

CITY OF TOM BEAN, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2020

**City of Tom Bean, Texas
Annual Financial Report
For the Year Ended September 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Tom Bean, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TMRS pension and OPEB information on pages 3 – 8, 38, and 39 – 41 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.

A handwritten signature in black ink that reads "LaFollett & Company PLLC". The signature is written in a cursive, flowing style.

LaFollett & Company PLLC
Tom Bean, Texas
September 27, 2021

City of Tom Bean, Texas
Management Discussion and Analysis
For the Year Ended September 30, 2020

Our discussion and analysis of the City of Tom Bean's (City's) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- Total net position of the City at the close of the fiscal year ended September 30, 2020 (FY20) is \$2,355,435. This is an increase in net position of \$58,115 from FY19's net position value of \$2,297,320. Unrestricted net position at the close of FY20 is \$320,379 and may be used to meet the City's ongoing obligations to citizens and creditors. This is an increase of \$927 over FY19's unrestricted net position value of \$319,452.
- As of the close of the current fiscal year, the City's governmental fund reported on page 13 has an ending fund balance of \$122,950 due to a current year decrease of \$15,408.
- Total months of reserve remaining for the City at the close of the fiscal year ended September 30, 2020 (FY20) is: 2.66 months for the General Fund and 2.06 months for the Water and Sewer Fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 and 10). These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 11) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements show how services were financed in short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources. Proprietary fund financial statements report activity for the City's water and wastewater operations.

The notes to the financial statements (beginning on page 18) provide narrative explanations and additional data needed for full disclosures for the government-wide statements and the fund financial statements.

Reporting the City as a Whole – Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

Government-wide financial statements, which provide an analysis of the City's overall financial condition and operation, begin on page 9. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position includes all the City's assets, deferred outflows, deferred inflows, and liabilities (including long-term items) while the Statement of Activities includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

City of Tom Bean, Texas
Management Discussion and Analysis (continued)
For the Year Ended September 30, 2020

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions, and 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider non-financial factors as well, such as changes in the City's request for services from citizens and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activities:

Governmental Activities – City services such as police protection, court services, street maintenance, parks, and general administration are reported here. City property taxes, sales taxes, franchise taxes, and court fines finance most of these activities.

Business-Type Activities - The City uses proprietary (business-type) funds to account for its water, sewer, and sanitation operations. The services are supported by monthly charges to citizens.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 11 and provide detailed information about the most significant funds. The City's two types of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed, short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules found on pages 12 and 14.

Proprietary Funds – The City uses proprietary (business-type) funds to account for its water and wastewater operations. The full-accrual basis of accounting is used for all proprietary type funds.

City of Tom Bean, Texas
Management Discussion and Analysis (continued)
For the Year Ended September 30, 2020

GOVERNMENT-WIDE FINANCIAL STATEMENTS COMPARISON

Below is a summary of FY20 government-wide financial statements with a comparison to FY19:

City of Tom Bean-Statement of Net Position

	FY20	FY19
Current and other assets	\$ 534,435	\$ 843,628
Capital assets	3,260,050	3,057,243
Net Pension Asset	64,068	42,091
Deferred outflows of resources	8,811	19,989
Total assets	<u>3,867,364</u>	<u>3,962,951</u>
Current payables and other liabilities	98,263	157,073
Long-term liabilities	1,383,915	1,489,590
Total OPEB Liability	15,133	11,417
Deferred inflows of resources	14,618	7,551
Total liabilities	<u>1,511,929</u>	<u>1,665,631</u>
Net position:		
Net investment in capital assets	1,876,135	1,567,652
Restricted for debt service and other	158,921	410,216
Unrestricted	320,379	319,452
Total net position	<u>\$ 2,355,435</u>	<u>\$ 2,297,320</u>

