM
PLACE 3
BRIAN MONTINI

PLACE 1
RENA HARDEMAN

PLACE 2
MICHAEL GANZ

PLACE 4
ROGER SESSIONS

PLACE 5
DANNY SIMPSON

APPOINTED OFFICIALS

TOWN ADMINISTRATOR - DREW CORN
TOWN SECRETARY - SHIRLEY ROGERS
MUNICIPAL JUDGE - HONORABLE THOMAS HOBBS

MANAGEMENT TEAM

POLICE CHIEF - ROBERT CRAWFORD
PUBLIC WORKS DIRECTOR - ERIC TAMAYO
DEVELOPMENT SERVICES DIRECTOR - NATHAN REDDIN
FINANCE DIRECTOR - JOHN ZAGURSKI
COURT ADMINISTRATOR - LEANN OLIVER

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BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Town Council
Town of Northlake, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Northlake, Texas (the "Town") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V.F. to the financial statements, the Town has restated beginning fund balance/net position within governmental and business-type activities due to various accounting corrections and report presentation errors occurring in the prior year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

BrooksWatson & Co.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 31, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Town of Northlake, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020

As management of the Town of Northlake, Texas (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020. 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 the Town exceeded its liabilities and deferred inflows (net position) at September 30, 2020 by $66,748,362. Of this amount, $9,721,002 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The Town's total net position increased by $13,973,337. The majority of the Town's net position are invested in capital assets and restricted for specific purposes.

- The Town's governmental funds reported combined ending fund balances of $10,429,740 at September 30, 2020, an increase of $326,867 from the prior fiscal year; this includes an increase of $278,384 in the debt service fund, a decrease of $327,497 in the capital improvement fund, a decrease of $1,408,754 in the hotel/motel fund, an increase of $526,382 in the general fund, a decrease of $10,953 in the Bellmont FWSD, an increase of $753,990 in the roadway impact fee funds, and an increase of $123,353 in the PID funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $3,595,432 or 67% of total general fund expenditures.

- The Town's total debt showed a net decrease of $668,816. The total governmental bonds payable at the close of the fiscal year was $9,975,000. Self-supporting debt of the proprietary fund was $11,310,000.

Overview of the Financial Statements

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

Government-Wide Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Town 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 Town include general government, public safety, public works, PID special assessments, TIRZ, promotional, and development services. The business-type activities of the Town include water and sewer, water capital projects, utility impact fees, and municipal utility district operations.

The government-wide financial statements include not only the Town itself (known as the *primary government*), but also the legally separate Northlake Economic Development Corporation and Northlake Community Development Corporation, for which the Town is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Harvest Public Improvement District No.1 and the Highlands Public Improvement District No. 2, although also legally separate, functions for all practical purposes as a department of the Town, and therefore has 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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 assessing 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, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The Town maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital improvement fund, hotel/motel fund, Bellmont FWSD fund, the roadway impact fee funds, and the PID funds, which are considered to be major funds. The Town's thirteen other special revenue funds are considered nonmajor for reporting purposes.

The Town adopts an annual appropriated budget for its general fund, debt service fund, impact fee funds, capital improvement fund, PID funds, and most special revenue funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

Proprietary Funds

The Town maintains two 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 Town uses seven enterprise funds to account for its water and sewer, water capital projects, utility impact fees, municipal utility district, and sewer billing operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The Town's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for major equipment purchases and building services.

Proprietary financial statements 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 seven major enterprise funds of the Town.

Component Units

The Town maintains the accounting and financial statements for two component units. The Northlake Economic Development Corporation and Northlake Community Development Corporation are reported as discrete component units on the government-wide financial statements. The Harvest Public Improvement District No.1 and the Highlands Public Improvement District No. 2 are reported as blended component units and are considered major funds.

Notes to 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* concerning the Town's progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison for various major governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the Town of Northlake, assets and deferred outflows exceed liabilities and deferred inflows by $66,748,363 as of September 30, 2020 in the primary government.

The largest portion of the Town's net position, $52,292,330, reflects its investments in capital assets (e.g., land, buildings, automobiles, equipment, infrastructure assets, as well as the water and sewer system), less any debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 12,129,097	$ 13,398,793	$ 25,527,890	$ 12,419,462	$ 15,394,082	$ 27,813,544
Long-term receivables	2,101,003	-	2,101,003	2,421,477	-	2,421,477
Capital assets, net	32,977,241	31,053,272	64,030,513	29,058,488	19,290,280	48,348,768
Total Assets	47,207,341	44,452,065	91,659,406	43,899,427	34,684,362	78,583,789
Total Deferred Outflows	210,332	31,429	241,761	293,580	45,030	338,610
Other liabilities	1,803,327	1,425,524	3,228,851	1,491,712	669,169	2,160,881
Long-term liabilities	9,910,539	11,894,056	21,804,595	23,894,915	88,017	23,982,932
Total Liabilities	11,713,866	13,319,580	25,033,446	25,386,627	757,186	26,143,813
Total Deferred Inflows	103,842	15,516	119,358	3,098	463	3,561
Net Position:						
Net investment in capital assets	23,726,179	28,566,151	52,292,330	8,307,614	19,237,890	27,545,504
Restricted	4,735,030	-	4,735,030	7,749,697	-	7,749,697
Unrestricted	7,138,756	2,582,247	9,721,003	2,745,971	14,733,853	17,479,824
Total Net Position	$ 35,599,965	$ 31,148,398	$ 66,748,363	$ 18,803,282	$ 33,971,743	$ 52,775,025

Current assets for business-type activities decreased primarily due to a decline in cash on hand resulting from the utilization of bond funds for ongoing capital development as well as repairs and maintenance costs and utility impact fees paid to developers. Total capital assets increased primarily as a result of contributed capital water and sewer system improvements during the current year. Total other liabilities increased resulting from timing of repayments to vendors subsequent to yearend. Long-term liabilities for governmental activities decreased resulting from debt obligations being transferred to business-type activities. Long-term liabilities for business-type activities increased primarily due to the aforementioned transfer of debt obligations from governmental activities.

Statement of Activities:

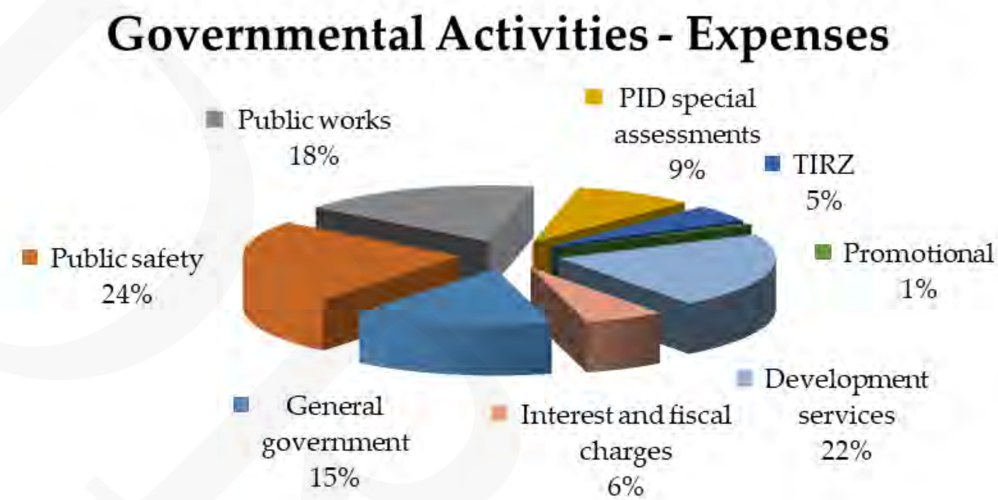
The following table provides a summary of the Town's changes in net position:

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 6,524,868	$ 7,239,951	$ 13,764,819	$ 5,986,075	$ 5,138,625	$ 11,124,700
Grants and contributions	5,840,116	6,928,452	12,768,568	13,114,088	15,599,442	28,713,530
General revenues:						
Property taxes	2,659,080	-	2,659,080	1,954,238	-	1,954,238
Sales taxes	854,553	-	854,553	728,786	-	728,786
Franchise and local taxes	477,795	-	477,795	443,387	-	443,387
Hotel occupancy taxes	393,540	-	393,540	417,116	-	417,116
Investment income	149,848	120,480	270,328	236,517	294,444	530,961
Other revenues	396,402	-	396,402	486,535	14,367	500,902
Total Revenues	17,296,202	14,288,883	31,585,085	23,366,742	21,046,878	44,413,620
Expenses						
General government	1,598,011	-	1,598,011	1,537,061	-	1,537,061
Public safety	2,617,563	-	2,617,563	1,539,945	-	1,539,945
Public works	1,928,485	-	1,928,485	854,028	-	854,028
PID special assessments	962,745	-	962,745	1,130,320	-	1,130,320
TIRZ	539,727	-	539,727	4,741	-	4,741
Promotional	59,350	-	59,350	104,689	-	104,689
Development services	2,325,958	-	2,325,958	619,714	-	619,714
Interest and fiscal charges	641,798	27,273	669,071	711,903	-	711,903
Water & Sewer	-	5,823,770	5,823,770	-	4,569,206	4,569,206
Utility Impact Fees	-	1,087,067	1,087,067	-	348,570	348,570
Total Expenses	10,673,637	6,938,110	17,611,747	6,502,401	4,917,776	11,420,177
Change in Net Position Before Transfers	6,622,565	7,350,773	13,973,338	16,864,341	16,129,102	32,993,443
Transfers	10,174,118	(10,174,118)	-	(11,770,000)	11,770,000	-
Total	10,174,118	(10,174,118)	-	(11,770,000)	11,770,000	-
Change in Net Position	16,796,683	(2,823,345)	13,973,338	5,094,341	27,899,102	32,993,443
Beginning Net Position	18,803,282	33,971,743	52,775,025	13,708,941	6,072,641	19,781,582
Ending Net Position	$ 35,599,965	$ 31,148,398	$ 66,748,363	$ 18,803,282	$ 33,971,743	$ 52,775,025

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

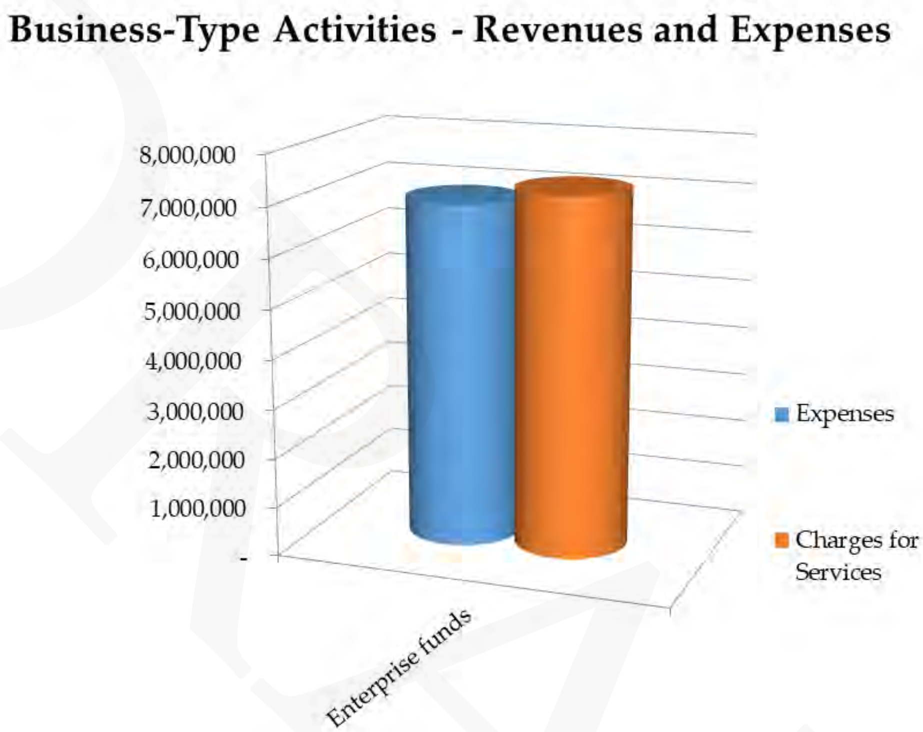
For the year ended September 30, 2020, revenues from governmental activities totaled $17,296,202. Property tax, grants and contributions, and charges for services are the Town's largest general revenue sources. Overall revenue decreased $6,070,540 or 26% primary due to nonrecurring capital contributions that were received in the prior year. Grants and contributions decreased by $7,273,972 relating to the aforementioned nonrecurring contributed capital. Property tax revenue increased $704,842 or 36% due to an increase in appraised property values. Sales tax increased by $125,767 or 17% due to continued economic growth within the Town. Charges for services increased by $538,793 or 9%, primarily due to greater roadway impact fees in the current year. Investment income decreased by $86,669 or 37% due primarily to the realization of lower interest rates in the current year. Other revenues decreased by $90,133 or 19% primarily as a result of nonrecurring miscellaneous income received in the prior year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the Town:



For the year ended September 30, 2020, expenses for governmental activities totaled $10,673,637. This represents an increase of $4,171,237 or 64% from the prior year. The Town's largest functional expense is public safety of $2,617,563 and demonstrated an increase of $1,077,618 from prior year. This increase is attributed primarily to higher personnel costs, the impact of pension and OPEB liability allocations and higher noncapital expenses when compared to the prior year. Development services expenses increased by $1,706,244 due primarily to nonrecurring in-kind impact fee expenses incurred in the current year. Public works increased by $1,074,457 or 126% due to increased depreciation expenses, personnel costs, and street maintenance. PID special assessment expenses decreased by $167,575 or 15% due primarily to decreased depreciation expenses in the current year. TIRZ expenses increased by $534,986 due to nonrecurring trail way maintenance in the current year. Promotional expenses decreased by $45,339 or 43% primarily due to the impact of COVID-19 and fewer promotional events during the year. All other expenses remained relatively consistent with the previous year.

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



For the year ended September 30, 2020, charges for services by business-type activities totaled $7,239,951. This represents an increase of $2,101,326 or 41% from the previous year. This increase directly relates to a 30% increase in water and sewer consumption and 5% increase in sewer billing rates charged to customers.

Total expenses increased $2,020,334 to a total of $6,938,110, due primarily to increased personnel costs, wholesale water purchases, wastewater service expenses, and nonrecurring water impact fee expenses.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

At September 30, 2020, the Town's governmental funds reported combined fund balances of $10,429,741, an increase of $326,867 in comparison with the prior year. Approximately 34% of this amount, $3,551,128, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable or restricted* to indicate that it is 1) not in spendable form, $7,988 or 2) restricted for particular purposes, $6,870,625.

As of the end of the year the general fund reflected a total fund balance of $3,601,826. Of this, $7,988 is considered nonspendable and $3,595,432 is unassigned. The increase in fund balance of $526,382 is attributable to revenues and transfers from other funds exceeding current year expenditures.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of general fund is 67% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of $3,595,432 is 67% of total general fund expenditures.

The debt service fund had an ending fund balance of $554,090 at September 30, 2020, an increase of $278,384. The increase was a result of property tax revenues and transfer in exceeding debt service expenditures.

The capital improvement fund had an ending fund balance of $922,438, a decrease of $327,497. The decrease is due to capital projects expenditures exceeding investment income earned. During the year, the Town expended $398,332 on various projects, utilizing funds designated for capital projects.

The hotel/motel fund had an ending fund balance of $861,954, a decrease of $1,408,754. The decrease is primarily due to significant capital outlay expenditures exceeding occupancy tax revenues in the current year.

The Bellmont FWSD had an ending fund balance of $53,506, a slight decrease of $10,953. The decrease relates to current year utility cost participation expenses exceeding investment income.

The roadway impact fees fund had an ending fund balance of $2,539,093, an increase of $753,990. The increase is a result of impact and development fees exceeding capital outlay expenditures.

The Northlake PID fund had an ending fund balance of $299,291, an increase of $123,353. The increase is primarily due to special assessment revenues exceeding current year debt service and capital outlay expenditures.

Proprietary Funds - The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following are comments regarding operations of the enterprise funds:

- The Town received capital contributions of $6,928,452 consisting of water and sewer system infrastructure.
- Capital assets transferred from governmental activities totaled $2,031,513.
- Operational expenses excluding depreciation and amortization were $6,287,699.
- Cash and cash equivalents in the enterprise funds were $13,035,638 at fiscal yearend.

An internal service fund was established for the purpose of tracking and allocating expenses for major equipment purchases and building services. Revenue consists of budgeted allocations transferred from the general and water and sewer funds. Expenses consist of equipment and vehicle maintenance, information technology expenses, and building insurance premiums. The fund had an ending fund balance of $2,308,858 to be retained for future risk.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no budget amendments approved during the fiscal year. There was a positive variance of $229,640 over budgeted general fund revenues. The following are additional comments regarding appropriations:

- There was a total positive variance of $271,074 in budgeted expenditure appropriations.
- $500,714 is the budget surplus of revenues over expenditures before transfers.
- There was an actual net positive change in fund balance of $526,382.

CAPITAL ASSETS

As of the end of the year, the Town's governmental activities funds had invested $32,977,241 in a variety of capital assets and infrastructure, net of accumulated depreciation. The Town's business-type activities funds had invested $31,053,272 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, and infrastructure. The Town's total investment in capital assets increased by $15,681,745, net of depreciation.

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

- Contribution of assets by a developer for water and sewer system improvements totaling $6,928,452.
- Contribution of assets by a developer for infrastructure improvements totaling $5,552,416.
- Purchase of land for hotel conference center for $1,755,468.
- Police building space improvements for $456,377.

- Police building technology improvements for $256,836.
- Purchase of land from Chadwick Farms for southside pump station site for $401,434
- Purchase of land for southside elevated water storage tank for $222,224.
- Northside elevated water storage tank improvements totaling $2,542,108.
- Southside sewer collection system repairs for $146,360.

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

LONG-TERM DEBT

At the end of the current fiscal year, the Town had total bonded debt obligations of $21,285,000 (excluding premiums). Of this amount, $11,310,000 is self-supporting through revenues collected from the rates of the Town's utility fund. The Town transferred $11,904,750 of long-term debt obligations (including premiums) from governmental activities to business-type activities in the current year. During the year, the Town made $620,000 in principal payments on long-term debt. All of the Town's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The Town monitors its debt obligations for refinancing opportunities with market conditions.

More detailed information about the Town's long-term liabilities is presented in note IV. D and E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2020-2021 Fiscal Year Budget was approved by Town Council on September 9, 2020. The tax rate adopted that same day was $0.295 per $100 assessed value, unchanged from the previous year. There was an increase in taxable values of $1.2 billion (56.3%) from the previous year, resulting in an overall increase in budgeted ad valorem taxes of $1,321,679 to be allocated across the General, Debt Service, and both Tax Increment Financing Funds. Overall, budgeted revenue for the General Fund increased by $1,021,951 to a total of $6,712,004. Budgeted expenditures increased by $976,234 over the original 2019-2020 budget to a total of $6,658,814.

Budgeted revenue in the Utility Fund was estimated using rates adopted in August 2020, following a utility rate study. The adopted rates included a 30% increase to water and sewer base charges and an increase volumetric charge. Utility rates will be reviewed annually during the budget process. Budgeted revenues increased $2,060,000 to $7,405,300, and expenditures increased by $1,477,449 to $6,909,581.

The Town's capital budget includes $20,525,000 in new funding for various projects town-wide. Unlike the operating budget, funding for budgeted capital projects does not expire at the end of the fiscal year but continues until the project is complete. By funding source, the amount budgeted includes

$1,000,000 from the Hotel Occupancy Fund, $300 from the Internal Services Funds, $300,000 in Water & Wastewater fund, $60,000 across all the special revenue funds, and $18,865,000 in the Capital Projects funds. Projects include two elevated storage tanks, two pump stations, five transportation projects, and a utility expansion projects which will lay the infrastructure for future commercial development.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need any additional information, contact the Town Secretary: Attn: Town Secretary at 1500 Commons Circle, Ste. 300, Northlake, Texas 76226, phone: (940) 648-3290 or email townsecretary@town.northlake.tx.us.

NORTHLAKE
TEXAS

FINANCIAL STATEMENTS

Town of Northlake, Texas

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 10,512,841	$ 13,035,638	$ 23,548,479
Receivables, net	897,276	889,147	1,786,423
Special assessment receivable - current	185,000	-	185,000
Prepaids	7,988	-	7,988
Internal balances	525,991	(525,991)	-
Total Current Assets	12,129,096	13,398,794	25,527,890
Noncurrent assets:			
Special assessment receivable - noncurrent	2,101,003	-	2,101,003
Capital assets:			
Non-depreciable	4,729,452	3,805,311	8,534,763
Net depreciable capital assets	28,247,789	27,247,961	55,495,750
Noncurrent Assets	35,078,244	31,053,272	66,131,516
Total Assets	47,207,340	44,452,066	91,659,406
Deferred Outflows of Resources			
Pension contributions	178,672	26,698	205,370
Pension changes in assumptions	24,500	3,661	28,161
OPEB changes in assumptions	6,981	1,043	8,024
OPEB contributions	179	27	206
Total Deferred Outflows of Resources	$ 210,332	$ 31,429	$ 241,761

Component Units	
Northlake EDC	Northlake CDC
$ 628,049	$ 609,704
88,385	88,385
-	-
-	-
-	-
716,434	698,089
-	-
-	-
-	-
-	-
716,434	698,089
-	-
-	-
-	-
-	-
$ -	$ -

Town of Northlake, Texas

STATEMENT OF NET POSITION (Continued)

September 30, 2020

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Liabilities			
Current liabilities:			
Accounts payable			
and accrued liabilities	$ 1,035,326	$ 613,975	$ 1,649,301
Accrued interest payable	33,016	49,008	82,024
Customer deposits	-	732,881	732,881
Compensated absences, current	74,985	9,661	84,646
Long term debt due within one year	660,000	20,000	680,000
Current Liabilities	1,803,327	1,425,525	3,228,852
Noncurrent liabilities:			
Compensated absences, noncurrent	79,592	5,420	85,012
Long-term debt due in more than one year	9,468,642	11,834,500	21,303,142
OPEB liability	44,282	6,616	50,898
Net pension liability	318,023	47,520	365,543
Noncurrent Liabilities	9,910,539	11,894,056	21,804,595
Total Liabilities	11,713,866	13,319,581	25,033,447
Deferred Inflows of Resources			
Pension differences in experience	8,021	1,198	9,219
Pension investment returns	92,580	13,834	106,414
OPEB difference in experience	3,241	484	3,725
Total Deferred Inflows of Resources	103,842	15,516	119,358
Net Position			
Net investment in capital assets	23,726,179	28,566,151	52,292,330
Restricted for:			
Debt service	554,090	-	554,090
Capital improvements	3,963,105	-	3,963,105
Municipal court	98,819	-	98,819
Street maintenance	119,016	-	119,016
Economic development	-	-	-
Municipal development	-	-	-
Unrestricted	7,138,755	2,582,247	9,721,002
Total Net Position	$ 35,599,964	$ 31,148,398	$ 66,748,362

See Notes to Financial Statements.

Component Units	
Northlake EDC	Northlake CDC
$ 4,118	4,600
-	-
-	-
-	-
-	-
4,118	4,600
-	-
-	-
-	-
-	-
-	-
4,118	4,600
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
712,316	-
-	693,489
-	-
$ 712,316	$ 693,489

Town of Northlake, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities				
General government	$ 1,598,011	$ -	$ 287,700	$ 5,552,416
Public safety	2,617,563	732,717	-	-
Public works	1,928,485	2,493,806	-	-
PID special assessments	962,745	1,051,114	-	-
TIRZ	539,727	-	-	-
Promotional	59,350	-	-	-
Development services	2,325,958	2,247,231	-	-
Interest and fiscal charges	641,799	-	-	-
Total Governmental Activities	10,673,638	6,524,868	287,700	5,552,416
Business-Type Activities				
Water and sewer	5,795,945	5,414,952	-	6,928,452
Water capital projects	33,963	-	-	-
Utility impact fees	1,087,067	1,761,391	-	-
Nonmajor funds	21,135	63,608	-	-
Total Business-Type Activities	6,938,110	7,239,951	-	6,928,452
Total Primary Government	$ 17,611,748	$ 13,764,819	$ 287,700	12,480,868
Component Unit				
Northalke Economic Development Corporation	$ 140,889	$ -	$ -	$ -
Northalke Community Development Corporation	140,900	-	-	-
Total Component Units	$ 281,789	-	$ -	$ -

General Revenues:

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Hotel occupancy taxes

Investment income

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Northlake EDC	Northlake CDC
$ 4,242,105	$ -	$ 4,242,105	$ -	$ -
(1,884,846)	-	(1,884,846)	-	-
565,321	-	565,321	-	-
88,369	-	88,369	-	-
(539,727)	-	(539,727)	-	-
(59,350)	-	(59,350)	-	-
(78,727)	-	(78,727)	-	-
(641,799)	-	(641,799)	-	-
1,691,346	-	1,691,346	-	-
-	6,547,459	6,547,459	-	-
-	(33,963)	(33,963)	-	-
-	674,324	674,324	-	-
-	42,473	42,473	-	-
-	7,230,293	7,230,293	-	-
1,691,346	7,230,293	8,921,639	-	-
			(140,889)	-
			-	(140,900)
			(140,889)	(140,900)
2,659,080	-	2,659,080	-	-
854,553	-	854,553	427,100	427,100
477,795	-	477,795	-	-
393,540	-	393,540	-	-
149,848	120,480	270,328	369	312
396,402	-	396,402	16,067	16,067
10,174,118	(10,174,118)	-	-	-
15,105,336	(10,053,638)	5,051,698	443,536	443,479
16,796,682	(2,823,345)	13,973,337	302,647	302,579
18,803,282	33,971,743	52,775,025	409,669	390,910
$ 35,599,964	$ 31,148,398	$ 66,748,362	$ 712,316	$ 693,489

Town of Northlake, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2020

	General	Debt Service	Capital Improvement	Hotel/Motel
Assets				
Cash and cash equivalents	$ 2,802,502	$ 553,762	$ 966,586	$ 831,130
Receivables, net	393,527	4,391	353,310	33,141
Special assessments receivable	-	-	-	-
Due from other funds	760,530	-	-	-
Prepaids	6,394	-	-	-
Total Assets	$ 3,962,953	$ 558,153	$ 1,319,896	$ 864,271
Liabilities				
Accounts payable and accrued liabilities	$ 343,400	$ -	$ 2,080	$ 2,317
Due to other funds	-	-	42,068	-
Total Liabilities	343,400	-	44,148	2,317
Deferred Inflows of Resources				
Unavailable revenue -				
Property taxes	17,727	4,063	-	-
Property special assessments	-	-	-	-
Other revenue	-	-	353,310	-
Total Deferred Inflows	17,727	4,063	353,310	-
Fund Balances				
Nonspendable for:				
Prepaids	6,394	-	-	-
Restricted for:				
Debt service	-	554,090	-	-
Promotional activities	-	-	-	861,954
Capital improvements	-	-	922,438	-
Municipal court	-	-	-	-
Public safety	-	-	-	-
Utility cost participation	-	-	-	-
Public improvement districts	-	-	-	-
Unassigned	3,595,432	-	-	-
Total Fund Balances	3,601,826	554,090	922,438	861,954
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,962,953	$ 558,153	$ 1,319,896	$ 864,271

See Notes to Financial Statements.

Bellmont FWSD	Roadway Impact Fees	Northlake PID	Nonmajor Governmental Funds	Total Governmental Funds
$ 592,628	$ 2,500,871	$ 297,731	$ 1,643,661	$ 10,188,871
-	-	-	112,907	897,276
-	-	2,286,003	-	2,286,003
31,349	42,068	-	12,956	846,903
-	-	1,594	-	7,988
$ 623,977	$ 2,542,939	$ 2,585,328	$ 1,769,524	$ 14,227,041
$ 570,471	$ 3,846	$ 1,169	$ 107,677	$ 1,030,960
-	-	-	44,305	86,373
570,471	3,846	1,169	151,982	1,117,333
-	-	-	-	21,790
-	-	2,284,868	-	2,284,868
-	-	-	20,000	373,310
-	-	2,284,868	20,000	2,679,968
-	-	1,594	-	7,988
-	-	-	-	554,090
-	-	-	-	861,954
-	2,539,093	-	1,424,012	4,885,543
-	-	-	98,819	98,819
-	-	-	119,016	119,016
53,506	-	-	-	53,506
-	-	297,697	-	297,697
-	-	-	(44,305)	3,551,127
53,506	2,539,093	299,291	1,597,542	10,429,740
$ 623,977	$ 2,542,939	$ 2,585,328	$ 1,769,524	$ 14,227,041

NORTHLAKE
TEXAS

Town of Northlake, Texas

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

September 30, 2020

Fund Balances - Total Governmental Funds	$	10,429,740
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		4,729,452
Capital assets - net depreciable		26,023,996
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		21,790
Property special assessments		2,284,868
Other receivables		373,310
Deferred outflows (inflows) of resources represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow (inflows) of resources (expense/expenditure)/(revenue) until then.		
Pension contributions		178,672
Pension investment returns		(92,580)
Pension changes in assumptions		24,500
Pension difference in experience		(8,021)
OPEB contributions		179
OPEB changes in assumptions		6,981
OPEB difference in experience		(3,241)
Internal service funds are used by management to charge the cost of equipment to individual departments and funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,308,858
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(33,016)
Bond premium		(153,642)
Compensated absences		(154,577)
Non-current liabilities due in one year		(660,000)
Non-current liabilities due in more than one year		(9,315,000)
Net pension liability		(318,023)
OPEB liability		(44,282)
Net Position of Governmental Activities	$	35,599,964

See Notes to Financial Statements.

Town of Northlake, Texas

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

For the Year Ended September 30, 2020

	General	Debt Service	Capital Improvement	Hotel/Motel
Revenues				
Property tax	$ 1,247,253	$ 1,254,824	$ -	$ -
Sales tax	854,553	-	-	-
Franchise and local taxes	477,795	-	-	-
Hotel occupancy taxes	-	-	-	393,540
Special assessments	-	-	-	-
License, permits and fees	2,247,231	-	-	-
Intergovernmental	60,000	-	-	-
Fines and forfeitures	455,228	-	-	-
Contracted police services	252,563	-	-	-
Impact and development fees	-	-	-	-
Credit card convenience fees	8,904	-	-	-
Investment income	35,180	41	74,605	22,390
Other revenue	24,345	-	-	-
Total Revenues	5,663,052	1,254,865	74,605	415,930
Expenditures				
Current:				
General government	1,195,113	-	3,770	-
Development services	940,499	-	-	268
Public works	811,192	-	-	-
Municipal court	304,302	-	-	-
Police	2,136,445	-	-	9,625
Promotional	-	-	-	59,323
Utility cost participation	-	-	-	-
TIRZ activity	-	-	-	-
Debt Service:				
Principal	-	420,000	-	-
Interest and fiscal charges	-	606,481	-	-
Capital outlay	-	-	398,332	1,755,468
Total Expenditures	5,387,551	1,026,481	402,102	1,824,684
Excess (Deficiency) of Revenues Over (Under) Expenditures	275,501	228,384	(327,497)	(1,408,754)
Other Financing Sources (Uses)				
Transfers in	250,881	50,000	-	-
Total Other Sources (Uses)	250,881	50,000	-	-
Net Change in Fund Balances	526,382	278,384	(327,497)	(1,408,754)
Beginning fund balances	3,075,444	275,706	1,249,935	2,270,708
Ending Fund Balances	$ 3,601,826	$ 554,090	$ 922,438	$ 861,954

See Notes to Financial Statements.

Bellmont FWSD	Roadway Impact Fees	Northlake PID	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 173,105	$ 2,675,182
-	-	-	-	854,553
-	-	-	-	477,795
-	-	-	-	393,540
-	-	1,367,723	-	1,367,723
-	-	-	-	2,247,231
-	-	-	227,700	287,700
-	-	-	46,931	502,159
-	-	-	-	252,563
-	2,115,167	-	378,639	2,493,806
-	-	-	-	8,904
258	16,095	-	1,279	149,848
-	-	-	9,843	34,188
258	2,131,262	1,367,723	837,497	11,745,192
-	-	-	116,472	1,315,355
-	-	-	-	940,767
-	-	-	-	811,192
-	-	-	20,394	324,696
-	-	-	13,275	2,159,345
-	-	-	-	59,323
11,211	-	-	-	11,211
-	-	-	295,394	295,394
-	-	180,000	-	600,000
-	-	101,625	-	708,106
-	1,377,272	962,745	-	4,493,817
11,211	1,377,272	1,244,370	445,535	11,719,206
(10,953)	753,990	123,353	391,962	25,986
-	-	-	-	300,881
-	-	-	-	300,881
(10,953)	753,990	123,353	391,962	326,867
64,459	1,785,103	175,938	1,205,580	10,102,873
$ 53,506	$ 2,539,093	$ 299,291	$ 1,597,542	$ 10,429,740

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Town of Northlake, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	326,867
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		1,958,501
Depreciation expense		(1,500,158)
Capital assets transferred to business-type activities		(2,031,513)
The effect of capital assets contributed to the City during the current year.		5,552,416
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,406)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(14,577)
Accrued interest		47,741
Pension expense		(1,715)
OPEB expense		(4,509)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Amortization of debt premium		18,566
Transfer of debt to business-type activities		11,904,750
Principal payments on long-term debt		600,000
Internal service funds are used by management to charge the cost of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		(58,281)
Change in Net Position of Governmental Activities	$	16,796,682

See Notes to Financial Statements.

Town of Northlake, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2020

	Business-type Activities			
Assets	**Water & Sewer**	**Water Capital Projects**	**Utility Impact Fees**	**Nonmajor Proprietary Funds**
Current Assets				
Cash and cash equivalents	$ 303,311	$ 10,044,131	$ 2,688,196	$ -
Receivables, net	881,012	-	-	8,135
Due from other funds	-	-	177,576	57,240
Prepaid items	-	-	-	-
Inventory	-	-	-	-
Total Current Assets	1,184,323	10,044,131	2,865,772	65,375
Noncurrent Assets				
Capital assets:				
Non-depreciable	21,986	3,783,325	-	-
Net depreciable capital assets	26,576,403	671,558	-	-
Total Noncurrent Assets	26,598,389	4,454,883	-	-
Total Assets	27,782,712	14,499,014	2,865,772	65,375
Deferred Outflows of Resources				
Pension contributions	26,698	-	-	-
Pension changes in assumptions	3,661	-	-	-
OPEB contributions	27	-	-	-
OPEB assumption changes	1,043	-	-	-
Total Deferred Outflows	$ 31,429	$ -	$ -	$ -

Business-type Activities Total Proprietary Funds	Governmental Activities Internal Service Funds
$ 13,035,638	$ 323,970
889,147	-
234,816	-
-	-
-	-
14,159,601	323,970
3,805,311	-
27,247,961	2,223,793
31,053,272	2,223,793
45,212,873	2,547,763
26,698	-
3,661	-
27	-
1,043	-
$ 31,429	$ -

Town of Northlake, Texas

STATEMENT OF NET POSITION (Continued)

PROPRIETARY FUNDS

September 30, 2020

	Business-type Activities			
	Water & Sewer	Water Capital Projects	Utility Impact Fees	Nonmajor Proprietary Funds
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$ 307,208	$ 284,369	$ 22,398	$ -
Accrued interest	49,008	-	-	-
Due to other funds	-	753,110	7,697	-
Customer deposits	720,495	-	-	12,386
Compensated absences - current	9,661	-	-	-
Bonds payable - current	20,000	-	-	-
Total Current Liabilities	1,106,372	1,037,479	30,095	12,386
Noncurrent Liabilities				
Compensated absences, noncurrent	5,420	-	-	-
Bonds payable - noncurrent	11,834,500	-	-	-
OPEB liability	6,616	-	-	-
Net pension liability	47,520	-	-	-
Total Liabilities	13,000,428	1,037,479	30,095	12,386
Deferred Inflows of Resources				
Pension differences in experience	1,198	-	-	-
OPEB changes in assumptions	13,834	-	-	-
OPEB difference in experience	484	-	-	-
Total Deferred Inflows	15,516	-	-	-
Net Position				
Net investment in capital assets	14,743,889	13,822,262	-	-
Unrestricted	54,308	(360,727)	2,835,677	52,989
Total Net Position	$ 14,798,197	$ 13,461,535	$ 2,835,677	$ 52,989

See Notes to Financial Statements.

Business-type Activities	Governmental Activities
Total Proprietary Funds	Internal Service Funds
$ 613,975	$ 4,366
49,008	-
760,807	234,539
732,881	-
9,661	-
20,000	-
2,186,332	238,905
5,420	-
11,834,500	-
6,616	-
47,520	-
14,080,388	238,905
1,198	-
13,834	-
484	-
15,516	-
28,566,151	2,223,793
2,582,247	85,065
$ 31,148,398	$ 2,308,858

Town of Northlake, Texas

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

For the Year Ended September 30, 2020

	Business-type Activities			
	Water & Sewer	**Water Capital Projects**	**Utility Impact Fees**	**Nonmajor Proprietary Funds**
Operating Revenues				
Charges for services	$ 5,412,851	$ -	$ -	$ 63,608
Impact and development fees	-	-	1,761,391	-
Other revenue	2,101	-	-	-
Total Operating Revenues	5,414,952	-	1,761,391	63,608
Operating Expenses				
Operating expenses	4,534,849	9,159	1,087,067	21,135
Personnel	635,489	-	-	-
Depreciation	598,334	24,804	-	-
Total Operating Expenses	5,768,672	33,963	1,087,067	21,135
Operating Income (Loss)	(353,720)	(33,963)	674,324	42,473
Nonoperating Revenues (Expenses)				
Investment income	3,835	90,509	26,136	-
Interest expense	(27,273)	-	-	-
Total Nonoperating Revenues	(23,438)	90,509	26,136	-
Income (Loss) Before Capital Contributions and Transfers	(377,158)	56,546	700,460	42,473
Capital Contributions and Transfers				
Contributed capital	6,928,452	-	-	-
Capital contributions from governmental activities	797,292	1,234,221	-	-
Transfer of long term debt from governmental activities	(11,904,750)	-	-	-
Transfers in	28,515	-	727,637	-
Transfers (out)	(300,881)	(28,515)	(727,637)	-
Change in Net Position	(4,828,530)	1,262,252	700,460	42,473
Beginning net position	19,626,727	12,199,283	2,135,217	10,516
Ending Net Position	$ 14,798,197	$ 13,461,535	$ 2,835,677	$ 52,989

See Notes to Financial Statements.

Business-type Activities	Governmental Activities
Total Proprietary Funds	Internal Service Funds
$ 5,476,459	$ 1,012,695
1,761,391	-
2,101	17,991
7,239,951	1,030,686
5,652,210	680,659
635,489	-
623,138	408,308
6,910,837	1,088,967
329,114	(58,281)
120,480	-
(27,273)	-
93,207	-
422,321	(58,281)
6,928,452	-
2,031,513	-
(11,904,750)	-
756,152	-
(1,057,033)	-
(2,823,345)	(58,281)
33,971,743	2,367,139
$ 31,148,398	$ 2,308,858

Town of Northlake, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2020

	Business-type Activities		
	Water & Sewer	**Water Capital Projects**	**Utility Impact Fees**
Cash Flows from Operating Activities			
Receipts from customers	$ 5,217,902	$ -	$ 1,761,391
Receipts from interfund charges for benefit management	-	-	-
Payments to suppliers	(4,287,604)	1,027,053	(1,258,212)
Payments to employees	(625,635)	-	-
Net Cash Provided (Used) by Operating Activities	304,663	1,027,053	503,179
Cash Flows from Noncapital Financing Activities			
Transfers in	28,515	-	727,637
Transfers (out)	(300,881)	(28,515)	(727,637)
Net Cash (Used for) Noncapital Financing Activities	(272,366)	(28,515)	-
Cash Flows from Capital and Related Financing Activities			
Capital purchases	(180,699)	(3,245,466)	-
Principal paid on debt	(20,000)	-	-
Interest paid on debt	(31,969)	-	-
Net Cash (Used for) Capital and Related Financing Activities	(232,668)	(3,245,466)	-
Cash Flows from Investing Activities			
Interest on investments	3,835	90,509	26,136
Net Cash Provided (Used) by Investing Activities	3,835	90,509	26,136
Net (decrease) in Cash and Cash Equivalents	(196,536)	(2,156,419)	529,315
Beginning cash and cash equivalents	499,847	12,200,550	2,158,881
Ending Cash and Cash Equivalents	$ 303,311	$ 10,044,131	$ 2,688,196

See Notes to Financial Statements.

Business-type Activities		Governmental Activities
Nonmajor Proprietary Funds	Total Proprietary Funds	Internal Service Fund
$ 71,490	$ 7,050,783	$ -
-	-	1,030,686
(83,195)	(4,601,958)	(443,578)
-	(625,635)	-
(11,705)	1,823,190	587,108
-	756,152	-
-	(1,057,033)	-
-	(300,881)	-
-	(3,426,165)	(1,008,855)
-	(20,000)	-
-	(31,969)	-
-	(3,478,134)	(1,008,855)
-	120,480	-
-	120,480	-
(11,705)	(1,835,345)	(421,747)
11,705	14,870,983	745,717
$ -	$ 13,035,638	$ 323,970

Town of Northlake, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2020

	Business-type Activities		
	Water & Sewer	**Water Capital Projects**	**Utility Impact Fees**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating (loss)	$ (353,720)	$ (33,963)	$ 674,324
Adjustments to reconcile operating income to net cash provided:			
Depreciation	598,334	24,804	-
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(367,192)	-	-
Prepaid expenses	5,648	-	-
Due from other funds	-	-	(177,576)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	241,597	283,102	(1,266)
Due to other funds	-	753,110	7,697
Compensated absences	7,719	-	-
Customer deposits	170,142	-	-
Deferred inflows/outflows - Pension	14,671	-	-
Deferred inflows/outflows - OPEB	13,983	-	-
OPEB liability	1,700	-	-
Net pension liability	(28,219)	-	-
Net Cash Provided (Used) by Operating Activities	$ 304,663	$ 1,027,053	$ 503,179

Schedule of Noncash Investing and Financing Activities:

	Water & Sewer	Water Capital Projects	Utility Impact Fees
Contributions of capital assets	$ 6,928,452	$ -	$ -
Transfer of long term debt from governmental activities	797,292	1,234,221	-
	$ 7,725,744	$ 1,234,221	$ -

See Notes to Financial Statements.

Business-type Activities		Governmental Activities
Nonmajor Proprietary Funds	Total Proprietary Funds	Internal Service Fund
$ 42,473	$ 329,114	$ (58,281)
-	623,138	408,308
(4,504)	(371,696)	-
-	5,648	-
(57,240)	(234,816)	-
(4,820)	518,613	2,542
-	760,807	234,539
-	7,719	-
12,386	182,528	-
-	14,671	-
-	13,983	-
-	1,700	-
-	(28,219)	-
$ (11,705)	$ 1,823,190	$ 587,108
$ -	$ 6,928,452	$ -
-	2,031,513	-
$ -	$ 8,959,965	$ -

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Northlake, Texas (the "Town") is a municipal corporation governed by an elected mayor and a five-member council. The Town provides the following services: public safety (police), community development, public works, municipal court, general administration, and water and sewer.

A. Description of Government-Wide Financial Statements

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

B. Financial Reporting Entity

The Town of Northlake is a municipal corporation governed by an elected mayor and a five-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

Blended Component Units

<u>Harvest Public Improvement District No. 1 & Highlands Public Improvement District No. 2</u>

The Harvest Public Improvement District No. 1 and The Highlands Public Improvement District (the "PIDs") for which the Town's elected officials are financially accountable for. Both PIDs derive their revenues through property assessments that are utilized exclusively for each district. The PIDs are treated as blended component units.

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

<u>Tax Increment Reinvestment Zone ("TIRZ")</u>

The Northlake TIRZ (Tax Increment Reinvestment Zone) Fund was created to encourage and accelerate planned development and maintenance of the trail system and dog park. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose.

Discretely Presented Component Units

<u>Northlake Economic Development Corporation</u>

The Northlake Economic Development Corporation (the "EDC") was formed to promote the public welfare and economic development for the areas within the Town of Northlake as authorized by the State under the Texas Development Corporation Act of 1979 and is governed by Section 4A of the act. The 4A Corporation receives funding from a one-half cent sales tax. The EDC serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the EDC and affect the day-to-day operations of the EDC by removing appointed board members at will. The scope of public service of the EDC benefits the Town and its citizens and is operated within the geographic boundaries of the Town. Since the EDC's governing body is not substantively the same as the governing body of the primary government, does not provide services entirely, or almost entirely to the primary government, nor does it maintain debt of any type that are repaid using Town resources, it has been reported as a discretely presented component unit.

Separate financial statements are not prepared. However, additional financial information for the EDC may be obtained from the Town's Finance Director.