City of Tom Bean-Statement of Activities

	FY20	FY19
Revenues:		
Program revenues		
General Fund charges for services	\$ 70,227	\$ 82,084
Water Fund charges for services	551,411	554,053
Grants and contributions	38,650	36,847
General revenues	<u>422,168</u>	<u>424,322</u>
Total revenues	<u>1,082,456</u>	<u>1,097,306</u>
Expenses:		
General government, court and interest on long-term debt	268,578	305,590
Water, sewer, and sanitation	503,259	470,152
Police	237,504	231,795
Emergency fire and medical service	<u>15,000</u>	<u>15,000</u>
Total expenses	<u>1,024,341</u>	<u>1,022,537</u>
Increase (decrease) in net position	<u>\$ 58,115</u>	<u>\$ 74,769</u>

City of Tom Bean, Texas
Management Discussion and Analysis (continued)
For the Year Ended September 30, 2020

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The City's total net position increased to \$2,355,435 from \$2,297,320. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$320,379 at September 30, 2020. Seventy-nine (79%) of the City's net position is invested in capital assets; land, streets, water systems, buildings, vehicles and other equipment, less any outstanding debt used to acquire these assets.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's General Fund revenues for FY20 were \$5,268 more than the previous year. Most of this increase in revenues is represented by the \$12,650 in COVID Management funds. Total General Fund expenditures decreased \$7,672 from 2019 totals. Most of the decrease in expenditures this year is because of decreased expenses in the police and water departments.

The General Fund (as presented in the balance sheet on page 11) reported a fund balance of \$122,950 compared to \$138,358 in FY19. This represents a decrease of \$15,408.

Total revenues for the City's proprietary fund were \$565,948 while total expenses and interest were \$503,259. This resulted in an overall increase in net position of \$62,689. Last year's result was an increase in net position of \$98,415.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for all activities as of September 30, 2020 amounts to \$3,260,050 compared to \$3,057,243 (net of accumulated depreciation) at September 30, 2019. This investment in capital assets includes land, buildings and improvements, street improvements, water and wastewater systems, equipment and vehicles.

Long-term Debt

At year-end, the City's long-term debt consisted of contractual obligations and notes payable totaling \$1,383,915. The total for FY19 was \$1,489,591. FY20 principal payments totaled \$125,675 and all payments were made when due.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City continued to experience moderate growth in property tax revenue. Property taxes are the City's largest source of revenue in the General Fund.

These revenues and other factors were considered in preparing the City's budget for the 2019-2020 fiscal year. The operating budget for the 2019-2020 fiscal year developed by City management and approved by the City's elected officials focused on using the City's available resources and maintaining close scrutiny on operating costs. Each department head continued to have the responsibility of coming up with their own

City of Tom Bean, Texas
Management Discussion and Analysis (continued)
For the Year Ended September 30, 2020

budget and submitting to the Mayor in midsummer. Each area's budget was discussed, revised, and approved. Each department head is held responsible/accountable for maintaining their budget throughout the year and annual performance evaluations include how they handled their budgeted funds throughout the year.

The City's Operating Budget is prepared each year in September, prior to the commencement of the fiscal year for which the budget is adopted. The City Council is provided a monthly report of revenues and expenditures to review and assess how consistent actual revenue and expenditures are in relation to the budget that was approved.

THE CITY AS A WHOLE

To summarize the past year and everything this great city of ours has accomplished as a team in a short letter will be tough to say the least. There has been no shortage of greatness achieved, and no obstacle that hasn't been able to be overcome, by our city, departments, and individuals because of the dedication to the citizens in which we are blessed to serve day in and day out.

The Tom Bean Police Department has made leaps and bounds in their dedication to serve and protect. The budget has been so well managed that they were able to accomplish the goal of hiring an additional full time officer on top of the new equipment acquired including a brand new vehicle. This expands the coverage for our city while cutting the response time for citizens in the event of an emergency. More reserve officers have also come to serve our citizens and be part of what I believe to be something truly great.

Great persistence from the Public Works Department has proved to pay off. The time and effort consumed aren't always noticed, but I couldn't be more proud in their effort to get the North Well online today to provide water to the residents of Tom Bean for our tomorrow. Requirements and building codes during this project might have changed in this time, but the will and desire to succeed from our team never did. The freeze back in February tested their character and they rose to the challenge not just during the storm, but with the byproduct in which it produced. Significant sections of water and sewage mains have been replaced at various locations throughout the city during the past year at the lowest possible costs while improving the infrastructure of the city.

The Tom Bean Volunteer Fire Department and the City have worked well with one another during the year to see improvements as well. The working relationship has played a role in them being able to do things such as replacing a thermal imager they had bought used over 20 years ago and the purchase and install of an industrial washer for their heavy bunker gear. This will save a significant amount of time of volunteer hours when compared to the way it was previously being done. The gratitude from the City for the time they volunteer to ensure the safety of our citizens is one that cannot be measured.

Both the Type A and Type B Boards have continued to work hard. Efforts can be seen as soon as you enter town with the new "Welcome to Tom Bean" signs. A collaboration between the two boards is still in the works to revamp an old park that has been sitting stagnant for years with new equipment for people of all ages to enjoy as a family for years to come while promoting health and exercise. Board members assisted with both parades we had including the largest Christmas parade Tom Bean has had to date. Other projects such as a yearly festival and car show are in the works to promote community involvement and family fun. Last but not least, the staff within City Hall has played a key role in the success of the city this year, too. Filling out proper paperwork and meeting deadlines required for various grants isn't always an easy task while performing their daily duties required. The most recent grant applied for and obtained for the FY21 was over \$265,000 and will allow for bettering the utility infrastructure in Tom Bean. The goal of bringing more homes to Tom Bean can be chalked up to the win column. The city has already issued many more new home build permits than the previous year and there is a substantial amount more in the works.

City of Tom Bean, Texas
Management Discussion and Analysis (continued)
For the Year Ended September 30, 2020

This year has been one of growth and learning for myself as a first year Mayor while striving to raise the expectations for Tom Bean. Each day is an opportunity to make a dream become a reality. I believe the dream of each individual representing Tom Bean is to make it a better place to live and we are blessed with the opportunity each day to work towards that common goal.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to exhibit transparency in the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor's office, at 201 South Britton, Tom Bean, Texas 75489 or 903.546.3010 or visit www.tombean.net.

City of Tom Bean, Texas
Statement of Net Position
September 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tom Bean Community Development Corporation	Tom Bean Economic Development Corporation
ASSETS					
Cash and Cash Equivalents	\$ 125,571	\$ 96,220	\$ 221,791	\$ 168,500	\$ 105,802
Receivables, Net	121,549	39,140	160,689	5,530	5,530
Net Pension Asset	39,686	24,382	64,068	-	-
Deposits Held in Trust by GTUA	-	151,955	151,955	-	-
Capital Assets not being Depreciated:					
Land	45,331	79,850	125,181	-	-
Construction in Progress	-	1,279,606	1,279,606	-	-
Capital Assets net of Accumulated Depreciation:					
Buildings, Parks and Improvements	23,578	-	23,578	-	-
Furniture, Equipment and Vehicles	46,928	-	46,928	-	-
Streets and Other Infrastructure	973,695	-	973,695	-	-
Water and Sewer System	-	811,062	811,062	-	-
Total Assets	<u>1,376,338</u>	<u>2,482,215</u>	<u>3,858,553</u>	<u>174,030</u>	<u>111,332</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows - OPEB	2,108	1,295	3,403	-	-
Deferred Outflows - Pension	<u>3,350</u>	<u>2,058</u>	<u>5,408</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>5,458</u>	<u>3,353</u>	<u>8,811</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts Payable and Other Current Liabilities	9,880	17,544	27,424	-	267
Water Deposits Payable to Customers	-	25,514	25,514	-	-
Due Within One Year	20,958	106,317	127,275	-	-
Salaries Payable	18,032	6,392	24,424	-	-
Net Pension Liability	-	16,387	16,387	-	-
Due to Component Units	4,514	-	4,514	-	-
Noncurrent Liabilities:					
Net OPEB Liability	9,374	5,759	15,133	-	-
Due in More Than One Year	<u>27,484</u>	<u>1,229,156</u>	<u>1,256,640</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>90,242</u>	<u>1,407,069</u>	<u>1,497,311</u>	<u>-</u>	<u>267</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - OPEB	687	423	1,110	-	-
Deferred Inflows - Pension	<u>8,368</u>	<u>5,140</u>	<u>13,508</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>9,055</u>	<u>5,563</u>	<u>14,618</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	1,041,090	835,045	1,876,135	-	-
Restricted for:					
Economic and Community Development	-	-	-	174,030	111,065
Court Security and Technology	6,966	-	6,966	-	-
Deposits Held in Trust by GTUA	-	151,955	151,955	-	-
Unrestricted	<u>234,443</u>	<u>85,936</u>	<u>320,379</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 1,282,499</u>	<u>\$ 1,072,936</u>	<u>\$ 2,355,435</u>	<u>\$ 174,030</u>	<u>\$ 111,065</u>