<u>Northlake Community Development Corporation</u>

The Northlake Community Development Corporation (the "CDC") was formed to promote economic development with the Town and the State of Texas in order to eliminate unemployment and the public welfare of, for and on behalf of the Town by undertaking, developing, implanting, providing and financing projects under the Development Corporation Act of 1979 as defined in Section 4B of the Act. The 4B Corporation receives funding from a one-half cent sales tax. The CDC serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the CDC and affect the day-to-day operations of the CDC by removing appointed board members at will. The scope of public service of the CDC benefits the Town and its citizens and is operated within the geographic boundaries of the Town. Since the CDC's governing body is not substantively the same as the governing body of the primary government, does not provide services entirely, or almost entirely to the primary government, nor does it maintain debt of any type that are repaid using Town resources, it has been reported as a discretely presented component unit.

Separate financial statements are not prepared. However, additional financial information for the EDC may be obtained from the Town's Finance Director.

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

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

As discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

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

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

The government reports the following major governmental funds (excluding special revenue funds):

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, development services, public works, municipal court, and police. This fund is considered to be a major fund.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all certificates of obligation, general obligation bonds, and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. This fund is considered to be a major fund.

Capital Improvement Fund

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

Hotel/Motel Fund

This fund accounts for funds derived from hotel and motel occupancy taxes and is legally restricted to promote tourism within the Town. The fund is considered a major fund for reporting purposes.

Bellmont FWSD

The Bellmont FWSD (Fresh Water Supply District) fund was created by the Town to track related impacts fees that are due to the Bellmont FWSD. The fund is used to account for funds received and expended for this purpose.

Roadway Impact Fees

The Roadway Impact Fees Fund is used to account for a one-time charge or assessment imposed by the Town against new developments in order to generate revenue for funding the cost of street capital improvements related to the new development.

PIDs

This fund accounts for bond proceeds, assessments and related debt associated with the issuance of bonds issued by the Town for the Public Improvement District

The government reports the following major enterprise funds:

Water & Sewer Fund

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the Town and others. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary to ensure integrity of the funds.

Water Capital Projects Fund

The Water Capital Projects Fund is used to account for funds received and expended for acquisition and construction of water and sewer infrastructure and other water and sewer capital assets.

Utility Impact Fees

The Utility Impact Fees Fund is used to account for a one-time charge or assessment imposed by the Town against new developments in order to generate revenue for funding the cost of water and sewer capital improvements related to the new development.

The government reports the following fund types:

Internal Service Funds

Internal service funds are used to account for the financing of goods or service provided by one department to other departments of the Town on a cost reimbursement basis. The equipment fund accounts for the accumulation and allocation of costs associated with major equipment purchases and maintenance of the equipment. The internal service funds are presented as a proprietary fund in the funds financial statements. Since transactions of the internal service fund predominately involves providing services to the General Fund and other funds that comprise governmental activities of the Town, the financial balances are included in the government activities column of the government-wide statements. The Town reports three internal service funds: Technology ISF, Equipment ISF, and Building Services ISF.

Special Revenue Funds

The Town accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. The Town maintains seven major special revenue funds: Hotel/Motel Tax Fund, Bellmont FWSD, Roadway Impact Fee Funds, Public Improvement Districts, and thirteen other individual non-major special revenue funds.

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

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

D. Measurement focus and basis of accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

E. Assets, Liabilities, and Fund Equity or Net Position

1. Deposits and Investments

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

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

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

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

2. Fair Value Measurement

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

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

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

4. Inventories and Prepaid Items

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

5. Capital Assets

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

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

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

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

Asset Description	Estimated Useful Life
Vehicles	3 years
Furniture and fixtures	10 years
Machinery and equipment	3 to 10 years
Water and sewer system	30 – 50 years
Infrastructure	5 to 40 years
Buildings and improvements	30 years

6. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide 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 government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund Balance Flow Assumptions

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

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the fund.

8. Fund Balance Policies

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

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

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

The government has adopted a policy to maintain a minimum reserve of an amount equal to or greater than 25% of operating expenditures. The utility fund working capital should be maintained at a minimum of 20-25% of the total operating expenditures or the equivalent of 75 days. The debt service fund reserve is maintained at a level to support interest and principal payments in the event of a delay in property tax collections.

9. Long-Term Obligations

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

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

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

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

10. Estimates

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

11. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and 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.

12. Other Postemployment Benefits ("OPEB")

The Town has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is $7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

13. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Financial Position and/or Balance Sheet will sometimes report a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Town has the following items that qualify for reporting as deferred outflows:

Pensions/OPEB – these deferred outflows result from pension/OPEB contributions after the measurement date (deferred and recognized in the following fiscal year) and/or the differences between expected and actual economic experience and assumption changes.

The Town has the following items that qualify for reporting as deferred inflows:

Pensions – at the government-wide level these deferred inflows result from differences due to pension assumption changes.

Unavailable Revenues – at the fund level these deferred inflows result from property tax, special assessments, and other revenues that have not been received in the current period and are unavailable until collected.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the Town.

3. Compensated Absences

Town employees are granted vacation days in varying amounts. The maximum vacation allowed to be carried over is 320 hours per calendar year (January through December) for all employees. Any hours over 320 at the end of a year shall be deleted from the employee's accruals. Pay in lieu of taking vacation is not permitted except upon termination. Accrued vacation is paid upon termination after working for the town for at least 12-months. Sick leave is accrued at the rate of eight (8) hours per month for regular full-time employees and on a pro rata basis for regular part-time employees for each month of continuous service. Sick leave may be accumulated up to a maximum of 90 days (720 hours). No cash payment is made for unused sick days. Compensated absences are paid out of the General Fund and various funds based upon the employees' positions.

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, hotel/motel, public improvement district, impact fee, and various special revenue funds. The original budget is adopted by the Town Council prior to the beginning of the year. The legal level of control as defined by the Town Charter is the fund level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Supplemental budget appropriations were made during the year.

A. Expenditures Over Appropriations

For the year ended, expenditures exceeded appropriations at the legal level of control in the Northeast Roadway Impact Fee Fund and the Police Asset Forfeiture Fund by $102,272 and $551, respectively.

B. Deficit Fund Equity

At September 30, 2020, the Court Security, Canyon Falls FWSD, Highlands, and Northport 35 Business Center funds had a deficit fund balance of $3,398, $15,147, $16,201, and $9,558, respectively. The deficit will be eliminated in the future with revenue earned and transfers from other funds.

C. Restricted Net Position

The Town records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted net position for the primary government was $4,735,030. Of which, $98,819 and $119,016, a total of $217,835, is restricted by enabling legislation.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in I.D.1., the Town'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. The Town's investments in 2a7-like pools such as LOGIC are included in this category. Although the Town's investments in LOGIC are available for immediate withdrawal, disclosure of the pool's weighted average maturity and bond rating are required. As of September 30, 2020, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity	Credit Rating
External investment pools			
LOGIC	$ 6,314,260	52 days	AAA
Total fair value	$ 6,314,260		

Interest rate risk In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the weighted average of maturity to an average of 90 days or less; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The Town's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2020, the Town's investment in LOGIC was rated AAA by Standard & Poor's.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2020, the market values of pledged securities and FDIC exceeded bank balances.

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

LOGIC

Local Government Investment Cooperative (LOGIC) (the "Pool") was 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, and operates as a public funs investment pool under the Public Funds Investment Act. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all Participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the Participants. The Board of Trustees is LOGIC's governing body and is comprised of employees, officers or elected officials of Participant Government Entities or individuals who do not have a business relationship with the Pool and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Pool. There were no limitations or restrictions on withdrawals.

B. Receivables

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

	General	Debt Service	Capital Improvement	Hotel Motel	PID	Nonmajor Governmental
Property taxes	$ 9,972	$ 4,391	$ -	$ -	$ -	$ -
Sales tax	176,769	-	-	-	-	-
Franchise taxes	141,093	-	-	-	-	-
Occupancy taxes	-	-	-	33,141	-	-
Special assessments	-	-	-	-	2,286,003	-
Fines	27,085	-	-	-	-	-
Accounts	54,563	-	-	-	-	112,907
Other	3,005	-	353,310	-	-	-
Allowance	(18,960)	-	-	-	-	-
	$ 393,527	$ 4,391	$ 353,310	$ 33,141	$ 2,286,003	$ 112,907

	Water & Sewer	Nonmajor Proprietary	Total
Property taxes	$ -	$ -	$ 14,363
Sales tax	-	-	176,769
Franchise taxes	-	-	141,093
Occupancy taxes	-	-	33,141
Special assessments	-	-	2,286,003
Fines	-	-	27,085
Accounts	913,258	8,135	1,088,863
Other	-	-	356,315
Allowance	(32,246)	-	(51,206)
	$ 881,012	$ 8,135	$ 4,072,426

The following comprise receivable balances of the component units at year end:

	Northlake EDC	Northlake CDC	Total
Sales tax	$ 88,385	$ 88,385	$ 176,770
	$ 88,385	$ 88,385	$ 176,770

C. Capital Assets

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 2,961,318	$ 1,905,868	$ (190,367)	$ 4,676,819
Construction in progress	347,493	52,633	(347,493)	52,633
Total capital assets not being depreciated	3,308,811	1,958,501	(537,860)	4,729,452
Capital assets, being depreciated:				
Buildings and improvements	313,150	-	-	313,150
Vehicles and equipment	528,583	-	(89,669)	438,914
Infrastructure	27,540,091	5,552,416	(1,654,052)	31,438,455
Total capital assets being depreciated	28,381,824	5,552,416	(1,743,721)	32,190,519
Less accumulated depreciation				
Buildings and improvements	200,603	9,102	-	209,705
Vehicles and equipment	488,345	27,757	(89,669)	426,433
Infrastructure	4,227,485	1,463,299	(160,399)	5,530,385
Total accumulated depreciation	4,916,433	1,500,158	(250,068)	6,166,523
Net capital assets being depreciated	23,465,391	4,052,258	(1,493,653)	26,023,996
Total Capital Assets	$ 26,774,202	$ 6,010,759	$ (2,031,513)	$ 30,753,448

Depreciation was charged to governmental functions as follows:

General government	$ 208,596
Public safety	129,887
Public works	909,986
Development services	7,356
TIRZ	244,333
Total Governmental Activities Depreciation Expense	$ 1,500,158

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 21,986	$ 533,657	$ 190,367	$ 746,010
Construction in progress	-	2,711,808	347,493	3,059,301
Total capital assets not being depreciated	21,986	3,245,465	537,860	3,805,311
Capital assets, being depreciated:				
Buildings and improvements	35,211	-	-	35,211
Vehicles and equipment	62,312	34,341	-	96,653
Infrastructure	19,946,806	7,074,812	1,654,052	28,675,670
Total capital assets being depreciated	20,044,329	7,109,153	1,654,052	28,807,534
Less accumulated depreciation				
Buildings and improvements	11,311	1,174	-	12,485
Vehicles and equipment	46,498	7,059	-	53,557
Infrastructure	718,227	614,905	160,399	1,493,531
Total accumulated depreciation	776,036	623,138	160,399	1,559,573
Net capital assets being depreciated	19,268,293	6,486,015	1,493,653	27,247,961
Total Capital Assets	$ 19,290,279	$ 9,731,480	$ 2,031,513	$ 31,053,272

Depreciation was charged to business-type activities as follows:

Water and sewer	$ 598,334
Water capital projects	24,804
Total Business-Type Activities Depreciation Expense	$ 623,138

D. Other Long-term Liabilities

The following summarizes the changes in other long-term liabilities of the primary government during the year. In general, the Town uses the general and enterprise funds to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 140,000	$ 117,640	$ (103,063)	$ 154,577	$ 74,985
Total Governmental Activities	$ 140,000	$ 117,640	$ (103,063)	$ 154,577	$ 74,985
Other Long-term Liabilities Due in More than One Year				$ 79,592	
Business-Type Activities:					
Compensated Absences	$ 7,362	$ 23,961	$ (16,242)	$ 15,081	$ 9,661
Total Business-Type Activities	$ 7,362	$ 23,961	$ (16,242)	$ 15,081	$ 9,661
Other Long-term Liabilities Due in More than One Year				$ 5,420	

E. Long-term Debt

The Town periodically issues general obligation bonds and contractual obligations to provide funds for general government purposes. The Town also periodically utilizes notes and capital leases to provide financing for general government purposes. In general, the Town uses the debt service fund and utility fund to liquidate long-term liabilities, with the exception of special assessment bonds which are fully covered by assessment receivables from the PID fund. The following is a summary of changes in the Town's total long-term liabilities for the year ended September 30, 2020.

	Beginning Balance	Additions	Transfers	Reductions	Ending Balance	Amounts Due withi One Year
Governmental Activities:						
Certificates of Obligation	$ 20,930,000	$ -	$ (11,330,000)	$ (450,000)	$ 9,150,000	$ 505,00
General Obligation Bonds	975,000	-	-	(150,000)	825,000	155,00
Premium	746,958	-	(574,750)	(18,566)	153,642	
Total Governmental Activities	$ 22,651,958	$ -	$ (11,904,750)	$ (618,566)	$ 10,128,642	$ 660,00
Long-term liabilities due in more than one year					$ 9,468,642	
Business-Type Activities:						
Certificates of Obligation	$ -	$ -	$ 11,330,000	$ (20,000)	$ 11,310,000	$ 20,00
Premium	-	-	574,750	(30,250)	544,500	
Total Business-Type Activities	$ -	$ -	$ 11,904,750	$ (50,250)	$ 11,854,500	$ 20,00
Long-term liabilities due in more than one year					$ 11,834,500	

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The Town intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The special assessment bonds are fully offset by assessment receivables. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund.

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

	Governmental Activities	Business-type Activities
Certificates of Obligation		
$4,170,000 Series 2014A Combination Tax and Revenue Certificates of Obligation, due in annual installments of $160,000 to $285,000 through August 15, 2034, with interest at 2%	$ 3,185,000	$ -
$420,000 Series 2014B Combination Tax and Revenue Certificates of Obligation, due in annual installments of $15,000 to 25,000 through August 15, 2034, with interest at 3%	-	315,000
$6,990,000 Series 2016 Combination Tax and Revenue certificates of Obligation, due in annual installments of $220,000 to $440,000 through April 15, 2036, with interest at 2.00%	5,965,000	-
$11,395,000 Series 2018 Combination Tax and Limited Surplus Revenue Certificates of Obligation, due in annual installments of $400,000 to $1,045,000 through August 15, 2038, with interest at 3.45%	-	10,995,000
Total Certificate of Obligation Bonds	$ 9,150,000	$ 11,310,000
General Obligation Bonds		
$1,390,000 Series 2016 General Obligation Refunding Bonds, due in annual installments of $135,000 to $175,000 through April 15, 2025, with interest at 2.00%	825,000	-
Total General Obligation Bonds	$ 825,000	$ -
Total Bonds	$ 9,975,000	$ 11,310,000

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

Year ending	General Obligation Bonds		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest
2021	$ 155,000	$ 16,500	$ 505,000	$ 227,838
2022	160,000	13,400	530,000	217,738
2023	165,000	10,200	540,000	206,675
2024	170,000	6,900	510,000	195,388
2025	175,000	3,500	520,000	184,188
2026 - 2030	-	-	2,975,000	714,700
2031 - 2035	-	-	3,130,000	304,756
2036 - 2040	-	-	440,000	11,550
Total	$ 825,000	$ 50,500.00	$ 9,150,000	$ 2,062,833

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Year ending	Certificates of Obligation	
September 30,	Principal	Interest
2021	$ 20,000	$ 458,575
2022	55,000	458,175
2023	150,000	456,675
2024	215,000	452,325
2025	285,000	445,975
2026 - 2030	3,100,000	1,953,275
2031 - 2035	4,455,000	1,071,850
2036 - 2040	3,030,000	214,550
Total	$ 11,310,000	$ 5,511,400

F. Interfund Transactions

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

	Transfers In			
Transfers Out	**General**	**Debt Service**	**Water & Sewer**	**Total**
Water and Sewer	$ 250,881	$ 50,000	$ -	$ 300,881
Water Capital Projects	-	-	28,515	28,515
Total	$ 250,881	$ 50,000	$ 28,515	$ 329,396

Transfers from the water and sewer fund were made for operations support costs borne by the general fund. Transfers from the water and sewer fund to the debt service fund were made for debt service.

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

Due from other funds (Receiving Fund):	Due to other funds (Payable Fund): ISF	Capital Improvement	Water Capital Projects	Utility Impact Fees	Nonmajor Governmental	Total
General Fund	-	-	753,110	7,420	-	760,530
Belmont FWSD	-	-	-	-	31,349	31,349
Roadway Impact Fees	-	42,068	-	-	-	42,068
Utility Impact Fees	177,299	-	-	277	-	177,576
Nonmajor Governmental	-	-	-	-	12,956	12,956
Nonmajor Proprietary	57,240	-	-	-	-	57,240
Total	$ 234,539	$ 42,068	$ 753,110	$ 7,697	$ 44,305	$ 1,081,719

The purpose of interfund receivables and payables is to loan cash between funds. All balances are expected to be settled with issuance of new debt or the collection of property taxes.

H. Restricted Net Position

The Town records restricted net position to indicate that a portion is legally restricted for a specific future use.

The following is a list of restricted net position of the Town:

	Governmental Activities	Northlake EDC	Northlake CDC
Restricted for:			
Debt service	$ 554,090	$ -	$ -
Capital improvements	3,963,105	-	-
* Municipal court	98,819	-	-
* Street maintenance	119,016	-	-
Economic development	-	712,316	-
Community development	-	-	693,489
Total	$ 4,735,030	$ 712,316	$ 693,489

* Restricted by enabling legislation

I. Leases

The Town's operating lease obligation is for the rental of office space to house the Town Hall and Police Department building. On February 1, 2019, the Town renewed an office lease for the Town Hall building with a 5-year term with an option to renew the lease by the Town for an additional 5 year term. On March 1, 2020. the Town commenced an office lease for the Town Police Department building. The lease agreement has a 5-year term with an option to renew the lease by the town for an additional 5 year term. The Town paid $339,112 in rental expense during the year. The Town's lease obligations are as follows:

Period ending:	Operating Leases
September 30, 2021	$ 379,315
September 30, 2022	390,694
September 30, 2023	402,415
September 30, 2024	263,977
September 30, 2025	80,859
Total Minimum Lease Payments	$ 1,517,260

V. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the Town participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The Town has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The Town has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

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

GASB 62 defines probability of loss contingencies as the following:

Probable. The future event or events are likely to occur.
Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
Remote. The chance of the future event or events occurring is slight.

Liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The Town is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the Town does not expect them to have a materially adverse effect on its Basic Financial Statements.

C. Construction Commitments

The government has active construction projects as of September 30, 2020. The projects include street and elevated storage tank improvements and the construction of additional water lines and repairs.
At year end the government's commitments with contractors are as follows:

Business-Type Activities:

Project Description	Contract Amount	Expended to Date	Remaining Commitment
North Elevated Storage Tank	$ 3,069,000	$ 2,348,406	$ 720,594
16-inch Water Line	257,676	223,860	33,816
South Elevated Storage Tank	3,234,000	-	3,234,000
Water Pump & Instillation	110,000	-	110,000
	$ 6,670,676	$ 2,572,266	$ 4,098,410

Governmental-Type Activities:

Project Description	Contract Amount	Expended to Date	Remaining Commitment
Engineering & Accuisition - Florance Road	$ 355,000	$ -	$ 355,000
Engineering & Accuisition - Faught Road	185,000	-	185,000
	$ 540,000	$ -	$ 540,000

D. Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

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

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

2. Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

Plan provisions for the Town were as follows:

	Plan Year 2019	Plan Year 2018
Employee deposit rate	7.0%	7.0%
Matching ratio (Town to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	0% of CPI	0% of CPI

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	25
Active employees	44
Total	73

3. <u>Contributions</u>

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

Employees for the Town of Northlake were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town of Northlake were 10.50% and 9.97% in calendar years 2019 and 2020, respectively. The Town's contributions to TMRS for the year ended September 30, 2020, were $281,503, and were equal to the required contributions.

4. Net Pension Liability

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

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	2.75 per year, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

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

Discount Rate:

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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town'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 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 1,065,172	$ 365,543	$ (199,521)

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/18	$ 3,412,105	$ 2,829,495	$ 582,610
Changes for the year:			
Service Cost	379,296	-	379,296
Interest	239,941	-	239,941
Difference between expected and actual experience	(9,316)	-	(9,316)
Changes of assumptions	31,477	-	31,477
Contributions – employer	-	253,025	(253,025)
Contributions – employee	-	168,683	(168,683)
Net investment income	-	439,302	(439,302)
Benefit payments, including refunds of emp. contributions	(94,135)	(94,135)	-
Administrative expense	-	(2,472)	2,472
Other changes	-	(73)	73
Net changes	547,263	764,330	(217,067)
Balance at 12/31/19	$ 3,959,368	$ 3,593,825	$ 365,543

Pension Plan Fiduciary Net Position:

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

5. <u>Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

For the year ended September 30, 2020, the Town recognized pension expense of $283,463.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	$ -	$ (9,219)
Changes in actuarial assumptions	28,161	-
Difference between projected and investment earnings	-	(106,414)
Contributions subsequent to the measurement date	205,370	-
Total	$ 233,531	$ (115,633)

The Town reported $205,370 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2020	$	(14,783)
2021		(22,790)
2022		(1,364)
2023		(49,750)
2023		1,215
Thereafter		-
Total		(87,472)

<u>**Other Postemployment Benefits**</u>

The Town also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The City offers supplemental death to:	Plan Year 2018	Plan Year 2019
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The Town's contributions to the TMRS SDBF for the years ended 2020 and 2019 were $279 and $214, respectively, which equaled the required contributions each year.

<u>Schedule of Contribution Rates</u>
(RETIREE-only portion of the rate)

Plan/ Calendar Year	**Annual Required Contribution (Rate)**	**Actual Contribution Made (Rate)**	**Percentage of ARC Contributed**
2018	0.01%	0.01%	100.0%
2019	0.01%	0.01%	100.0%
2020	0.01%	0.01%	100.0%

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	6
Active employees	44
Total	53

Total OPEB Liability

The Town's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2019, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5%, including inflation per year
Discount rate	2.75%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 2.75%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 2.75%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

1% Decrease (1.75%)	Current Single Rate Assumption 2.75%	1% Increase (3.75%)
$ 63,978	$ 50,898	$ 41,184

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/18	$ 37,819
Changes for the year:	
Service Cost	3,374
Interest	1,461
Difference between expected and actual experience	(849)
Changes of assumptions	9,334
Benefit payments	(241)
Net changes	13,079
Balance at 12/31/19	$ 50,898

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

For the year ended September 30, 2020, the Town recognized OPEB expense of $5,460.

At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes in actuarial assumption changes	$ 8,024	-
Difference between expected and actual experience	-	(3,725)
Contributions subsequent to measurement date	206	-
Total	**$** 8,230	**$** (3,725)

The Town reported $206 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2021.

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

Year ended December 31:	
2020	$ 625
2021	625
2022	625
2023	625
2024	625
Thereafter	1,174
	$ 4,299

E. Tax Abatement Disclosures

The Town negotiates tax abatement agreements on an individual basis. The Town has four property tax abatement agreements with three separate entities as of the end of September 30, 2020:

Purpose	Abatement Type	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year	
Farmer Brothers, a food processing and distribution company, receives tax abatements equal to the amount of taxes assessed on eighty-five percent (85.0%) of the value of business personal property located on the property as a result of making improvements to the warehouse and distribution facility. Value of improvements is approxiately $25,000,000.	Property Tax	74%	$	118,993
Total			**$**	**119,663**

F. Restatement

The Town has restated beginning net position/fund balance within governmental activities, debt service, and PID funds due to various accounting and report presentation errors occurring in the prior year. In addition, the Town restated beginning net position/fund balance within business-type activities, the water and sewer fund, and the nonmajor proprietary funds due to a correction relating to capital assets and report presentations in the prior year. The restatement of beginning net position/fund balance is as follows:

	Governmental Activities	Debt Service	PID
Prior year ending net position/fund balance, as reported	$ 18,406,824	$ 209,791	$ 161,095
Removed accrued interest at fund level	80,758	65,915	14,843
Present EDC and CDC as discrete component units	(800,579)	-	-
Present nonmajor fund in govt act.	(2,447)	-	-
Remove Water Capital Projects fund from govt act.	(12,199,283)	-	-
Remove Water Impact Fee funds from govt. act.	(2,135,217)	-	-
Correct capital asset balances	12,692,159	-	-
Correct deferred revenue balances	159,590	-	-
Record special assessment receivable	2,601,477	-	-
Restated beginning net position/fund balance	$ 18,803,282	$ 275,706	$ 175,938

	Business-Type Activities	Water & Sewer	Nonmajor Proprietary
Prior year ending net position/fund balance, as reported	$ 4,035,354	$ 4,027,285	$ 8,069
Present nonmajor fund in govt act.	2,447	-	2,447
Present Water Capital Projects fund in bus-type act.	12,199,283	-	-
Present Water Impact Fee funds in bus-type act.	2,135,217	-	-
Correct capital asset balances	15,599,442	15,599,442	-
Restated beginning net position/fund balance	$ 33,971,743	$ 19,626,727	$ 10,516

G. Subsequent Events

On November 5, 2020, the Town issued Tax Note, Series 2020 with a par value of $7,070,000. The tax note has a fixed interest rate of 1.10% and a maturity date of February 15, 2027.

There were no other material subsequent events through March 31, 2021, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHLAKE
TEXAS

Town of Northlake, Texas

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

For the Year Ended September 30, 2020

	Original & Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property tax	$ 1,475,462	$ 1,247,253	$ (228,209)
Sales tax	780,000	854,553	74,553
Franchise and local taxes	385,500	477,795	92,295
License, permits and fees	1,947,700	2,247,231	299,531
Intergovernmental	60,000	60,000	-
Fines and forfeitures	500,000	455,228	(44,772)
Contracted police services	218,000	252,563	34,563
Credit card convenience fees	11,000	8,904	(2,096)
Investment income	30,000	35,180	5,180
Other revenue	25,750	24,345	(1,405)
Total Revenues	5,433,412	5,663,052	229,640
Expenditures			
Current:			
General government	1,182,168	1,195,113	(12,945)
Development services	868,663	940,499	(71,836)
Public works	909,808	811,192	98,616
Municipal court	311,623	304,302	7,321
Police	2,386,363	2,136,445	249,918
Total Expenditures	5,658,625	5,387,551	271,074
Revenues Over (Under) Expenditures	(225,213)	275,501	500,714
Other Financing Sources (Uses)			
Transfers in	250,881	250,881	-
Total Other Financing Sources (Uses)	250,881	250,881	-
Net Change in Fund Balance	$ 25,668	526,382	$ 500,714
Beginning fund balance		3,075,444	
Ending Fund Balance		$ 3,601,826	

Notes to Required Supplementary Information

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

Town of Northlake, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL FUND

For the Year Ended September 30, 2020

	Original Budget	Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)
Revenues				
Hotel occupancy taxes	$ 480,000	$ 480,000	$ 393,540	$ (86,460)
Investment income	10,805	10,805	22,390	11,585
Total Revenues	490,805	490,805	415,930	(74,875)
Expenditures				
Development services	-	-	268	(268)
Police	19,927	14,091	9,625	4,466
Promotional	116,242	69,640	59,323	10,317
Capital outlay	-	1,755,468	1,755,468	-
Total Expenditures	136,169	1,839,199	1,824,684	14,515
Net Change in Fund Balance	$ 354,636	$ (1,348,394)	(1,408,754)	$ (60,360)
Beginning fund balance			2,270,708	
Ending Fund Balance			$ 861,954	

Notes to Required Supplementary Information

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

Town of Northlake, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL NORTHEAST ROADWAY IMPACT FEE FUND

For the Year Ended September 30, 2020

	Original Budget	Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)
Revenues				
Impact and development fees	$ -	$ -	$ 1,521,595	$ 1,521,595
Investment income	-	-	4,003	4,003
Total Revenues	-	-	1,525,598	1,525,598
Expenditures				
Impact fees	-	1,275,000	1,377,272	(102,272)
Total Expenditures	-	1,275,000	1,377,272	(102,272) *
Net Change in Fund Balance	$ -	$ (1,275,000)	148,326	$ 1,423,326
Beginning fund balance			785,146	
Ending Fund Balance			$ 933,472	

Notes to Required Supplementary Information

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

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

Town of Northlake, Texas

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

HARVEST PID No. 1

For the Year Ended September 30, 2020

	Original Budget	Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	$ 1,005,480	$ 1,005,480	$ 1,050,997	$ 45,517
Total Revenues	1,005,480	1,005,480	1,050,997	45,517
Expenditures				
Capital outlay	1,005,480	1,008,489	960,599	47,890
Total Expenditures	1,005,480	1,008,489	960,599	47,890
Net Change in Fund Balance	$ -	$ (3,009)	90,398	$ 93,407
Beginning fund balance			17,169	
Ending Fund Balance			$ 107,567	

Notes to Required Supplementary Information

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

Town of Northlake, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HIGHLANDS PID #2

For the Year Ended September 30, 2020

	Original & Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)
Revenues			
Special assessments	$ 320,437	$ 316,726	$ (3,711)
Total Revenues	320,437	316,726	(3,711)
Expenditures			
Debt service:			
Principal	180,000	180,000	-
Interest and fiscal charges	101,625	101,625	-
Capital outlay	24,191	2,146	22,045
Total Expenditures	305,816	283,771	22,045
Net Change in Fund Balance	$ 14,621	32,955	$ 18,334
Beginning fund balance		158,769	
Ending Fund Balance		$ 191,724	

Notes to Required Supplementary Information

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

Town of Northlake, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2019	12/31/2018	12/31/2017
Total pension liability			
Service cost	$ 379,296	$ 341,387	$ 281,176
Interest	239,941	207,574	175,548
Changes in benefit terms	-	-	58,612
Differences between expected and actual experience	(9,316)	(35,261)	4,129
Changes of assumptions	31,477	-	-
Benefit payments, including refunds of participant contributions	(94,135)	(12,137)	(20,855)
Net change in total pension liability	547,263	501,563	498,610
Total pension liability - beginning	$ 3,412,105	$ 2,910,542	$ 2,411,932
Total pension liability - ending (a)	$ 3,959,368	$ 3,412,105	$ 2,910,542
Plan fiduciary net position			
Contributions - employer	$ 253,025	$ 224,811	$ 180,185
Contributions - members	168,683	149,731	127,147
Net investment income	439,302	(76,473)	275,603
Benefit payments, including refunds of participant contributions	(94,135)	(12,137)	(20,855)
Administrative expenses	(2,472)	(1,473)	(1,425)
Other	(73)	(78)	(75)
Net change in plan fiduciary net position	764,330	284,381	560,580
Plan fiduciary net position - beginning	2,829,495	2,545,114	1,984,534
Plan fiduciary net position - ending (b)	$ 3,593,825	$ 2,829,495	$ 2,545,114
Fund's net pension liability - ending (a) - (b)	$ 365,543	$ 582,610	$ 365,428
Plan fiduciary net position as a percentage of the total pension liability	90.77%	82.93%	87.44%
Covered payroll	$ 2,409,761	$ 2,139,016	$ 1,816,383
Fund's net position as a percentage of covered payroll	15.17%	27.24%	20.12%

Notes to schedule:

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

12/31/2016	12/31/2015	12/31/2014 [1]
$ 256,814	$ 218,403	$ 169,257
140,867	114,859	94,776
-	-	-
62,182	33,719	14,773
-	71,966	-
(12,871)	(11,286)	(21,688)
446,992	427,661	257,118
$ 1,964,940	$ 1,537,279	$ 1,280,161
$ 2,411,932	$ 1,964,940	$ 1,537,279
$ 147,406	$ 128,506	$ 75,574
114,649	100,846	83,179
110,118	2,078	68,838
(12,871)	(11,286)	(21,688)
(1,241)	(1,265)	(718)
(67)	(62)	(59)
357,994	218,817	205,126
1,626,540	1,407,723	1,202,597
$ 1,984,534	$ 1,626,540	$ 1,407,723
$ 427,398	$ 338,400	$ 129,556
82.28%	82.78%	91.57%
$ 1,637,847	$ 1,440,652	$ 1,188,275
26.10%	23.49%	10.90%

Town of Northlake, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Actuarially determined employer contributions	$ 281,503	$ 238,779	$ 213,078	$ 171,635
Contributions in relation to the actuarially determined contribution	$ 281,503	$ 241,077	$ 214,948	$ 173,585
Contribution deficiency (excess)	$ -	$ (2,298)	$ (1,870)	$ (1,950)
Annual covered payroll	$ 2,784,954	$ 2,273,752	$ 2,055,781	$ 1,773,085
Employer contributions as a percentage of covered payroll	10.11%	10.60%	10.46%	9.79%

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

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updatedfor 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:

Notes	Adopted restricted prior service credit.

	9/30/2016		9/30/2015 [1]
$	140,000	$	112,401
$	141,715	$	100,291
$	(1,715)	$	12,110
$	1,558,966	$	1,341,854
	9.09%		7.47%

Town of Northlake, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended December 31,

	2019	2018	2017 [1]
Total OPEB liability			
Service cost	$ 3,374	$ 3,636	$ 2,543
Interest	1,461	1,387	1,292
Differences between expected and actual experience	(849)	(3,925)	-
Changes of assumptions	9,334	(3,244)	3,614
Benefit payments, including refunds of participant contributions	(241)	(214)	(363)
Net change in total OPEB liability	13,079	(2,360)	7,086
Total OPEB liability - beginning	$ 37,819	$ 40,179	$ 33,093
Total OPEB liability - ending	$ 50,898	$ 37,819	$ 40,179 [2]
Covered payroll	$ 2,409,761	$ 2,139,016	$ 1,816,383
Fund's net position as a percentage of covered payroll	2.11%	1.77%	2.21%

Notes to schedule:

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

[2] No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

OTHER SUPPLEMENTARY INFORMATION

Town of Northlake, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2020

	Donations	Court Security	Court Technology
Assets			
Cash and cash equivalents	$ 24,634	$ -	$ 35,796
Receivables	-	-	-
Due from other funds	-	-	3,398
Total Assets	$ 24,634	$ -	$ 39,194
Liabilities			
Accounts payable and accrued liabilities	$ -	$ -	$ -
Due to other funds	-	3,398	-
Total Liabilities	-	3,398	-
Deferred Inflows of Resources			
Other revenue	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances			
Restricted for:			
Capital improvements	24,634	-	-
Municipal court	-	-	39,194
Public safety	-	-	-
Unassigned	-	(3,398)	-
Total Fund Balances	24,634	(3,398)	39,194
Total Liabilities, Deferred Inflows and Fund Balances	$ 24,634	$ -	$ 39,194

Canyon Falls FWSD	Highlands	Northport 35 Business Center	Police Asset Forfeiture	Police Special Training	Child Safety	Court Online Access Fees
$ -	$ -	$ -	$ 26,931	$ 5,036	$ 87,845	$ 59,625
20,000	-	-	-	-	2,308	-
-	-	-	-	-	9,558	-
$ 20,000	$ -	$ -	$ 26,931	$ 5,036	$ 99,711	$ 59,625
$ -	$ -	$ -	$ 12,662	$ -	$ -	$ -
15,148	16,201	9,558	-	-	-	-
15,148	16,201	9,558	12,662	-	-	-
20,000	-	-	-	-	-	-
20,000	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	59,625
-	-	-	14,269	5,036	99,711	-
(15,148)	(16,201)	(9,558)	-	-	-	-
(15,148)	(16,201)	(9,558)	14,269	5,036	99,711	59,625
$ -	$ -	$ -	$ 26,931	$ 5,036	$ 99,711	$ 59,625

Town of Northlake, Texas

COMBINING BALANCE SHEET (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2020

	Cost Recovery Fee	Grants	Tax Increment Reinvestment Zone (TIRZ)
Assets			
Cash and cash equivalents	$ 1,153,104	$ 203,617	$ 47,073
Receivables	90,599	-	-
Due from other funds	-	-	-
Total Assets	$ 1,243,703	$ 203,617	$ 47,073
Liabilities			
Accounts payable and accrued liabilities	$ -	$ 94,835	$ 180
Due to other funds	-	-	-
Total Liabilities	-	94,835	180
Deferred Inflows of Resources			
Other revenue	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances			
Restricted for:			
Capital improvements	1,243,703	108,782	46,893
Municipal court	-	-	-
Public safety	-	-	-
Unassigned	-	-	-
Total Fund Balances	1,243,703	108,782	46,893
Total Liabilities, Deferred Inflows and Fund Balances	$ 1,243,703	$ 203,617	$ 47,073

Total Nonmajor Governmental
$ 1,643,661
112,907
12,956
$ 1,756,568
$ 107,677
44,305
151,982
20,000
20,000
1,424,012
98,819
119,016
(44,305)
1,597,542
$ 1,749,524

Town of Northlake, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	Donations	Court Security	Court Technology
Revenues			
Property tax	$ -	$ -	$ -
Fines and forfeitures	-	9,562	10,527
Impact and development fees	-	-	-
Intergovernmental	-	-	-
Investment income	16	-	-
Other revenue	9,843	-	-
Total Revenues	9,859	9,562	10,527
Expenditures			
General government	-	-	-
Municipal court	-	3,597	-
Police	8,907	-	-
TIRZ activty	-	-	-
Total Expenditures	8,907	3,597	-
Net Change in Fund Balances	952	5,965	10,527
Beginning fund balances	23,682	(9,363)	28,667
Ending Fund Balances	$ 24,634	$ (3,398)	$ 39,194

Canyon Falls FWSD	Highlands	Northport 35 Business Center	Police Asset Forfeiture	Police Special Training	Child Safety	Court Online Access Fees
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	3,350	1,408	6,593	15,491
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	11	-	74	-
-	-	-	-	-	-	-
-	-	-	3,361	1,408	6,667	15,491
-	-	-	-	-	-	-
-	-	-	-	-	-	16,797
-	-	-	551	-	3,817	-
-	-	-	-	-	-	-
-	-	-	551	-	3,817	16,797
-	-	-	2,810	1,408	2,850	(1,306)
(15,148)	(16,201)	(9,558)	11,459	3,628	96,861	60,931
$ (15,148)	(16,201)	$ (9,558)	$ 14,269	$ 5,036	$ 99,711	$ 59,625

Town of Northlake, Texas

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	Cost Recovery Fee	Grants	Tax Increment Reinvestment Zone (TIRZ)
Revenues			
Property tax	$ -	$ -	$ 173,105
Fines and forfeitures	-	-	-
Impact and development fees	378,639	-	-
Intergovernmental	-	227,700	-
Investment income	1,178	-	-
Other revenue	-	-	-
Total Revenues	379,817	227,700	173,105
Expenditures			
General government	-	116,472	-
Municipal court	-	-	-
Police	-	-	-
TIRZ activty	-	-	295,394
Total Expenditures	-	116,472	295,394
Net Change in Fund Balances	379,817	111,228	(122,289)
Beginning fund balances	863,886	(2,446)	169,182
Ending Fund Balances	$ 1,243,703	$ 108,782	$ 46,893

Total Nonmajor Governmental
$ 173,105
46,931
378,639
227,700
1,279
9,843
837,497
116,472
20,394
13,275
295,394
445,535
391,962
1,205,580
$ 1,597,542

Town of Northlake, Texas

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

COURT SECURITY

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and fees	$ 12,000	$ 9,562	$ (2,438)
Investment income	9,000	-	(9,000)
Total Revenues	21,000	9,562	(11,438)
Expenditures			
Municipal court	8,500	3,597	4,903
Total Expenditures	8,500	3,597	4,903
Revenues Over (Under) Expenditures	12,500	5,965	(6,535)
Net Change in Fund Balances	$ 12,500	5,965	$ (6,535)
Beginning fund balances		(9,363)	
Ending Fund Balances		$ (3,398)	

Notes to Other Supplementary Information

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

Town of Northlake, Texas

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

COURT TECHNOLOGY

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and fees	$ 16,000	$ 10,527	$ (5,473)
Total Revenues	16,000	10,527	(5,473)
Revenues Over (Under) Expenditures	16,000	10,527	(5,473)
Net Change in Fund Balances	$ 16,000	10,527	$ (5,473)
Beginning fund balances		28,667	
Ending Fund Balances		$ 39,194	

Notes to Other Supplementary Information

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

Town of Northlake, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE ASSET FORFEITURE

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and fees	$ -	$ 3,350	$ 3,350
Investment income	15	11	(4)
Total Revenues	15	3,361	3,346
Expenditures			
Police	-	551	(551)
Total Expenditures	-	551	(551) *
Revenues Over (Under) Expenditures	15	2,810	2,795
Net Change in Fund Balances	$ 15	2,810	$ 2,795
Beginning fund balances		11,459	
Ending Fund Balances		$ 14,269	

* Expenditures exceeded appropriations at the legal level of control.

Notes to Other Supplementary Information

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

Town of Northlake, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE SPECIAL TRAINING

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and fees	$ 1,400	$ 1,408	$ 8
Total Revenues	1,400	1,408	8
Revenues Over Expenditures	1,400	1,408	8
Net Change in Fund Balances	$ 1,400	1,408	$ 8
Beginning fund balances		3,628	
Ending Fund Balances		$ 5,036	

Notes to Other Supplementary Information

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

Town of Northlake, Texas

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

CHILD SAFETY

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and forfeitures	$ 5,000	$ 6,593	$ 1,593
Investment income	9,000	74	(8,926)
Total Revenues	14,000	6,667	(7,333)
Expenditures			
Police	7,850	3,817	4,033
Total Expenditures	7,850	3,817	4,033
Revenues Over (Under) Expenditures	6,150	2,850	(3,300)
Net Change in Fund Balances	$ 6,150	2,850	$ (3,300)
Beginning fund balances		96,861	
Ending Fund Balances		$ 99,711	

Notes to Other Supplementary Information

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

Town of Northlake, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL COURT ONLINE ACCESS FEES

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and forfeitures	$ 18,000	$ 15,491	$ (2,509)
Total Revenues	18,000	15,491	(2,509)
Expenditures			
Municipal court	17,500	16,797	703
Total Expenditures	17,500	16,797	703
Revenues Over (Under) Expenditures	500	(1,306)	(1,806)
Net Change in Fund Balances	$ 500	(1,306)	$ (1,806)
Beginning fund balances		60,931	
Ending Fund Balances		$ 59,625	

Notes to Other Supplementary Information

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

Town of Northlake, Texas

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

GRANTS FUND

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	$ -	$ 227,700	$ 227,700
Total Revenues	-	227,700	227,700
Expenditures			
General government	212,700	116,472	96,228
Total Expenditures	212,700	116,472	96,228
Revenues Over (Under) Expenditures	(212,700)	111,228	323,928
Net Change in Fund Balances	$ (212,700)	111,228	$ 323,928
Beginning fund balances		(2,446)	
Ending Fund Balances		$ 108,782	

Notes to Other Supplementary Information

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

Town of Northlake, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COST RECOVERY FEE

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Impact and development fees	$ 200,000	$ 378,639	$ 178,639
Investment income	-	1,178	1,178
Total Revenues	200,000	379,817	179,817
Revenues Over (Under) Expenditures	200,000	379,817	179,817
Net Change in Fund Balances	$ 200,000	379,817	$ 179,817
Beginning fund balances		863,886	
Ending Fund Balances		$ 1,243,703	

Notes to Other Supplementary Information

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

Town of Northlake, Texas

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

TIRZ

For the Year Ended September 30, 2020

	Original Budget	Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 178,149	$ 178,149	$ 173,105	$ (5,044)
Total Revenues	178,149	178,149	173,105	(5,044)
Expenditures				
TIRZ activity	173,839	313,369	295,394	17,975
Total Expenditures	173,839	313,369	295,394	17,975
Net Change in Fund Balance	$ 4,310	$ (135,220)	(122,289)	$ 12,931
Beginning fund balance			169,182	
Ending Fund Balance			$ 46,893	

Notes to Other Supplementary Information

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

Town of Northlake, Texas

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

For the Year Ended September 30, 2020

	Original & Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)
Revenues			
Property tax	$ 901,111	$ 1,254,824	$ 353,713
Investment income	1,200	41	(1,159)
Total Revenues	902,311	1,254,865	352,554
Expenditures			
Debt service:			
Principal	420,000	420,000	-
Interest	606,871	606,481	390
Total Expenditures	1,026,871	1,026,481	390
Revenues Over (Under) Expenditures	(124,560)	228,384	352,164
Other Financing Sources (Uses)			
Transfers in	50,000	50,000	-
Total Other Financing Sources (Uses)	50,000	50,000	-
Net Change in Fund Balance	$ (74,560)	278,384	$ 352,944
Beginning fund balance		275,706	
Ending Fund Balance		$ 554,090	