The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Statement of Activities
For the Year Ended September 30, 2020

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position							
		Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Tom Bean Community Development Corporation	Tom Bean Economic Development Corporation
Primary Government:									
Governmental Activities:									
General Government	\$ 131,400	\$ 10,973	\$ 12,650	\$ 26,000	\$ (81,777)		\$ (81,777)		
Police	237,504	-	-	-	(237,504)		(237,504)		
Municipal Court	85,488	59,254	-	-	(26,234)		(26,234)		
Fire Protection	15,000	-	-	-	(15,000)		(15,000)		
Streets and Infrastructure	49,160	-	-	-	(49,160)		(49,160)		
Interest on Long-Term Debt	2,530	-	-	-	(2,530)		(2,530)		
Total Governmental Activities	<u>521,082</u>	<u>70,227</u>	<u>12,650</u>	<u>26,000</u>	<u>(412,205)</u>		<u>(412,205)</u>		
Business-Type Activities:									
Water and Sewer	503,259	551,411	-	-	-	\$ 48,152	48,152		
Total Business-Type Activities	<u>503,259</u>	<u>551,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,152</u>	<u>48,152</u>		
Total Primary Government	<u>1,024,341</u>	<u>621,638</u>	<u>12,650</u>	<u>26,000</u>	<u>(412,205)</u>	<u>48,152</u>	<u>(364,053)</u>		
Component Units:									
Community Development Corporation	3,109	-	-	-			\$ (3,109)	\$ -	
Economic Development Corporation	43,604	-	-	-			-	(43,604)	
Total Component Units	<u>\$ 46,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>(3,109)</u>	<u>(43,604)</u>	
General Revenues:									
Property Taxes					293,111	-	293,111	-	
General Sales and Use Taxes					64,429	-	64,429	30,920	
Franchise Taxes					41,320	-	41,320	-	
Miscellaneous					7,316	-	7,316	-	
Investment Earnings					1,455	14,537	15,992	214	
Total General Revenues and Transfers					<u>407,631</u>	<u>14,537</u>	<u>422,168</u>	<u>31,134</u>	
Change in Net Position					(4,574)	62,689	58,115	28,025	
Net Position - Beginning					<u>1,287,073</u>	<u>1,010,247</u>	<u>2,297,320</u>	<u>146,005</u>	
Net Position - Ending					<u>\$ 1,282,499</u>	<u>\$ 1,072,936</u>	<u>\$ 2,355,435</u>	<u>\$ 174,030</u>	

The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Balance Sheet – Governmental Fund
September 30, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	125,571
Receivables, Net:		
Property Taxes		27,793
Court		70,658
Sales Taxes		11,060
Franchise		12,038
Total Assets	\$	<u>247,120</u>

LIABILITIES

Accounts Payable	\$	10,565
Salaries Payable		18,032
Due to Component Units		<u>4,514</u>
Total Liabilities		<u>33,111</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenues - Property Taxes		24,359
Unavailable Revenues - Court Fines		<u>66,700</u>
Total Deferred Inflows of Resources		<u>91,059</u>