Notes to Other Supplementary Information

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

Town of Northlake, Texas

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

For the Year Ended September 30, 2020

	Original & Final Budget	2020 Actual	Variance with Final Budget Positive (Negative)
Revenues			
Investment income	$ -	$ 74,605	$ 74,605
Total Revenues	-	74,605	74,605
Expenditures			
General government	-	3,770	(3,770)
Capital outlay	900,000	398,332	501,668
	900,000	402,102	497,898
Revenues Over (Under) Expenditures	(900,000)	(327,497)	572,503
Net Change in Fund Balance	$ (900,000)	(327,497)	$ 572,503
Beginning fund balance		1,249,935	
Ending Fund Balance		$ 922,438	

Notes to Other Supplementary Information

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

Town of Northlake, Texas

COMBINING BALANCE SHEET

ROADWAY IMPACT FEE FUNDS

September 30, 2020

	North West Roadway Impact Fee	North East Roadway Impact Fee	South East Roadway Impact Fee	Total Roadway Impact Fee Funds
Assets				
Cash and cash equivalents	$ 356,223	$ 937,318	$ 1,207,330	$ 2,500,871
Due from other funds	42,068	-	-	42,068
Total Assets	$ 398,291	$ 937,318	$ 1,207,330	$ 2,542,939
Liabilities				
Accounts payable	$ -	$ 3,846	$ -	$ 3,846
Total Liabilities	-	3,846	-	3,846
Fund Balances				
Restricted for:				
Capital improvements	398,291	933,472	1,207,330	2,539,093
Total Fund Balances	398,291	933,472	1,207,330	2,539,093
Total Liabilities and Fund Balances	$ 398,291	$ 937,318	$ 1,207,330	$ 2,542,939

Town of Northlake, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ROADWAY IMPACT FEE FUNDS

For the Year Ended September 30, 2020

	North West Roadway Impact Fee	North East Roadway Impact Fee	South East Roadway Impact Fee	Total Roadway Impact Fee Funds
Revenues				
Impact and development fees	$ 398,291	$ 1,521,595	$ 195,281	$ 2,115,167
Investment income	-	4,003	12,092	16,095
Total Revenues	398,291	1,525,598	207,373	2,131,262
Expenditures				
Impact fee expenses	-	1,377,272	-	1,377,272
Total Expenditures	-	1,377,272	-	1,377,272
Revenues Over (Under) Expenditures	398,291	148,326	207,373	753,990
Beginning fund balances	-	785,146	999,957	1,785,103
Ending Fund Balances	$ 398,291	$ 933,472	$ 1,207,330	$ 2,539,093

Town of Northlake, Texas

COMBINING BALANCE SHEET

PUBLIC IMPROVEMENT DISTRICTS

September 30, 2020

	Harvest PID No. 1	Highlands PID No. 2	Total Public Improvement Districts
Assets			
Cash and cash equivalents	$ 106,007	$ 191,724	$ 297,731
Special assessments receivable	4,238	2,281,765	2,286,003
Prepaid items	1,594	-	1,594
Total Assets	$ 111,839	$ 2,473,489	$ 2,585,328
Liabilities			
Accounts payable	$ 1,169	$ -	$ 1,169
Total Liabilities	1,169	-	1,169
Deferred Inflows of Resources			
Property special assessments	3,103	2,281,765	2,284,868
Total Deferred Inflows of Resources	3,103	2,281,765	2,284,868
Fund Balances			
Nonspendable for:			
Prepaids	1,594	-	1,594
Restricted for:			
Public improvement districts	105,973	191,724	297,697
Total Fund Balances	107,567	191,724	299,291
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 111,839	$ 2,473,489	$ 2,585,328

Town of Northlake, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES PUBLIC IMPROVEMENT DISTRICTS

For the Year Ended September 30, 2020

	Harvest PID No. 1	Highlands PID No. 2	Total Public Improvement Districts
Revenues			
Special assessments	$ 1,050,997	$ 316,726	$ 1,367,723
Total Revenues	1,050,997	316,726	1,367,723
Expenditures			
Debt service:			
Principal	-	180,000	180,000
Interest and fiscal charges	-	101,625	101,625
Capital outlay	960,599	2,146	962,745
Total Expenditures	960,599	283,771	1,244,370
Revenues Over (Under) Expenditures	90,398	32,955	123,353
Net Change in Fund Balances	90,398	32,955	123,353
Beginning fund balances	17,169	158,769	175,938
Ending Fund Balances	$ 107,567	$ 191,724	$ 299,291

Town of Northlake, Texas

COMBINING STATEMENT OF NET POSITION

UTILITY IMPACT FEES

September 30, 2020

	Water Impact Fee North	Water Impact Fee South	Sewer Impact Fee	Total Utility Impact Fees
Assets				
Cash and cash equivalents	$ 820,543	$ 1,135,684	$ 731,969	$ 2,688,196
Due from other funds	-	-	177,576	177,576
Total Assets	$ 820,543	$ 1,135,684	$ 909,545	$ 2,688,196
Liabilities				
Accounts payable	$ 16,804	$ 5,594	$ -	$ 22,398
Due to other funds	-	7,697	-	7,697
Total Liabilities	16,804	13,291	-	30,095
Net Position				
Unrestricted	803,739	1,122,393	909,545	2,835,677
Total Net Position	$ 803,739	$ 1,122,393	$ 909,545	$ 2,835,677

See Notes to Financial Statements.

Town of Northlake, Texas

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
UTILITY IMPACT FEE FUNDS

For the Year Ended September 30, 2020

	Water Impact Fee North	Water Impact Fee South	Sewer Impact Fee	Total Utility Impact Fee Funds
<u>Operating Revenues</u>				
Impact and development fees	$ 1,208,005	$ 375,810	$ 177,576	$ 1,761,391
Investment income	52	21,752	4,332	26,136
Total Operating Revenues	1,208,057	397,562	181,908	1,787,527
<u>Operating Expenses</u>				
Impact fee expenses	697,765	389,302	-	1,087,067
Total Operating Expenses	697,765	389,302	-	1,087,067
Operating Income	510,292	8,260	181,908	700,460
<u>Transfers</u>				
Transfers in	-	-	727,637	727,637
Transfers (out)	-	(727,637)	-	(727,637)
Total Transfers	-	(727,637)	727,637	-
Change in Net Position	510,292	(719,377)	909,545	700,460
Beginning net position	293,447	1,841,770	-	2,135,217
Ending Net Position	$ 803,739	$ 1,122,393	$ 909,545	$ 2,835,677

See Notes to Financial Statements.

Town of Northlake, Texas

COMBINING STATEMENT OF NET POSITION

NONMAJOR PROPRIETARY FUNDS

September 30, 2020

	Canyon Falls MUD 1 Fund	Argyl Sewer Billing Fund	Total Nonmajor Proprietary Funds
Assets			
Receivables	$ 4,500	$ 3,635	$ 8,135
Due from other funds	50,863	6,377	57,240
Total Assets	$ 55,363	$ 10,012	$ 65,375
Liabilities			
Customer deposits	$ 12,386	$ -	$ 12,386
Total Liabilities	12,386	-	12,386
Net Position			
Unrestricted	42,977	10,012	52,989
Total Net Position	$ 42,977	$ 10,012	$ 52,989

Town of Northlake, Texas

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	Canyon Falls MUD 1 Fund	Argyl Sewer Billing Fund	Total Utility Impact Fee Funds
Operating revenues			
Charges for services	$ 36,106	$ 27,502	$ 63,608
Total Operating Revenues	36,106	27,502	63,608
Operating Expenses			
Operating expenses	-	21,135	21,135
Total Operating Expenses	-	21,135	21,135
Operating Income (Loss)	36,106	6,367	42,473
Change in Net Position	36,106	6,367	42,473
Beginning net position	6,871	3,645	10,516
Ending Net Position	$ 42,977	$ 10,012	$ 52,989

Town of Northlake, Texas

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

September 30, 2020

	Technology ISF	Equipment ISF	Building Services ISF	Total Internal Service Fund
Assets				
Cash and cash equivalents	$ 41,323	$ 194,931	$ 87,716	$ 323,970
Total Assets	$ 41,323	$ 194,931	$ 87,716	$ 323,970
Noncurrent Assets				
Capital assets:				
Net depreciable capital assets	105,427	822,478	1,295,888	2,223,793
Total Noncurrent Assets	105,427	822,478	1,295,888	2,223,793
Total Assets	146,750	1,017,409	1,383,604	2,547,763
Liabilities				
Accounts payable	$ 1,727	$ -	$ 2,639	$ 4,366
Due to other funds	-	-	234,539	234,539
Total Liabilities	1,727	-	237,178	238,905
Net Position				
Net investment in capital assets	105,427	822,478	1,295,888	2,223,793
Unrestricted	39,596	194,931	(149,462)	85,065
Total Net Position	$ 145,023	$ 1,017,409	1,146,426	$ 2,308,858

Town of Northlake, Texas

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2020

	Technology ISF	Equipment ISF	Building Services ISF	Total Utility Impact Fee Funds
Operating revenues				
Charges for services	$ 292,500	$ 314,966	$ 405,229	$ 1,012,695
Other revenues	-	17,991	-	17,991
Total Operating Revenues	292,500	332,957	405,229	1,030,686
Operating Expenses				
Operating expenses	182,701	18,845	479,113	680,659
Depreciation	23,662	204,060	180,586	408,308
Total Operating Expenses	206,363	222,905	659,699	1,088,967
Operating Income (Loss)	86,137	110,052	(254,470)	(58,281)
Change in Net Position	86,137	110,052	(254,470)	(58,281)
Beginning net position	58,886	907,357	1,400,896	2,367,139
Ending Net Position	$ 145,023	$ 1,017,409	1,146,426	$ 2,308,858

Town of Northlake, Texas

STATISTICAL SECTION

(UNAUDITED)

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

Contents **Page**

Financial Trends 130

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

Revenue Capacity 140

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

Debt Capacity 148

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

Demographic and Economic Information 156

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

Operating Information 160

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

Continuing Financial Disclosures 166

These tables present various financial data originally distributed in a debt official statement. The Town is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. This financial information is provided to the Municipal Securities Rulemaking Board (MSRB) annually via the Electronic Municipal Market Access (EMMA) system.

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

Town of Northlake, Texas

Table 1

Net Position By Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2016	2017	2018
Governmental activities			
Net investment in capital assets	$ 622,501	$ (2,224,043)	$ 3,022,060
Restricted	1,838,381	9,067,546	7,371,608
Unrestricted	4,313,308	2,573,478	1,055,212
Total governmental activities net position	$ 6,774,190	$ 9,416,981	$ 11,448,880
Business-type activities			
Net investment in capital assets	$ 3,343,561	$ 4,258,425	$ 5,697,160
Unrestricted	1,497,218	1,150,742	2,085,468
Total business-type activities net position	$ 4,840,779	$ 5,409,167	$ 7,782,628
Primary government			
Net investment in capital assets	$ 3,966,062	$ 2,034,382	$ 8,719,220
Restricted	1,838,381	9,067,546	7,371,608
Unrestricted	5,810,526	3,724,220	3,140,680
Total primary governmental activities net position	$ 11,614,969	$ 14,826,148	$ 19,231,508

Source: The data in this schedule is extracted from the Town's audited financial statements.

Table 1

	2019	2020
	$ 8,307,614	$ 23,726,179
	7,749,697	4,735,030
	2,745,971	7,138,755
	$ 18,803,282	$ 35,599,964
	$ 19,237,890	$ 28,566,151
	14,733,853	2,582,247
	$ 33,971,743	$ 31,148,398
	$ 27,545,504	$ 52,292,330
	7,749,697	4,735,030
	17,479,824	9,721,002
	$ 52,775,025	$ 66,748,362

Town of Northlake, Texas

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2016	2017	2018
Expenses			
Governmental activities:			
General government	$ 1,562,134	$ 1,437,941	$ 928,400
Police	1,378,162	1,212,424	1,837,541
Public works	658,352	1,312,199	952,983
Public Improvement Districts (PID)	-	-	-
Tax Increment Reinvestment Zone (TIRZ)	-	-	-
Promotional	38,233	61,929	67,431
Development services	-	1,016,548	1,274,815
Economic development	636,186	636,186	-
Interest and fiscal charges	226,945	432,877	150,220
Total governmental activities expenses	4,500,012	6,110,104	5,211,390
Business-type activities			
Water and sewer	1,613,800	2,568,970	3,294,171
Utility Impact Fees	-	-	-
Interest and fiscal charges	-	-	-
Total business-type activities expenses	1,613,800	2,568,970	3,294,171
Total primary government expenses	$ 6,113,812	$ 8,679,074	$ 8,505,561
Program revenues			
Governmental activities:			
Charges for services:			
General government	$ 1,061,699	$ 1,341,544	$ 1,546,713
Public safety	593,352	544,561	578,133
Public works	-	-	-
PID special assessments	-	-	-
Development services	-	-	-
Operating grants and contributions	-	-	-
Capital grants and contributions	-	-	-
Total governmental activities program revenues	$ 1,655,051	$ 1,886,105	$ 2,124,846
Business-type activities:			
Charges for services:			
Water and sewer	2,584,170	3,296,635	3,783,858
Capital grants and contributions	-	-	-
Operating grants and contributions	-	-	1,300,406
Total business-type activities program revenues	2,584,170	3,296,635	5,084,264
Total primary government program revenues	$ 4,239,221	$ 5,182,740	$ 7,209,110
Net (expense)/revenue:			
Governmental activities	$ (2,844,961)	$ (4,223,999)	$ (3,086,544)
Business-type activities	970,370	727,665	1,790,093
Total primary government net expense	$ (1,874,591)	$ (3,496,334)	$ (1,296,451)

Source: The data in this schedule is extracted from the Town's audited financial statements.

2019	2020
$ 1,537,061	$ 1,598,011
1,539,945	2,617,563
854,028	1,928,485
1,130,320	962,745
4,741	539,727
104,689	59,350
619,714	2,325,958
-	-
711,903	641,799
6,502,401	10,673,638
4,569,206	5,823,770
348,570	1,087,067
-	27,273
4,917,776	6,938,110
$ 11,420,177	$ 17,611,748
$ -	$ -
726,789	732,717
1,552,481	2,493,806
1,103,802	1,051,114
2,603,003	2,247,231
421,929	287,700
12,692,159	5,552,416
$ 19,100,163	$ 12,364,984
5,138,625	7,239,951
15,599,442	6,928,452
-	-
20,738,067	14,168,403
$ 39,838,230	$ 26,533,387
$ 12,597,762	$ 1,691,346
15,820,291	7,230,293
$ 28,418,053	$ 8,921,639

Town of Northlake, Texas
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018
General revenues and other changes in net position			
Governmental activities:			
Property taxes	$ 922,534	$ 1,179,013	$ 1,572,424
Sales taxes	1,359,296	1,246,433	1,284,730
Franchise taxes	257,563	282,277	376,093
Hotel/motel taxes	257,813	267,965	444,447
Interest earnings	40,944	113,463	160,360
Roadway Impact Fees	-	-	744,960
Assessments	436,420	610,503	-
Miscellaneous	204,122	1,542,348	335,428
Transfers	146,629	172,262	200,000
Total governmental activities	3,625,321	5,414,264	5,118,442
Business-type activities:			
Water/sewer impact fees	-	-	747,134
Interest earnings	(28,061)	(6,339)	37,718
Miscellaneous	60,734	20,324	(1,487)
Transfers	(146,629)	(172,262)	(200,000)
Total business-type activities	(113,956)	(158,277)	583,365
Total primary government	$ 3,511,365	$ 5,255,987	$ 5,701,807
Changes in net position:			
Governmental activities	$ 780,360	$ 1,190,265	$ 2,031,898
Business-type activities	856,414	569,388	2,373,458
Total primary government	$ 1,636,774	$ 1,759,653	$ 4,405,356

Source: The data in this schedule is extracted from the Town's audited financial statements.

2019	2020
$ 1,954,238	$ 2,659,080
728,786	854,553
443,387	477,795
417,116	393,540
236,517	149,848
-	-
-	-
486,535	396,402
(11,770,000)	10,174,118
(7,503,421)	15,105,336
-	-
294,444	120,480
14,367	-
11,770,000	(10,174,118)
12,078,811	(10,053,638)
$ 4,575,390	$ 5,051,698
$ 5,094,341	$ 16,796,682
27,899,102	(2,823,345)
$ 32,993,443	$ 13,973,337

Town of Northlake, Texas

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2016	2017	2018
General fund			
Nonspendable	-	-	-
Unassigned	1,575,023	1,925,453	1,831,294
Total general fund	$ 1,575,023	$ 1,925,453	$ 1,831,294
All other governmental funds:			
Nonspendable	$ -	$ -	$ -
Unassigned	-	-	-
Restricted for:			
Debt service	-	126,531	783,748
Promotional activities	1,258,552	1,484,307	1,884,974
Capital improvements	-	5,996,260	2,419,659
Utility cost participation	-	-	65,310
Public improvement	1,373,509	119,353	-
Economic development	595,579	612,391	-
Community development	575,332	592,138	-
Restricted, reported in non-major governmental funds:			
Roadway impact fees	-	-	781,367
Municipal court	-	-	-
Court technology, security and child safety	250,910	250,722	133,803
Utility cost participation	-	-	-
Public safety	-	-	108,611
TIRZ Development	-	-	46,896
Economic development	-	-	584,305
Community development	-	-	562,935
Capital projects	11,071	-	-
Debt service	249,740	-	-
Donations	-	-	-
Other purposes	(1,385)	5,197	-
Total all other governmental funds	$ 4,313,308	$ 9,186,899	$ 7,371,608

Source: The data in this schedule is extracted from the Town's audited financial statements.
The City implemented GASB Statement No. 54 "Fund
Balance Reporting and Governmental Fund Type

	2019	2020
	-	6,394
	3,075,444	3,595,432
	$ 3,075,444	$ 3,601,826
	$ -	$ 1,594
	(52,716)	(44,305)
	275,706	554,090
	2,270,708	861,954
	3,035,038	3,461,531
	64,459	53,506
	175,938	297,697
	-	-
	-	-
	-	-
	60,931	98,819
	-	-
	-	-
	111,948	119,016
	169,182	-
	-	-
	-	-
	892,553	1,424,012
	-	-
	23,682	-
	-	-
	$ 7,027,429	$ 6,827,914

Town of Northlake, Texas

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2016	2017	2018
Revenues:			
Taxes:			
Property	$ 954,486	$ 1,190,441	$ 1,589,745
Sales and beverage	1,359,296	1,246,433	1,284,730
Franchise	257,563	282,277	376,093
Hotel/motel	257,813	267,965	444,447
Buildings permits, plant and other fees	1,061,699	1,341,544	1,546,713
Municipal court	601,110	592,248	539,125
Interest income	40,581	103,235	154,890
Online access fees	-	-	17,724
Roadway impact fees	-	-	744,960
Assessments	436,420	610,503	-
Contracted police services	-	-	-
Credit card convenience fees	-	-	-
Cost recovery fees	-	-	-
Water and sewer impact fees	-	-	-
Developer participation	-	-	-
Court security, technology and online access fees	-	-	-
Seized monies, training, seatbelt and child safety	-	-	-
Intergovernmental	-	-	-
Fines and forfeitures	-	-	-
Impact and development fees	-	-	-
Investment income	-	-	-
Miscellaneous	205,153	1,450,364	266,767
Total revenues	5,174,121	7,085,010	6,965,194
Expenditures:			
General government	1,429,193	1,206,381	893,117
Municipal court	232,668	275,528	285,187
Development services	636,186	932,591	1,301,715
Police	1,069,797	1,263,326	1,574,150
Public works	425,044	681,092	734,759
Promotional	38,233	62,929	67,431
Public Improvement Districts (PID)	-	-	-
Tax Increment Reinvestment Zone (TIRZ)	-	-	-
Utility cost participation	-	-	-
Capital outlay	1,717,484	2,927,584	3,526,434
Debt service:			
Principal	300,000	2,005,000	355,000
Interest and fiscal charges	242,624	459,276	171,205
Total expenditures	6,091,229	9,813,707	8,908,998
Excess (Deficiency) of revenues over (under) expenditures	(917,108)	(2,728,697)	(1,943,804)
Other financing sources (uses):			
Proceeds of long-term debt	-	8,380,000	-
Premium on bond	-	215,287	-
Transfers in	484,416	6,935,000	484,416
Transfers out	(755,748)	(7,578,569)	(755,748)
Total other financing sources	(271,332)	7,951,718	(271,332)
Net change in fund balances	$ (1,188,440)	$ 5,223,021	$ (2,215,136)
Debt service as a percentage of noncapital expenditures	12.4%	35.8%	9.8%

Source: The data in this schedule is extracted from the Town's audited financial statements.

2019	2020
$ 3,072,327	$ 2,675,182
1,514,224	854,553
454,537	477,795
457,149	393,540
2,579,477	2,247,231
512,290	-
530,896	-
-	-
1,003,736	-
-	1,367,723
161,813	252,563
10,927	8,904
433,149	-
1,166,118	-
421,929	-
40,877	-
11,809	-
-	287,700
-	502,159
-	2,493,806
-	149,848
109,626	34,188
12,480,884	11,745,192
975,334	1,315,355
374,279	324,696
1,673,677	940,767
2,410,570	2,159,345
565,907	811,192
106,189	59,323
793,278	-
4,741	295,394
970	11,211
2,087,805	4,493,817
960,000	600,000
720,493	708,106
10,673,243	11,719,206
1,807,641	25,986
11,395,000	-
605,000	-
-	300,881
(11,770,000)	-
230,000	300,881
$ 2,037,641	$ 326,867
19.6%	18.1%

Town of Northlake, Texas

Assessed Value and Estimated Actual Value of Property

Last Ten Years

Fiscal Year Ended	Taxable Assessed Value Real Property	Taxable Assessed Value Non-Real Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2011	NA	NA	NA	NA	NA
2012	$ 230,393,065	$ 98,794,901	$ 80,416,111	$ 248,771,855	$ 0.295000
2013	$ 245,846,132	$ 76,831,448	$ 86,740,998	$ 235,936,582	$ 0.295000
2014	$ 251,979,882	$ 75,155,805	$ 95,505,314	$ 231,630,373	$ 0.295000
2015	$ 274,888,212	$ 67,086,618	$ 100,832,780	$ 241,142,050	$ 0.295000
2016	$ 311,252,254	$ 67,776,420	$ 100,065,441	$ 278,963,233	$ 0.295000
2017	$ 426,846,323	$ 58,802,475	$ 103,460,351	$ 382,188,447	$ 0.295000
2018	$ 539,027,594	$ 114,099,682	$ 152,941,767	$ 500,185,509	$ 0.295000
2019	$ 675,587,625	$ 105,896,990	$ 155,686,083	$ 625,798,532	$ 0.295000
2020	$ 894,787,656	$ 218,083,354	$ 252,287,166	$ 860,583,844	$ 0.295000

Source: Denton County Tax Appraisal District
NA: Not Available

Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
NA	NA
$ 329,187,966	75.57%
$ 322,677,580	73.12%
$ 327,135,687	70.81%
$ 341,974,830	70.51%
$ 379,028,674	73.60%
$ 485,648,798	78.70%
$ 653,127,276	76.58%
$ 781,484,615	80.08%
$ 1,112,871,010	77.33%

Town of Northlake, Texas

Property Tax Rates

Direct and Overlapping Governments

Fiscal Year	Tax Year	Town of Northlake Operating Rate		Debt Service Rate		Total Direct Rate	
2011	2010	$	0.241700	$	0.053300	$	0.295000
2012	2011	$	0.216600	$	0.078400	$	0.295000
2013	2012	$	0.215700	$	0.079300	$	0.295000
2014	2013	$	0.204600	$	0.090400	$	0.295000
2015	2014	$	0.205800	$	0.089200	$	0.295000
2016	2015	$	0.217700	$	0.077300	$	0.295000
2017	2016	$	0.217700	$	0.077300	$	0.295000
2018	2017	$	0.170500	$	0.124500	$	0.295000
2019	2018	$	0.170500	$	0.124500	$	0.295000
2020	2019	$	0.155563	$	0.139437	$	0.295000

Source: Denton County Tax Appraisal District
NA: Not Available

Overlapping Rates			
Denton County	Northwest ISD	Emergency Services District #1	Total Direct and Overlapping Rates
NA	NA	NA	NA
$ 0.277357	$ 1.375000	$ 0.100000	$ 2.04736
$ 0.282867	$ 1.375000	$ 0.100000	$ 2.05287
$ 0.284914	$ 1.452500	$ 0.100000	$ 2.13241
$ 0.272200	$ 1.452500	$ 0.100000	$ 2.11970
$ 0.262000	$ 1.452500	$ 0.100000	$ 2.10950
$ 0.248409	$ 1.452500	$ 0.099822	$ 2.09573
$ 0.237812	$ 1.490000	$ 0.100000	$ 2.12281
$ 0.225574	$ 1.490000	$ 0.100000	$ 2.11057
$ 0.225278	$ 1.420000	$ 0.100000	$ 2.28326

Town of Northlake, Texas

Principal Property Taxpayers

Current Year and Nine Years Ago

	2020		
Name of Taxpayer	Taxable Assessed Value	Rank	% of Total Taxable Assessed Valuation
Dry Creek Apartments, LTD	$46,650,000	1	5.42%
Alliance Northport No 3 LTD	$43,237,126	2	5.02%
Northport 35 Investors LLC	$42,850,441	3	4.98%
Chadwick Apartments Phase I LTD	$38,280,000	4	4.45%
Wesco Aircraft Hardware Corp	$36,989,343	5	4.30%
Cabot IV TX1B01 B02 LLC	$22,731,030	6	2.64%
Intercapital Creekside LLC	$22,471,417	7	2.61%
DCT Northlake LP	$22,140,000	8	2.57%
Farmer Bros CO	$13,929,060	9	1.62%
The Clorox Sales Company	$10,505,750	10	1.22%
Quiktrip Corp	$8,966,583	11	1.04%
Pegasus Hotels LLC	$8,916,430	12	1.04%
Northlake Hotels LLC	$8,880,000	13	1.03%
Royal Crest Properties LLC	$7,291,103	14	0.85%
Hydro Conduit of Texas	$7,262,084	15	0.84%
Subtotal	**$341,100,367**		**38.79%**
All other taxpayers	519,483,477		61.21%
	$ 860,583,844		100.00%

Source: Denton County Tax Appraisal District

2011		
Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
		NA
		NA
		NA
$14,689,500	3	NA
		NA
		NA
		NA
$14,040,000	4	NA
		NA
$8,133,411	9	NA
		NA
		NA
		NA
		NA
$3,960,000	11	NA
$40,822,911		**0.00%**
NA		100.00%
NA		100.00%

Town of Northlake, Texas

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended	Total Tax Levy for Year	Ad Valorem Rate: Tax Rate	Ad Valorem Rate: Operating Fund	Ad Valorem Rate: Debt Service Fund	Tax Levy
2011	2010	$ 0.29500	$ 0.241700	$ 0.053300	NA
2012	2011	$ 0.29500	$ 0.216600	$ 0.078400	$ 778,091
2013	2012	$ 0.29500	$ 0.215700	$ 0.079300	$ 701,358
2014	2013	$ 0.29500	$ 0.204600	$ 0.090400	$ 678,477
2015	2014	$ 0.29500	$ 0.205800	$ 0.089200	$ 752,611
2016	2015	$ 0.29500	$ 0.217700	$ 0.077300	$ 977,805
2017	2016	$ 0.29500	$ 0.217700	$ 0.077300	$ 1,148,485
2018	2017	$ 0.29500	$ 0.170500	$ 0.124500	$ 1,583,717
2019	2018	$ 0.31282	$ 0.172630	$ 0.140191	$ 1,955,213
2020	2019	$ 0.28348	$ 0.144040	$ 0.139437	$ 2,656,654

Source: Denton County Tax Assessor & Collector
NA: Not Available

Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
Amount	Percentage of Levy		Amount	Percentage of Levy
NA	NA	NA	NA	NA
$ 752,829	96.75%	$ 25,203	$ 778,032	99.99%
$ 700,714	99.91%	$ 626	$ 701,340	100.00%
$ 677,752	99.89%	$ 703	$ 678,456	100.00%
$ 741,724	98.55%	$ 10,758	$ 752,483	99.98%
$ 874,511	89.44%	$ 102,251	$ 976,762	99.89%
$ 1,142,544	99.48%	$ 5,893	$ 1,148,437	100.00%
$ 1,574,516	99.42%	$ 9,129	$ 1,583,646	100.00%
$ 1,933,719	98.90%	$ 21,216	$ 1,954,935	99.99%
$ 2,596,323	97.73%	$ -	$ 2,596,323	97.73%

Town of Northlake, Texas

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities					Bus-Type Activities	
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Anticipation Notes	Unamortized bond premiums/ discounts	Total Governmental Activities (1)	General Obligation Bonds	Certificates of Obligation
2011	$ -	$ 215,000	$ -	$ -	$ 215,000	$ -	$ -
2012	$ -	$ 180,000	$ -	$ -	$ 180,000	$ -	$ -
2013	$ -	$ 145,000	$ -	$ -	$ 145,000	$ -	$ -
2014	$ -	$ 4,280,000	$ -	$ -	$ 4,280,000	$ -	$ 420,000
2015	$ -	$ 4,110,000	$ -	$ -	$ 4,110,000	$ -	$ 405,000
2016	$ -	$ 12,295,000	$ -	$ -	$ 12,295,000	$ -	$ 390,000
2017	$ -	$ 11,640,000	$ -	$ -	$ 11,640,000	$ -	$ 375,000
2018	$ -	$ 11,115,000	$ -	$ -	$ 11,115,000	$ -	$ 11,750,000
2019	$ -	$ 10,575,000	$ -	$ -	$ 10,575,000	$ -	$ 11,330,000
2020	$ -	$ 9,975,000	$ -	$ -	$ 9,975,000	$ -	$ 11,310,000

(1) Presented net of original issuance discounts and premiums

(2) Personal income (across MSA) is disclosed on Table 14

(3) Source: Town of Northlake Development Department

NA: Not Available

Bus-Type Activities						
Notes Payable	Unamortized bond premiums/ discounts	Total Business-Type Activities (1)	Total Primary Government (1)	Percentage of Personal Income (2)	Population (3)	Per Capita
$ -	$ -	$ -	$ 215,000	0.00%	2,110	$ 102
$ -	$ -	$ -	$ 180,000	0.00%	2,110	$ 85
$ -	$ -	$ -	$ 145,000	0.00%	2,160	$ 67
$ -	$ -	$ 420,000	$ 4,700,000	0.00%	2,150	$ 2,186
$ -	$ -	$ 405,000	$ 4,515,000	0.00%	2,160	$ 2,090
$ -	$ -	$ 390,000	$ 12,685,000	0.00%	2,660	$ 4,769
$ -	$ -	$ 375,000	$ 12,015,000	0.00%	3,010	$ 3,992
$ -	$ -	$ 11,750,000	$ 22,865,000	0.01%	3,630	$ 6,299
$ -	$ -	$ 11,330,000	$ 21,905,000	0.00%	4,140	$ 5,291
$ -	$ -	$ 11,310,000	$ 21,285,000	NA	4,930	$ 4,317

Town of Northlake, Texas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended September 30	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita
2011	$ 215,000	$ 26,670	$ 188,330	NA	$ 1
2012	$ 180,000	$ 23,049	$ 156,951	0.05%	$ 1
2013	$ 145,000	$ 24,363	$ 120,637	0.04%	$ 1
2014	$ 4,700,000	$ 1,911	$ 4,698,089	1.44%	$ 34
2015	$ 4,515,000	$ (28)	$ 4,515,028	1.32%	$ 2,090
2016	$ 12,685,000	$ 34,765	$ 12,650,235	3.34%	$ 4,756
2017	$ 12,015,000	$ 249,740	$ 11,765,260	2.42%	$ 3,909
2018	$ 22,865,000	$ 126,530	$ 22,738,470	3.48%	$ 6,264
2019	$ 21,905,000	$ 783,748	$ 21,121,252	2.70%	$ 5,102
2020	$ 21,285,000	$ 209,791	$ 21,075,209	1.89%	$ 4,275

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

(1) This is the general bonded debt of both governmental and business-type activities.
(2) This is the beginning fund balance for the fiscal year.
(3) See the Schedule of Assessed and Estimated Actual Value of Property for property value data.

NA: Not Available

Town of Northlake, Texas

Direct and Overlapping Governmental Activities Debt

As of September 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to Primary Government	
Northwest ISD	$ 1,069,039,742	13.19%	$ 140,977,545	
Denton County ESD #1	$ 8,162,471	33.23%	$ 2,712,599	
Denton County	$ 611,835,000	1.39%	$ 8,487,867	
Subtotal, overlapping debt			152,178,011	
Town of Northlake, net debt payable from ad valorem taxes			9,975,000	(1)
Total direct and overlapping net funded debt			$ 162,153,011	
Ratio of Direct and Overlapping Net Funded Debt to Taxable Assessed Valuation			18.84%	(1)
Per Capita Direct and Overlapping Net Funded Debt			$ 32,891	(1)

Sources: Outstanding debt provided by each governmental unit.

(1) The provided percentage is provided as a ratio of the town's market value compared to the

NORTHLAKE
TEXAS

Town of Northlake, Texas

Legal Debt Margin Information

September 30, 2020

Fiscal Year	Assessed Value, Tax Roll	Legal Debt Limit Percentage	Legal Debt Limit	Actual Amount Expended for General Obligation Debt Service During the Year
2011	NA	1.50%	#VALUE!	$ 147,512
2012	$ 248,771,855	1.50%	$ 3,731,578	$ 205,054
2013	$ 235,936,582	1.50%	$ 3,539,049	$ 210,635
2014	$ 231,630,373	1.50%	$ 3,474,456	$ 210,587
2015	$ 241,142,050	1.50%	$ 3,617,131	$ 215,512
2016	$ 278,963,233	1.50%	$ 4,184,448	$ 245,304
2017	$ 382,188,447	1.50%	$ 5,732,827	$ 2,188,403
2018	$ 500,185,509	1.50%	$ 7,502,783	$ 523,218
2019	$ 625,798,532	1.50%	$ 9,386,978	$ 1,368,811
2020	$ 478,261,950	1.50%	$ 7,173,929	$ 1,029,122

All taxable property within the Town is subject to the assessment, levy, and collection by the Town of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities such as the City to $2.50 per $100 taxable assessed valuation for all purposes. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum rate for all general obligation debt service calculated at the time of issuance based on 90% tax collections.

Source: Denton County Appraisal District and Finance Department, Town of Northlake

Town of Northlake, Texas

Revenue Bond Coverage - Water and Sewer Fund

Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Operating Expenses *	Net Revenue Available for Debt Service	Debt Service Requirements	
				Principal	Interest
2011	$ 756,702	$ 710,726	$ 45,976	$ 30,000	$ 555
2012	$ 748,973	$ 730,706	$ 18,267	$ 35,000	$ 665
2013	$ 827,971	$ 893,720	$ (65,749)	$ 35,000	$ 788
2014	$ 1,041,890	$ 1,115,179	$ (73,289)	$ 35,000	$ 840
2015	$ 2,768,414	$ 1,417,618	$ 1,350,796	$ 185,000	$ 3,963
2016	$ 2,152,332	$ 1,726,201	$ 426,131	$ 210,000	$ 4,568
2017	$ 2,793,430	$ 2,605,985	$ 187,445	$ 670,000	$ 13,980
2018	$ 5,092,921	$ 3,198,343	$ 1,894,578	$ 545,000	$ 10,900
2019	$ 3,963,811	$ 4,638,116	$ (674,305)	$ 960,000	$ 31,200
2020	$ 5,422,931	$ 5,357,076	$ 65,855	$ 620,000	$ 12,400

Source: Northlake Finance Department

* Total operating expenses less depreciation

Table 13

Debt Service Requirements		
Total		Coverage
$	30,555	1.50
$	35,665	0.51
$	35,788	-1.84
$	35,840	-2.04
$	188,963	7.15
$	214,568	1.99
$	683,980	0.27
$	555,900	3.41
$	991,200	-0.68
$	632,400	0.10

Town of Northlake, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Town Population	Dallas/Fort Worth Metropolitan Statistical Area (MSA) Population	Dallas/Fort Worth MSA Per Capita Income
2011	2,110	6,510,544	$ 44,888
2012	2,110	6,644,559	$ 46,644
2013	2,160	6,753,889	$ 47,092
2014	2,150	6,889,769	$ 49,866
2015	2,160	7,042,566	$ 50,670
2016	2,660	7,194,758	$ 51,428
2017	3,010	7,337,097	$ 53,870
2018	3,630	7,455,756	$ 56,864
2019	4,140	7,573,136	$ 58,725
2020	4,930	N/A	N/A

Sources: Bureau of Economic Analysis' Interactive Data application.

N/A Not available

Dallas-Forth Worth MSA Personal Income (thousands of dollars)	Dallas-Forth Worth MSA Unemployment Rate
$ 292,242,374	6.7%
$ 309,930,247	6.0%
$ 318,057,096	5.2%
$ 343,563,993	4.0%
$ 356,850,208	3.6%
$ 370,009,351	3.7%
$ 395,250,806	3.3%
$ 423,961,883	3.3%
$ 444,730,277	2.9%
N/A	6.3%

Town of Northlake, Texas

Principal Employers

Current Year

Name of Employer	Type
Farmer Brothers	Manufacturing
Schluter Systems	Warehouse/Distribution Center
Stanley Black and Decker	Warehouse/Distribution Center
Rinker Materials	Manufacturing
Crown Lift Trucks	Warehouse/Distribution Center
IHOP	Restaurant
Texas Roadhouse	Restaurant
Exel Logistics (3M)	Warehouse/Distribution Center
Hempel	Warehouse/Distribution Center
Charley's Concrete - Northlake Plant	Manufacturing
Total	

Source: Northlake Development Department

2020			2009		
Employees	**Rank**	**% of Total**		Rank	% of Total
400	1	37.42%	Not Available	-	-
135	2	12.63%	Not Available	-	-
128	3	11.97%	Not Available	-	-
82	4	7.67%	Not Available	-	-
80	5	7.48%	Not Available	-	-
54	6	5.05%	Not Available	-	-
50	7	4.68%	Not Available	-	-
50	8	4.68%	Not Available	-	-
50	9	4.68%	Not Available	-	-
40	10	3.74%	Not Available	-	-
1,069		100.00%	-		-

Town of Northlake, Texas
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015
General Fund					
Administration	3.35	3.40	3.17	3.17	2.65
Finance	0.00	0.00	0.00	0.00	0.00
Development Services	0.00	0.00	0.25	0.25	1.00
Municipal Court	2.80	3.00	3.00	3.00	3.00
Police	8.00	9.00	9.00	9.00	9.00
Public Works	1.00	1.00	1.25	1.25	2.24
Total General Fund	**15.15**	**16.40**	**16.67**	**16.67**	**17.89**
Economic Development Corp					
Development Services	0.00	0.25	0.25	0.25	0.25
Marketing & Communications	0.00	0.00	0.00	0.00	0.00
Total Economic Development Corp	**0.00**	**0.25**	**0.25**	**0.25**	**0.25**
Community Development Corp					
Development Services	0.00	0.25	0.25	0.25	0.25
Marketing & Communications	0.00	0.00	0.00	0.00	0.00
Total Community Development Corp	**0.00**	**0.25**	**0.25**	**0.25**	**0.25**
Hotel Occupancy Tax Fund					
Development Services	0.00	0.25	0.25	0.25	0.25
Marketing & Communications	0.00	0.00	0.00	0.00	0.00
Total Hotel Occupancy Tax Fund	**0.00**	**0.25**	**0.25**	**0.25**	**0.25**
Utility Fund					
Administration	0.45	0.65	0.63	0.63	0.35
Public Works	1.00	1.00	1.25	1.25	2.24
Total Utility Fund	**1.45**	**1.65**	**1.88**	**1.88**	**2.59**
Total Personnel	**16.60**	**18.80**	**19.30**	**19.30**	**21.23**

2016	2017	2018	2019	2020
3.30	3.50	3.50	2.00	2.25
0.00	0.00	0.00	1.50	2.25
1.25	1.25	2.00	3.25	3.25
3.00	3.00	3.00	3.00	3.00
10.50	12.50	13.75	14.00	18.00
3.00	3.37	4.24	4.50	6.50
21.05	**23.62**	**26.49**	**28.25**	**35.25**
0.25	0.25	0.25	0.25	0.25
0.00	0.00	0.00	0.00	0.25
0.25	**0.25**	**0.25**	**0.25**	**0.50**
0.25	0.25	0.25	0.25	0.25
0.00	0.00	0.00	0.00	0.25
0.25	**0.25**	**0.25**	**0.25**	**0.50**
0.25	0.25	0.25	0.25	0.25
0.00	0.00	0.00	0.00	0.25
0.25	**0.25**	**0.25**	**0.25**	**0.50**
0.70	1.20	1.50	1.50	1.75
3.00	4.12	5.24	5.24	8.50
3.70	**5.32**	**6.74**	**6.74**	**10.25**
25.50	**29.69**	**33.98**	**35.74**	**47.00**

Town of Northlake, Texas

Operating Indicators by Function

Last Ten Fiscal Years

	2011	2012	2013	2014
Municipal Court				
Oustanding Warrants	876	910	1,071	1,329
Warrants Issued	1,218	1,224	1,235	1,157
Public Safety				
Police				
Calls for Service	1,802	1,595	1,676	1,842
911 Calls	1,258	1,158	1,247	1,454
Citations	7,042	6,361	5,631	7,195
Traffic Accidents	76	88	60	79
UCR Part 1 Violent Crimes	-	5	4	1
UCR Part 1 Non-violent Crimes	-	23	33	30
Arrests	-	195	235	149
Reports	-	402	488	464
Police-Animal Control				
Calls for Service	-	-	-	-
Citations	-	-	-	-
Taken to Shelter	-	40	24	32
TNR	-	-	-	-
Reports	-	-	-	-
Public Works				
Service Orders Completed				
Streets				
Service Orders Completed				
Water				
Metered Accounts	298	295	262	437
Avg. Daily Demand (MGD)	451,897.9	308,294.4	309,547.1	302,176.9
Avg. Monthly Demand/Cust (gal)	98,420	90,852	44,682	18,093
Peak Demand (MGD)	733,800.0	645,500.0	698,500.0	651,152.0
Service Orders Completed	-	-	-	-
Sewer				
Service Connections	49	50	76	193
Service Orders Completed	-	-	-	-

2015	2016	2017	2018	2019	2020
1,737	1,406	1,390	1,552	621	593
1,315	1,086	843	981	435	342
2,450	2,481	2,896	3,421	4,018	3,794
1,994	2,054	2,437	2,757	3,045	2,938
5,586	5,182	4,462	3,647	4,186	2,212
122	135	139	165	167	121
-	3	7	13	7	5
65	53	77	63	60	68
164	123	116	163	202	167
420	403	460	500	446	389
98	70	95	116	185	154
-	-	-	-	-	-
19	19	7	25	10	14
-	-	-	-	-	-
-	-	-	-	-	-
1,272	1,584	2,517	2,581	3,148	4,822
119	35	69	53	90	264
706	1,165	1,760	2,378	2,935	3,965
428,861.9	641,400.0	848,670.5	1,103,822.8	1,317,041.6	1,717,207.0
10,189	13,534	13,141	32,585	14,267	14,078
1,211,000.0	1,598,500.0	1,785,000.0	3,024,992.0	4,750,000.0	3,569,000.0
995	1,515	2,276	2,397	2,668	3,392
482	899	1,420	1,940	2,515	3,416
14	4	45	47	278	871

Town of Northlake, Texas

Capital Asset Statistics by Function

Last Ten Fiscal Years

	2011	2012	2013	2014	2015
General Government					
Area of Town (square mile	16.6	16.6	16.6	16.6	16.9
Public Safety					
Police					
Police Stations	1	1	1	1	1
Firing Ranges	-	-	-	-	-
Patrol Vehicles	7	7	7	7	7
Other Police Vehicles	8	8	8	8	8
Animal Control Vehicles	-	-	-	-	-
Public Works					
Buildings	1	1	2	2	2
Paved Streets (miles)					
Unpaved Streets (miles)					
Vehicles	-	-	3	3	3
Water					
Storage Capacity (gallons)	200,000	200,000	413,000	413,000	413,000
Water Mains (miles)	-	-	-	-	16
Water Wells	2	2	2	2	2
Fire Hydrants	-	-	-	-	70
Sewer					
Sanitary Sewers (miles)	-	-	-	-	10.75
Manholes	-	-	-	-	192

2016	2017	2018	2019	2020
17	17	17	17	17
1	1	1	1	1
-	-	-	-	-
7	7	7	7	7
8	8	8	8	8
-	-	-	-	-
2	2	2	2	2
				114.00
				7
5	6	8	9	11
1,013,000	1,013,000	1,013,000	1,763,000	1,763,000
30	35	53	77	111
2	2	2	2	2
271	321	366	532	796
18.47	21.66	32.92	49.38	66.35
304	336	573	828	1,190

Town of Northlake, Texas

Waterworks and Sewer System Revenue Bond Tables

Monthly Water and Wastewater Rates (Effective 10/1/2020)

Minimum Service Charge

Meter Size	Residential	Builder	Multifamily	Commercial
3/4" or smaller	$25.00	$25.00	$25.00	$38.00
1"	$38.00	$38.00	$25.00	$58.00
1.5"	$515.00	$51.00	$25.00	$78.00
2"	$77.00	$77.00	$25.00	$117.00
3"	$109.00	$109.00	$25.00	$166.00
4"	$160.00	$160.00	$25.00	$244.00
6"	$321.00	$321.00	$25.00	$487.00

Water Rates

Water Consumption (gals)	Residential	Builder	Multifamily	Commercial
0 - 2,000	$0.00	$0.00	$0.00	
2,001-15,000	$4.00	$4.00	$4.00	
15,001-30,000	$5.00	$5.00	$5.00	
>30,000	$7.00	$7.00	$7.00	
0-15,000				$6.00
15,001-30,000				$7.00
>30,000				$8.00

Wastewater Rates

Meter Size	Residential	Builder	Multifamily	Commercial
3/4" or smaller	$25.00	$25.00	$25.00	$38.00
1"	$38.00	$38.00	$25.00	$58.00
1.5"	$51.00	$51.00	$25.00	$78.00
2"	$77.00	$77.00	$25.00	$117.00
3"	$109.00	$109.00	$25.00	$166.00
4"	$160.00	$160.00	$25.00	$244.00
6"	$321.00	$321.00	$25.00	$487.00

Water Consumption (gals)	Residential	Builder	Multifamily	Commercial
0-2,000	$0.00	$0.00	$0.00	
>2,001	$7.00	$7.00	$7.00	
All Gallons	$0.00			$9.00

Irrigation
$38.00
$58.00
$78.00
$117.00
$166.00
$244.00
$487.00

Irrigation	Outside City Limits
	150%
	150%
	150%
	150%
$6.00	150%
$7.00	150%
$8.00	150%

Outside City
150%
150%
150%
150%
150%
150%
150%
Outside City
150%
150%
150%

Town of Northlake, Texas

Waterworks and Sewer System Revenue Bond Tables

Waterworks and Sewer System Condensed Statement of Operations

	2013	2014	2015	2016
Revenues: (1)	$ 827,971	$ 1,041,890	$ 2,768,414	$ 2,152,332
Expenditures: (2)	$ 893,720	$ 1,115,179	$ 1,417,618	$ 1,726,201
Net Available for Debt Service	$ (65,749)	$ (73,289)	$ 1,350,796	$ 426,131
Metered Water/Sewer Customers:	328	492	900	1,716

(1) Revenues do not include developer contributions for donated water and sewer lines.

(2) Expenditures do not include depreciation.

2017	2018	2019	2020
$ 2,793,430	$ 5,092,921	$ 3,963,811	$ 5,422,931
$ 2,605,985	$ 3,198,343	$ 4,638,116	$ 5,357,076
$ 187,445	$ 1,894,578	$ (674,305)	$ 65,855
2,308	3,027	3,771	5,095

NORTHLAKE MAYOR AND COUNCIL COMMUNICATION

DATE: APRIL 8, 2021

REF. DOC. : HOME RULE CHARTER COMMISSION – PROPOSED CHARTER

SUBJECT: HOME RULE CHARTER TRANSITION: COUNCIL CHANGES

STRATEGIC GOALS/OBJECTIVES:

- Control our Own Destiny; Plan and prepare for a future Home Rule Charter election (Council Goal)
- Promote Public Involvement (Council Goal)

BACKGROUND INFORMATION:

- Charter Commission proposed charter makes changes affecting Town Council
- Council makeup and voting
    - Council Place 6 added for total of six councilors
    - Mayor may vote on any item for total of seven votes
- Council and Mayor terms and term limits
    - Councilors terms remain two-year but limited to three consecutive terms
    - Mayor term three years and limited to four consecutive terms
- Council and Mayor compensation
    - Councilors receive $75 per meeting with maximum of $150 per month
    - Mayor receives $125 per meeting with maximum of $250 per month
    - Compensated official protected under Tort Claims Act
- Filling of vacancies of Mayor and Council
    - Mayor vacancy with more than 12 months left in term must be elected by special election
    - Mayor vacancy with less than 12 months left appointed by majority of council
    - Councilor vacancy with more than 6 months left in term (two options):
        - Appointed by majority of council to serve until next municipal election
        - Special election called by council to serve remainder of term
    - Councilor vacancy with less than 6 months left, appointed by majority of council
- Direct democracy measures (by petition and possibly special election)
    - Recall – removal of elected official
    - Initiative - propose ordinance for Council action
    - Referendum - reconsideration of adopted ordinance
- Code of Ethics adoption requirement
- Appointment and removal of Town Manager requires two-thirds vote (5 of 7 votes)
- Town Manager appointment of Town Secretary and Police Chief, subject to Council approval
- Town Manager submission of annual budget

COUNCIL DIRECTION:

- Overview of changes to Council actions, processes, and procedures

TOWN OF NORTHLAKE

HOME RULE CHARTER – COUNCIL CHANGES

APRIL 8, 2021

1

PROPOSED HOME RULE CHARTER

- Council makeup and voting
- Council terms of office and term limits
- Council compensation
- Filling of vacancies
- Direct democracy measures
- Code of Ethics adoption and Policies and Procedures revision
- Council appointed positions
- Town budget submission

2

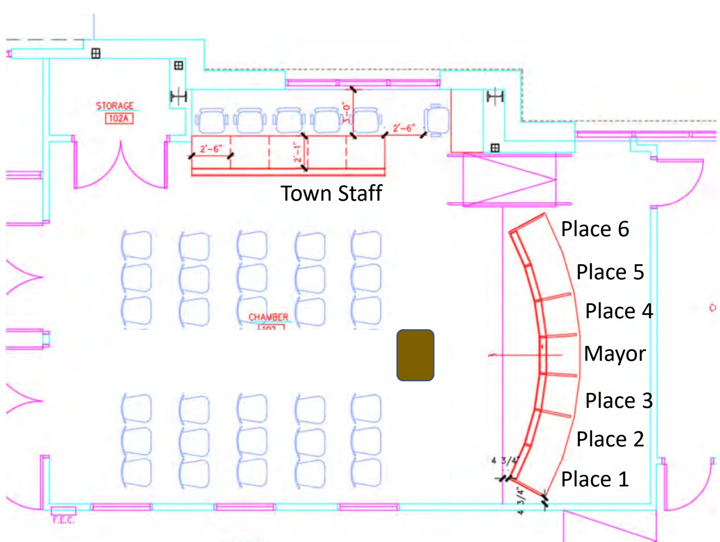
COUNCIL MAKEUP AND VOTING

Current – General Law
- Five (5) councilors
- Mayor (votes only in tie)
- Quorum = 3
- Town Administrator sits at dais

Proposed – Home Rule Charter
- Six (6) councilors
- Mayor (votes on all items)
- Quorum = 4
- Town Manager sits to side

3

COUNCIL CHAMBER LAYOUT



4

COUNCIL TERMS OF OFFICE AND LIMITS

Councilors
- Two (2) year terms
- Three (3) consecutive term max
  - Places 4-6 start in 2021
  - Places 1-3 start in 2022

Mayor
- Three (3) year terms
- Four (4) consecutive term max
  - Starts in 2021

5

COUNCIL TERM SCHEDULE

Position	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Mayor	X			X			X			X (T)
Place 1	I	X		X		X (T)		X		X
Place 2	I	X		X		X (T)		X		X
Place 3	I	X		X		X (T)		X		X
Place 4	X		X		X (T)		X		X	
Place 5	X		X		X (T)		X		X	
Place 6*	X		X		X (T)		X		X	

X – Election **I – Incumbent** **T – Maximum Term Limit** *** – New Council Position**

6

COUNCIL COMPENSATION

- Councilors
  - $75 per meeting
  - $150 max per month
- Mayor
  - $125 per month
  - $250 max per month
- Purpose
  - Compensated officials protected as “employees” under Tort Claims Act

7

FILLING OF VACANCIES

- Mayor Vacancy
  - More than 12 months left in term - must be elected by special election
  - Less than 12 months left in term - council appointment by majority vote
  - Regardless of method above incumbent stands for election at next term
- Councilor Vacancy
  - More than 6 months left in term (2 options)
    - Council appointment by majority vote to serve until next election
    - Council calls special election, winner serves remainder of term
  - Less than 6 months left in term
    - Council appointment by majority vote to serve remainder of term

8

DIRECT DEMOCRACY MEASURES

- Recall
  - Removal of elected official from office by voters
  - Petition requires 30% of number of votes cast at councilor's election or 30% of number of votes cast in last election if recalled officer appointed
  - Recalled official entitled to public hearing and opportunity to resign
  - Recall election held; if successful, replacement follow charter provisions
- Initiative and Referendum
  - Initiative – propose ordinance for Council action
  - Referendum – reconsideration by Council of adopted ordinance
  - Petition requires 5% of number of Town registered voters, or 250 voters, whichever greater
  - If Council fails to act, special election held on ordinance

OTHER CHANGES

- Council must adopt Code of Ethics
- Appointment and removal of Town Manager requires two-thirds vote or 5 of 7 votes
- Appointment of Town Secretary by Town Manager, subject to Council approval
- Budget submission by Town Manager

NEXT STEPS

- Remodel of Council Chambers
- Adopt Code of Ethics
- Review and update Town Council policies and procedures as needed
- Appoint Town Manager

11

NORTHLAKE MAYOR AND COUNCIL COMMUNICATION

DATE: APRIL 8, 2021

REF DOC.: CODE OF ORDINANCES: ARTICLE 4.04 DANGEROUS BUILDINGS

SUBJECT: OVERVIEW OF EXISTING REGULATIONS ON SUBSTANDARD BUILDINGS

GOALS/OBJECTIVES:

- Define and Strengthen Our Identity (Council Goal)

BACKGROUND INFORMATION:

- Mayor Pro Tem Montini requested briefing to gauge interest in revising Article 4.04 Dangerous Buildings
- Presentation will review current regulations of substandard buildings
- Current ordinance adopted 1999; unused and unchanged

COUNCIL DIRECTION:

- Provide input and direction to Staff

TOWN OF NORTHLAKE

DANGEROUS BUILDINGS

APRIL 8, 2021

NORTHLAKE TEXAS

1

Page 2

BACKGROUND

- Code - Article 4.04 Dangerous Buildings adopted 1999
- Synonymous with substandard building
- Purpose - provide just, equitable, practical method to resolve buildings endangering public or occupants
- Unchanged, unused since implementation (1999)
- Follows Local Government Code, Chapter 214 Municipal Regulation of Housing and Other Structures, Dangerous Structures

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2

SUBSTANDARD CONDITIONS

- Unfit for human habitation and hazardous to public
- Unsecured from unauthorized entry and used by vagrants and uninvited persons including children
- Unsafe or inadequate exit from fire or panic
- Unable to handle stress or load 1.5 time building code
- Damaged by catastrophe materially less than original stability
- Portion of building likely to fail or fail with wind
- Unstable, faulty construction
- Structure decayed, dilapidated, deteriorated

DUE PROCESS AND NOTICE

- Inspected by building official, notice given to owner
- Public hearing required, Council holds hearing
- Council, by majority vote makes determination whether building is in violation of minimum standards
- If found to be in violation, may issue order requiring repair (within 30-90 days), removal, or demo at owner's option
- Notice of order mailed, filed and published in newspaper
- Order may allow abatement by Town:
  - If repair, removal, or demolition does not occur within the time specified in Order

IMMEDIATE DANGER

- Ability to secure unoccupied or unlawfully occupied (squatters, vagrants, or illegal occupants) substandard building
- If building creates an immediate danger, Council may:
  - Order owner to repair, remove or demolish structure within specified time
  - Repair, remove or demolish dangerous part of structure at expense of Town and assess owner for costs
- Owner served notice of Town Council's actions after Order issued if immediate danger finding made
- Owner entitled to hearing before Council if Owner requests it within 30 days of issuance of Order in case of immediate danger

NEXT STEPS

- Council review of ordinance
- Advisory committee review
- Revisit in future

NORTHLAKE MAYOR AND COUNCIL COMMUNICATION

DATE: APRIL 8, 2021

REF. DOC.: NORTHLAKE CODE OF ORDINANCES CHAPTER 12: UTILITIES

SUBJECT: DIGITAL UTILITY SERVICE APPLICATION

GOALS/OBJECTIVES:

- Operate Efficiently and Effectively (Council Goal)
- Invest in equipment and technology to increase productivity and efficiency (Mayor Goal)

BACKGROUND INFORMATION:

- Town utility service applications by paper and pdf
- All information collected on application entered manually into billing system
- OpenGov Financials offers interface with 2TurnItOn to digitize application process
- Benefits of 2TurnItOn:
  - Automates application information data entry
  - Integrates with Town financial software
  - Digital signature replaces “wet” signature
  - Open to other utilities (electric, gas, telecommunications, etc.)
  - Mobile friendly
  - Customizable
  - No cost to customer and to Town

COUNCIL ACTION:

- Provide feedback to staff on the digital utility application

TOWN OF NORTHLAKE COUNCIL ITEM NO. 3

DATE: APRIL 8, 2021

ITEM: PUBLIC INPUT

TOWN OF NORTHLAKE COUNCIL ITEM NO. 4

DATE: APRIL 8, 2021

ITEM: CONSENT ITEMS

DAVID A. RETTIG, MAYOR
RENA HARDEMAN, COUNCIL PLACE 1
MICHAEL C. GANZ, COUNCIL PLACE 2

BRIAN MONTINI, MAYOR PRO TEM, COUNCIL PLACE 3
ROGER SESSIONS, COUNCIL PLACE 4
DANNY SIMPSON, COUNCIL PLACE 5

NORTHLAKE TOWN COUNCIL
REGULAR MEETING MINUTES
MARCH 25, 2021
1500 COMMONS CIRCLE SUITE 300 - NORTHLAKE, TEXAS 76226

1. Mayor David Rettig called the meeting to order at 5:32 pm, all members present

Roll Call:

David Rettig, Mayor	present	Michael Ganz, Place 3	present
Rena Hardeman, Place 1	present	Brian Montini, Mayor Pro Tem	present
Michael Ganz, Place 2	present	Danny Simpson, Place 5	present

Staff present:

Drew Corn, Town Administrator
John Zagurski, Finance Director
Eric Tamayo, Public Works Director
Shirley Rogers, Town Secretary
Nathan Reddin, Development Director
Robert Crawford, Chief of Police
John Thomson, Management Analyst

Consultant's present:

Ashley Dierker, Town Attorney
Ben McGahey, P.E., Town Engineer

Brandon McClure, Associate Pastor, The Tribes Church gave the Invocation
Mayor David Rettig led the Pledge of Allegiance

2. Announcements, Proclamations and Presentations
   A. Home Rule Charter Transition - Boards and Commissions Appointments and Schedule
      Drew Corn, Town Administrator
      - If the Home Rule Charter is approved, it would create two new boards as follows:
        - Planning & Zoning Commission - min. 7 members
        - Board of Adjustment - min. 5 members
      - Development Corporation Boards (already in place)
        - Economic Dev. Corporation – 7 members with a min. of 5 members
        - Community Dev. Corporation – exactly 7 members
      - Min. of 26 volunteers needed for various boards
      - Adopt ordinance creating new boards, encourage submission of board applications, review applicants and appoint board members

- Created a proposed meeting calendar

B. Fiscal Year 2021 Digital Budget Book Launch
John Zagurski, Finance Director
- Online version of the budget
- Mobile friendly, interactive, customizable
- Provides functionality and transparency, links to documents on town's website, provides performance and workload data for the town
- Submitted the budget for the Distinguished Presentation Award Program from GFOA of the US & Canada

3. Public Input
- Northlake resident Tim Wright appreciated the council's decision to grant a $8.00 drip credit to residents on the water system but would like to return his since he didn't let his pipes drip during the severe weather event in February. He talked about the current make-up of the council, saying five out of six members of the council lived on large lots with water wells, only the Mayor lived on a small lot in a subdivision that has water and sewer

- Northlake resident Joel McGregor had questions relating to Item K- Mayor answered before the meeting; he and his spouse would be interested and willing to serve on a board

- Northlake resident Bill Moore stated with the upcoming elections, the make-up of the council will change with some members would be living in a subdivision with access to water and sewer

4. Consent Item
C. Mayor Pro Tem Montini made the motion to approve the Town Council Minutes 3-11-21. 2nd by Council Member Ganz

Vote:	motion passed unanimous
For:	Montini, Ganz, Hardeman, Sessions, Simpson
Against:	none

5. Action Items
D. Annexation of approximately 5.424 acres of Faught Road between FM 407 and Evelyn Lane within the Town's exclusive extraterritorial jurisdiction (ETJ)

i. Mayor Rettig opened the public hearing at 6:36 pm to hear comments for or against the proposed annexation
None were received
Mayor Rettig closed the public hearing at 6:36 pm

E. Council Member Ganz made the motion to approve the Preliminary Plat of Harvest Phase 9 & 10, a subdivision consisting of 107 residential lots and 5 non- residential/open space lots within the extraterritorial jurisdiction of the Town of Northlake on a 49.734-acre tract of land in the Patrick Rock Survey, Abstract No. 1063, generally located north of Old Justin Road and approximately 700 feet east of Flanagan Farm Drive. Belmont 407, LLC is the owner/applicant/developer. Jones & Carter, Inc. is the engineer/surveyor. 2nd by Mayor Pro Tem Montini

Vote: motion passed unanimous

For:	Ganz, Montini, Hardeman, Sessions, Simpson
Against:	none

F. Mayor Pro Tem Montini made the motion to approve the Final Plat of The Ridge at Northlake Phase 2, a subdivision consisting of 195 residential lots and 8 common area lots on an 43.158-acre tract of land in the Patrick Rock Survey, Abstract No. 1063, generally located 2,000 feet south of Robson Ranch Road near the intersection of Briarwood Road and Heritage Trail, and zoned Mixed-Use Planned Development (MPD). TMRY Ridge, LP is the owner/applicant/developer. JBI Partners is the engineer/surveyor. 2nd by Council Member Simpson

Vote:	motion passed unanimous
For:	Montini, Simpson, Sessions, Ganz, Hardeman
Against:	none

G. Final Plat of Lot 3R, Block A, Alliance Northport Addition, being a replat of Lot 3, Block A, Alliance Northport Addition, a 34.031-acre lot generally located on the east side of IH 35W at 17505 IH 35W approximately 800 feet south of Dale Earnhardt Way and zoned Industrial (I). Hillwood Alliance Services is the applicant. LEX Northlake 17505 L.P. is the owner. Peloton Land Solutions is the engineer/surveyor. 2nd by

i. Mayor Rettig opened the public hearing at 6:52 pm to hear comments for or against the proposed final plat
Northlake resident Joel McGregor stated more parking would be good
Mayor Rettig closed the public hearing at 6:53 pm

Council Member Hardeman made the motion to approve the Final Plat. 2nd by Mayor Pro Tem Montini

Vote:	motion passed unanimous
For:	Hardeman, Montini, Ganz, Sessions, Simpson
Against:	none

H. Council Member Simpson made to the motion to approve revisions to approved Site Plan of Alliance Northport Building 5, a 225,934 square-foot industrial building on 15.042 acres platted as Lot 8, Block A, Alliance Northport Addition, generally located on the northwest corner of Dale Earnhardt Way and Sam Lee Lane at 4100 Dale Earnhardt Way, and zoned Industrial (I). Alliance Northport No. 5., Ltd. is the owner/applicant. Peloton Land Solutions, Inc. is the engineer. 2nd by Council Member Hardeman

Vote:	motion passed unanimous
For:	Simpson, Hardeman, Ganz, Montini, Sessions
Against:	none

I. Final Plat of Lots 5A & 5B, Town Commons, a 1.061-acre tract of land out of the Patrick Rock Survey, Abstract No. 1063, generally located on the east side Cleveland-Gibbs Road approximately 400 feet north of FM 407 in the extraterritorial jurisdiction of the Town of Northlake. Harvest FM 407, Ltd. is the owner. Office Equity Solutions is the applicant/developer. Baird, Hampton, Brown Inc. is the engineer/surveyor.

J. Site Plan of Northlake Commons Phase 8, a proposed two-building 10,126 square-foot retail center on a 1.061-acre tract of land to be platted as Lots 5A & 5B, Town Commons, generally located on the east side Cleveland-Gibbs Road approximately 400 feet north of FM 407 in the extraterritorial jurisdiction of the Town of Northlake. Harvest FM 407, Ltd. is the owner. Office Equity Solutions is the applicant/developer. Baird, Hampton, Brown Inc. is the engineer.

Council Member Hardeman made the motion to approve Items I & J. 2nd by Council Member Simpson

Vote:	motion passed unanimous
For:	Hardeman, Simpson, Sessions, Montini, Ganz
Against:	none

K. For this item, Mayor Rettig turned the meeting over to Mayor Pro Tem Montini.
Council Member Sessions made the motion to approve Resolution No. 21-6 to Support for House Bill 3642 Change of Status for Territory Annexed by Certain Municipalities by State Representative Tan Parker. 2nd by Council Member Simpson

Vote:	motion passed unanimous
For:	Sessions, Simpson, Ganz, Montini, Hardeman
Against:	none

Mayor Pro Tem Montini turned the meeting back over to Mayor Rettig.

L. Mayor Pro Tem Montini made the motion to approve cancelling the April 22, 2021 Council Meeting and schedule for April 29, 2021. 2nd by Council Member Ganz

Vote:	motion passed
For:	Montini, Ganz, Hardeman, Sessions
Against:	Simpson

M. No action taken - Approval of modifying, continuing and/or suspending the First Amended Declaration of Local and Public Health Emergency as modified by the Town Council on April 23, 2020

N. No action taken - Continue with Declaration of Local Disaster in response to severe weather in Town of Northlake, Texas, ordered by Mayor Rettig on February 22, 2021

6. By general consent, Mayor Rettig convened the Town Council into Executive Session at 7:16 pm pursuant to Texas Government Code, annotated, Chapter 551 Subchapter D to discuss the items listed under Section 551.071 and 551.072

a. Section 551.071 authorizes a governmental body to consult with its attorney in an executive session to seek his or her advice on a legal matter. It provides as follows: A governmental body may not conduct a private consultation with its attorney except: (1) When the governmental body seeks the advice of its attorney about: (a) pending or contemplated litigation; or (b) a settlement offer; or (2) on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter. The Town Council may adjourn into executive session for consultation with the Town Attorney regarding:

i. Legal advice on any matter related to any posted agenda item; and
ii. Legal advice related to the development and annexation of the Hatfield, Brasher, Green Tract on approximately 97.9 acre tract of land generally located south of Evelyn Lane, west of Faught Road and north of Faith Lane in the extraterritorial jurisdiction of the Town; and the development of the Charles Faught tracts totaling approximately 152.3 acres of land generally located north of Evelyn Lane, west of Faught Road, and south of Robson Ranch Road; and
iii. Legal advice related to the development and annexation of the Scrivner Tract totaling 44.8 acres of land generally located east of Florance Road approximately 2,533 feet north of FM 407 in the extraterritorial jurisdiction of the Town; and
iv. Legal advice related to the development and annexation of the IMA Development Group and AMI Development Group tracts, 3.4-acre, 1.7-acre and 1.3-acre tracts of land generally located at the northwest corner of FM 407 and Thompson Road in the extraterritorial jurisdiction of the Town; and
v. Pending or contemplated litigation; and
vi. Town of Northlake vs. City of Justin, Denton County District Court Cause No. 15-08170-367; and
vii. City of Justin v. Toby Baker, Cause No. D-1-GN-20-002084.

b. Section 551.072 Deliberation regarding the purchase, exchange, lease or value of real property to be acquired as right-of-way out of certain 12.6 acre tract of land

7. Mayor Rettig reconvened the Town Council into Open Session at 7:33 pm, stated no action was taken as a result of the closed session

8. Mayor Rettig adjourned the meeting at 7:33 pm.

Passed and approved by the Town Council on this the 8th day of April 2021.

Town of Northlake, Texas

____
David Rettig, Mayor

Attest:

____
Shirley Rogers, Town Secretary

NORTHLAKE MAYOR AND COUNCIL COMMUNICATION

DATE: APRIL 8, 2021

REF DOC.: TEXAS LOCAL GOVERNMENT CODE SECTION 43.1055

SUBJECT: ANNEXATION OF FAUGHT ROAD

GOALS/OBJECTIVES:

- Control our own destiny; Strategically manage ETJ annexations (Council Goal)

ANNEXATION INFORMATION:

Site: Approximately 5.424 acres of Faught Road between FM 407 and Evelyn Lane within the Town's exclusive extraterritorial jurisdiction (ETJ).

Background: Section 43.1055 of the Texas Local Government Code allows a municipality to annex a road or right-of-way upon the request of the governing body of the political subdivision that owns or maintains the road or right-of-way. Denton County has requested that Northlake annex the remaining portions of Faught Road within Northlake's ETJ and not within the Town limits so that the full roadway would be within the Town's jurisdiction. Annexation of the roadway will provide for more efficient maintenance of the road and clear up confusion relating to providing police, fire and emergency services. Upon annexation the Hawthorne Estates property may be annexed since it is contiguous with Faught Road.

Public Hearings: The first public hearing on this annexation was held at the March 11th Town Council meeting. A second public hearing was held at the March 25th meeting.

COUNCIL ACTIONS:

- Act on an ordinance to annex roadway

TOWN OF NORTHLAKE, TEXAS
OFFICIAL ORDINANCE

No. 21-0408

AN ORDINANCE PROVIDING FOR THE ANNEXATION OF A TERRITORY MORE SPECIFICALLY DESCRIBED HEREIN, BUT GENERALLY COMPRISING APPROXIMATELY 5.424 ACRES LOCATED IN A PORTION OF THE PATRICK ROCK SURVEY, ABSTRACT NO. 1063, THE J.M. PAINE SURVEY, ABSTRACT NO. 1529, AND THE TEXAS AND PACIFIC RAILWAY COMPANY SURVEY, ABSTRACT NO. 1305, SITUATED IN THE EXTRA-TERRITORIAL JURISDICTION OF THE TOWN OF NORTHLAKE, DENTON COUNTY, TEXAS; EXTENDING THE BOUNDARY LIMITS OF SAID TOWN OF NORTHLAKE, TEXAS, FOR ALL MUNICIPAL PURPOSES; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Northlake, Texas, (the "Town") is a Type A General Law municipality located in Denton County, Texas, created in accordance with the provisions of Chapter 6 of the Local Government Code and operating pursuant to the enabling legislation of the State of Texas; and

WHEREAS, Section 43.1055 of the Texas Local Government Code permits a municipality to annex a road or right-of-way upon the request of the governing body of the political subdivision that owns or maintains the road or right-of-way; and

WHEREAS, on March 3, 2021, the Denton County Commissioners Court approved a resolution that deems it appropriate for the Town of Northlake to annex the portion of Faught Road depicted on Exhibit "A"; and

WHEREAS, pursuant to the requirements of subchapter C-1 of chapter 43 of the Local Government Code, public hearings to hear arguments for and against the requested annexation were held before the Northlake Town Council on March 11, 2021, and March 25, 2021.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF NORTHLAKE, TEXAS:

SECTION 1.
ANNEXATION

All of the territory described herein is, for all purposes, annexed into the Town, and the Town limits are extended to include such territory, to wit: An approximate 5.424-acre tract of land located in a portion of the Patrick Rock Survey Abstract No. 1063, the J. M. Paine Survey, Abstract No. 1529, and the Texas and

Pacific Railway Company Survey, Abstract No. 1305 more particularly described in Exhibit “A” attached hereto and incorporated herein, for all purposes.

SECTION 2.
RIGHTS AND DUTIES OF OWNERS AND INHABITANTS IN NEWLY ANNEXED AREAS

The owners and inhabitants of the annexed territory are entitled to all of the rights and privileges of all other citizens and property owners of the Town and are bound by all acts, ordinances, and all other legal action now in full force and effect and all those which may be subsequently adopted.

SECTION 3.
OFFICIAL MAP

The official map and boundaries of the Town, previously adopted, are amended to include the newly annexed territory as a part of the Town of Northlake, Texas. The Town Secretary is directed and authorized to perform or cause to be performed all acts necessary to revise the official map of the Town to add the territory annexed as required by law.

SECTION 4.
FILING CERTIFIED COPY

The Town Secretary is directed to file or cause to file the certified copy of this Ordinance in the office of the County Clerk of Denton County, Texas, and provide a copy of this Ordinance to the Denton County, mapping department and the Denton County Central Appraisal District.

SECTION 5.
CUMULATIVE CLAUSE

This Ordinance shall be cumulative of all provisions of ordinances of the Town, except where the provisions are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

SECTION 6.
SEVERABILITY CLAUSE

If any section, sentence, phrase, paragraph or word of this ordinance be found to be illegal, invalid or unconstitutional, or if any portion of said property is incapable of being annexed by the town, for any reason whatsoever, the adjudication shall not affect any other section, sentence, phrase, word, paragraph or provision of any other ordinance of the town. The town council declares that is would have adopted the valid portion and applications of this ordinance and would have annexed and does hereby annex the valid property without the invalid part, and to this end the provisions of the ordinance are declared to be severable.

SECTION 7.
AREAS EXCEPTED FROM ANNEXATION

Should this ordinance for any reason be ineffective as to any part of the area hereby annexed to the Town of Northlake, such ineffectiveness of this ordinance as to any such part or parts of any such area shall not affect the effectiveness of this ordinance as to the remainder of such area. The Town Council hereby declares it to be its purpose to annex to the Town of Northlake every part of the area described in Section 1 of this ordinance, regardless of whether any part of such described area is hereby not effectively annexed to the Town. Provided, further, that if there is included within the general description of territory set out in Section 1 of this ordinance to be hereby annexed to the Town of Northlake any lands or area which are presently part of and included within the limits of any other City, Town, or Village, for which permission is not granted for Northlake to annex the same is hereby excluded and excepted from the territory to be annexed hereby as fully as if such excluded and excepted area were expressly described herein, if permission has not been granted.

SECTION 8.
EFFECTIVE DATE

This ordinance shall be in full force and effect from and after its passage and it is so ordained.

PASSED AND APPROVED by the Town Council on this the 8th day of April 2021.

Town of Northlake, Texas	Attest:
__________________________	__________________________
David Rettig, Mayor	Shirley Rogers, Town Secretary

EXHIBIT ‘A’

EXHIBIT A
FAUGHT ROAD ANNEXATION

Being a tract of land in the Patrick Rock Survey Abstract No. 1063, the J. M. Paine Survey, Abstract No. 1529, and the Texas and Pacific Railway Company Survey, Abstract No. 1305 Denton County, Texas, being a part of that called 1429 acre tract of land described in Ordinance 910131 of the Town of Northlake, and being more particularly described as follows:

BEGINNING at an ell corner on the north line of that called 23.856 acre tract of land described in Ordinance No. 98-1015 A, and being on the west line of that called 388.91 acre tract of land described in Town of Northlake, Texas Ordinance No. 98-0720;

THENCE South 89 degrees 28 minutes 49 seconds West, along the north line of said Ordinance No. 98-1015 A, a distance of 170.73 feet, more or less to the point of curvature of a circular curve to the left, not being tangent to the preceding course, having a radius of 358.31 feet, whose chord bears North 75 degrees 35 minutes 50 seconds West, a distance of 173.12 feet;

THENCE Northwesterly, continuing along said north line and along said circular curve to the left, through a central angle of 27 degrees 57 minutes 34 seconds, an arc length of 174.85 feet, more or less point for corner on the north line of F.M. 407 and being on a line of said Ordinance 910131;

THENCE South 89 degrees 34 minutes 55 seconds East, departing said Ordinance 98-1015 A and along said Ordinance 910131, a distance of 287.53 feet, more or less, to an ell corner of said Ordinance 910131 being on the west right-of-way line of Faught Road;

THENCE North 00 degrees 20 minutes 00 seconds West, continuing along said Ordinance 910131 and along said west right-of-way line, a distance of 2,543.00 feet, more or less to an ell corner of said Ordinance 910131;

THENCE North 00 degrees 22 minutes 47 seconds West, departing the line of said Ordinance 910131, over and across said Ordinance 910131 and continuing along said west right-of-way line, a distance of 3,930.29 feet, more or less to a point for corner on a north line of said Ordinance No. 910131 and being on the south right-of-way line of North Evelyn Lane;

THENCE North 89 degrees 40 minutes 00 seconds East, departing said west right-of-way line and across said Faught Road, a distance of 29.29 feet, more or less to a point on the west line of that called 208 acre tract of land described in Town of Northlake Ordinance No. 44, being on the east right-of-way line of Faught Road;

THENCE South 00 degrees 06 minutes 11 seconds East, a distance of 166.00 feet, more or less to a point for corner on the north line of that called 73.77 acre tract of land described in Town of Northlake Ordinance No. 15-0514 B, being at the intersection of the south right-of-way line of Old Justin Road and the east right-of-way line of Faught Road;

THENCE South 89 degrees 59 minutes 15 seconds West, a distance of 13.43 feet, more or less to a point for the northwest corner of said Ordinance No. 15-0514B, being in Faught Road;

THENCE South 00 degrees 30 minutes 46 seconds East, along said Faught Road, a distance of 1,320.50 feet, more or less, to the southwest corner of said Ordinance No. 15-0514B;

THENCE North 89 degrees 35 minutes 15 seconds East, along the south line of said Ordinance No. 15-0514B, a distance of 16.39 feet, more or less to a point for corner on the east right-of-way line of said Faught Road;

THENCE South 00 degrees 38 minutes 28 seconds East, along the east right-of-way line of said Faught road, a distance of 1,470.93 feet, more or less to a point for corner on the north line of that called 6.65 acre tract of land described in Town of Northlake, Texas Ordinance No. 17-032A;

THENCE South 89 degrees 43 minutes 48 seconds West, a distance of 19.77 feet, more or less to the northwest corner of said Ordinance No. 17-0323A, being in Faught Road;

THENCE South 00 degrees 35 minutes 49 seconds East, along said Faught Road, a distance of 994.84 feet, more or less to the southwest corner of that called 24.74-acre tract of land described in Town of Northlake, Texas Ordinance No. 17-103A;

THENCE North 89 degrees 45 minutes 10 seconds East, a distance of 20.54 feet, more or less to a point for corner to the northwest corner of said Ordinance No. 98-0720;

THENCE South 00 degrees 26 minutes 33 seconds East, along the east right-of-way line of said Faught Road and the west line of said Ordinance No. 98-0720. a distance of 2,560.86 feet, more or less to the POINT OF BEGINNING AND CONTAINING 236,274 square feet or 5.424 acres of land, more or less.

“This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.”

Court Resolution

WHEREAS, the Town of Northlake ("Town") has informed the Commissioners Court that the owner of a tract of land known as "Hawthorne Estates" desire to annex into the Town; and

WHEREAS, in order to complete the annexation the Town must also annex portion of Faught Road, as depicted on Exhibit "A" attached hereto and incorporated herein; and

WHEREAS, Section 43.1055 of the Texas Local Government Code allows a municipality to annex a road or right-of-way upon the request of the governing body of the political subdivision that owns or maintains the road or right-of-way; and

WHEREAS, the Denton County Commissioners Court deems it appropriate for the Town of Northlake to annex the portion of Faught Road depicted on Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED BY THE DENTON COUNTY COMMISSIONERS COURT, OF DENTON COUNTY, TEXAS that the Court hereby consents to and requests the annexation by the Town of Northlake of the portion of Faught Road on Exhibit "A".

DONE IN OPEN COURT, this the 3RD day of March 2021 upon a motion made by ______________________________ and seconded by ____________________________ and_____members of the court being present and voting.

____
ANDY EADS, COUNTY JUDGE

____
RYAN WILLIAMS, COMMISSIONER
PRECINCT 1

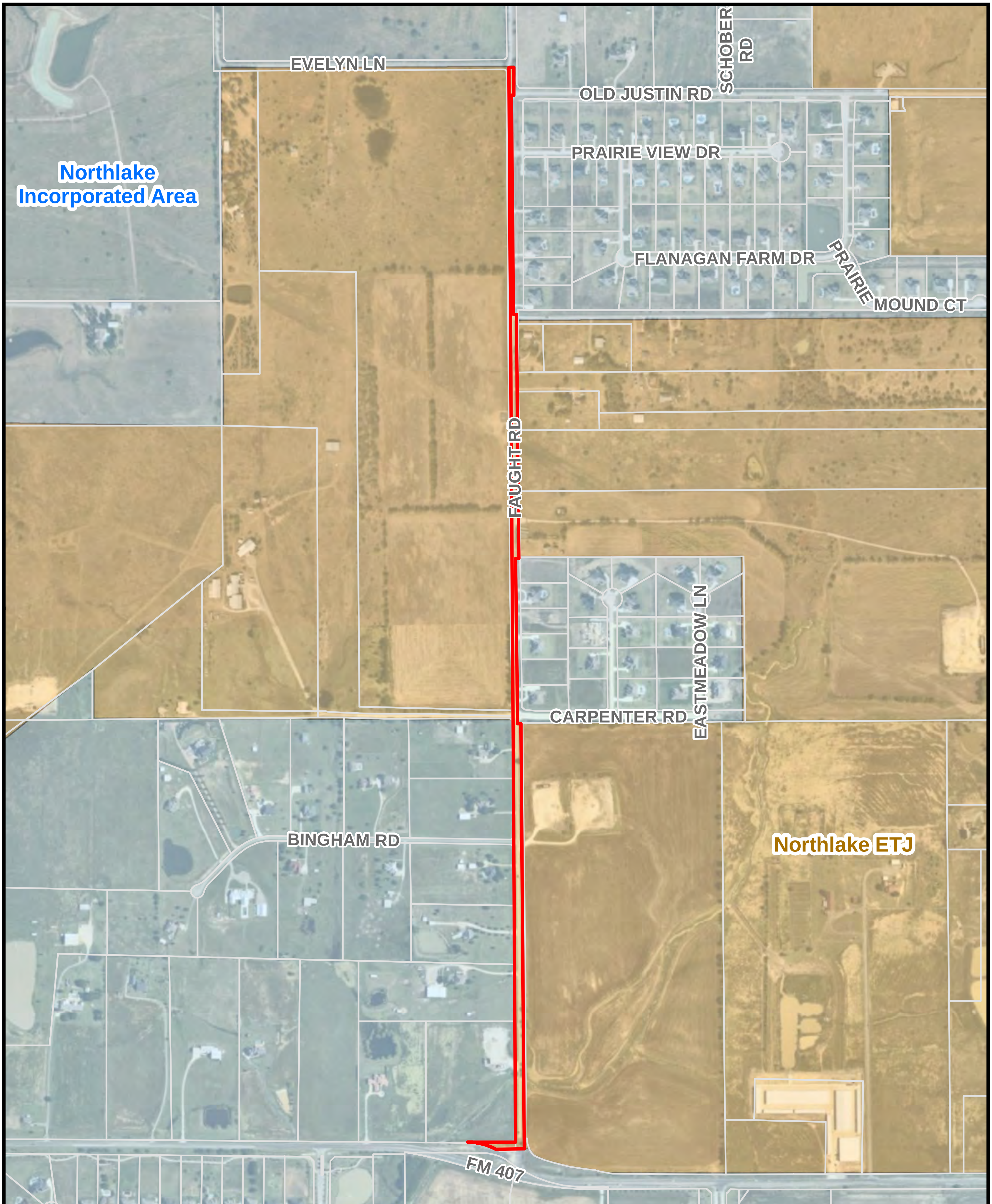
____
RON MARCHANT, COMMISSIONER
PRECINCT 2

____
BOBBIE J. MITCHELL, COMMISSIONER
PRECINCT 3

____
DIANNE EDMONDSON, COMMISSIONER
PRECINCT 4

ATTEST: JULI LUKE, County Clerk and Ex-Officio
Clerk of the Commissioners Court of Denton County

BY: __________________________________



Faught Road Annexation
Parcels
Town of Northlake Incorporated Area
Town of Northlake Extraterritorial Jurisdiction

NORTHLAKE TEXAS

Faught Road Strip Annexation

N
0 250 500 Feet

HALFF

Date: 1/11/2021

TOWN OF NORTHLAKE COUNCIL ITEM NO. 5

DATE: APRIL 8, 2021

ITEM: ACTION ITEMS

NORTHLAKE MAYOR AND COUNCIL COMMUNICATION

DATE: APRIL 8, 2021

REF DOC.: UTRWD PARTICIPATING MEMBER CONTRACT

SUBJECT: APPOINT UTRWD BOARD REPRESENTATIVE

GOALS/OBJECTIVES:

- Systematically Invest in Infrastructure; Maintain a safe, reliable water system (Council Goal)
- Effectively Manage Public Resources; Plan and budget for future community amenities (Council Goal)

BACKGROUND INFORMATION:

- 2018 - Northlake became participating member of Upper Trinity Regional Water District (UTRWD)
- Participating members granted voting representative of UTRWD Board of Directors
- Board membership requirements:
    - Qualified voter
    - Reside in UTRWD service area
    - May not be elected official
    - May not be employee of another member of UTRWD
- Northlake Council appointed Lyle Dresher as Northlake's first board representative
- Mr. Dresher requests Council consideration of reappointment
- Mr. Dresher's reasons for continuing to serve Northlake on UTRWD board:
    - Long history with UTRWD
    - Interest in ensuring Northlake's water supply remains adequate
    - Desire to see completion of Lake Ralph Hall

COUNCIL ACTION:

- Reappoint Lyle Dresher as Northlake's representative on UTRWD Board of Directors

Honorable Mayor and Council,

I have been honored to serve as the Town's representative and am respectfully requesting that the Town once again consider designating me to represent the Town for another term. I have a long history with UTRWD and have a vested interest in continuing to serve to ensure Northlake's water supply remains adequate to serve the existing and growing population. Lastly, I desire to see Lake Ralph Hall completed. Over my past term I have missed only one meeting and have provided the Town a short update following each meeting to ensure you are kept apprised of any action affecting the Town's water supply.

Again, thanks for the privilege of serving the Town and I look forward to continuing for another term.

Sincerely,

Lyle H. Dresher

Lyle Dresher

UPPER TRINITY
REGIONAL WATER DISTRICT

P.O. Box 305 • Lewisville, TX 75067
(972) 219-1228 • www.utrwd.com

March 23, 2021

Mr. Drew Corn, Town Administrator
Town of Northlake
1500 Commons Cir., Suite 300
Northlake, TX 76226-1598

Subject: Appointment of Board Member

Dear Mr. ~~Corn:~~ Drew

The Town of Northlake is a Member of Upper Trinity Regional Water District, a State-chartered conservation and reclamation district for the Denton County area. The Town Council appointed Mr. Lyle Dresher to the Board of Directors of Upper Trinity to serve the current term that ends May 31, 2021.

Mr. Dresher is eligible for reappointment, or the Town Council may make a new appointment, for a four-year term. An appointee must be a qualified voter, must reside within the boundaries of Upper Trinity, may not be an elected official and may not be an employee of another member-entity of Upper Trinity.

The Board of Directors of Upper Trinity has regional responsibilities for developing, funding and implementing regional water and wastewater systems - - services which are vital to the cities, towns and utilities of this region. A high priority mission of the Board is to plan ahead for a secure water supply, adequate for the next 50 years. The work of the Board is strategic and challenging. The Board oversees extensive regional programs as a utility enterprise, with some thirty cities, towns and utilities cooperating to achieve the mandate. Therefore, your appointment to the Board of Directors should be carefully considered - - for your interest as well as for the region.

As soon as the reappointment (or new appointment) is made, please let us know by forwarding a copy of the approved Resolution or Motion. Board Members are scheduled to take the oath of office on June 3rd at the regular meeting of the Upper Trinity Board. Please call me or Nancy Tam (972-219-1228) if you have any questions.

Sincerely,

Larry N. Patterson

Larry N. Patterson, P.E.
Executive Director

LNP/er

c: Lyle Dresher, Board Member, UTRWD
Shirley Rogers, Town Secretary

NORTHLAKE MAYOR AND COUNCIL COMMUNICATION

DATE: APRIL 8, 2021

REF. DOC.:

SUBJECT: CONTINUE WITH DECLARATION OF LOCAL AND PUBLIC HEALTH EMERGENCY APRIL 23, 2020

NORTHLAKE MAYOR AND COUNCIL COMMUNICATION

DATE: APRIL 8, 2021

REF. DOC.:

SUBJECT: DECLARATION OF LOCAL DISASTER SEVERE WEATHER APPROVED AT FEBRUARY 25, 2021 MEETING

TOWN OF NORTHLAKE COUNCIL ITEM NO. 6

DATE: APRIL 8, 2021

ITEM: EXECUTIVE SESSION

TOWN OF NORTHLAKE COUNCIL ITEM NO. 7

DATE: APRIL 8, 2021

ITEM: OPEN SESSION

TOWN OF NORTHLAKE COUNCIL ITEM NO. 8

DATE: APRIL 8, 2021

ITEM: ADJOURNMENT