FUND BALANCES

Restricted for Court Security and Technology		6,966
Unassigned		<u>115,984</u>
Total Fund Balances		<u>122,950</u>

Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	<u>247,120</u>
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The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
September 30, 2020

Amounts reported for governmental activities in the statement of net position (page 9) are different because:

Fund Balance of the Governmental Fund (Page 11)	\$ 122,950
Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the Governmental Fund.	1,089,532
Delinquent property taxes and court revenue are not current financial resources; therefore, they are not reported in the governmental funds.	91,744
Included in the noncurrent assets/(liabilities) is the recognition of the City's net pension asset/(liability) required by GASB 68 in the amount of \$39,686. This constitutes a deferred resource inflow in the amount of (\$8,368), and a deferred resource outflow of \$3,350. This resulted in an increase/(decrease) in net position by \$34,668.	34,668
Included in the noncurrent assets/(liabilities) is the recognition of the City's net OPEB asset/(liability) required by GASB 75 in the amount of (\$9,374). This constitutes a deferred resource inflow in the amount of (\$687), and a deferred resource outflow of \$2,108. This resulted in an increase/(decrease) in net position by (\$7,953).	(7,953)
Long-term liabilities, including accrued compensated absences and notes payable are not due and payable in the current period and, therefore, are not reported in the governmental fund.	
Non-current liabilities due in one year	(20,958)
Non-current liabilities due in more than one year	(27,484)
	(48,442)
Net Position of Governmental Activities	\$ <u>1,282,499</u>

The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended September 30, 2020

REVENUES

Taxes:

Property	\$ 288,952
General Sales and Use	64,429
Franchise	41,320
Municipal Court	54,009
Grant Revenue	26,000
COVID Management	12,650
Other Revenue	7,316
Licenses and Permits	10,973
Interest Revenue	<u>1,455</u>
Total Revenues	<u>507,104</u>

EXPENDITURES

Current:

Police Department	201,708
General Government	162,296
Municipal Court	85,488
Fire Department	10,000
Streets	27,043
Emergency Medical Service	5,000
Library	864
Capital Outlays	7,500
Debt Service:	
Principal	20,083
Interest	<u>2,530</u>
Total Expenditures	<u>522,512</u>

Net Change in Fund Balance (15,408)

Fund Balance - Beginning 138,358

Fund Balance - Ending \$ 122,950

The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Fund to the
Statement of Activities
For the Year Ended September 30, 2020

Amounts reported for *Governmental Activities* in the Statement of Activities (page 10) are different because:

Net Change in Fund Balance - Total Governmental Fund (Page 13) \$ (15,408)

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds depreciation. (4,445)

Governmental Funds report repayment of debt principal as an expenditure and proceeds of new debt as a financing source. However, in the Statement of Activities, these transactions are only considered changes in long-term debt balances.

Long-Term Debt Repaid in Current Year 20,083

The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of December 31, 2019 caused the change in the ending net position to increase by \$3,346. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$10,325). The City's reported TMRS net pension expense had to be recorded. The net pension expense increased/(decreased) the change in net position by \$723. The result of these changes is to increase/(decrease) the change in net position by (\$6,256). (6,256)

The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of December 31, 2019 caused the change in the ending net position to increase in the amount of \$188. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$155). The City's reported TMRS net pension expense had to be recorded. The net OPEB expense increased the change in net position by (\$7,985). The result of these changes is to increase/(decrease) the change in net position by (\$7,952). (7,952)

Governmental Funds report some prior year tax and court revenues as income in the current year. However, in the Statement of Activities, the revenue is recognized in the year in which it is earned.

Net Amounts Earned in Prior Years 9,404

Change in Net Position of Governmental Activities \$ (4,574)

The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Statement of Net Position – Proprietary Fund
September 30, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 96,220
Accounts Receivables, Net	39,140
Total Current Assets	135,360

Restricted and Other Assets:

Restricted Deposits Held by GTUA	151,955
Net Pension Asset	24,382
Total Restricted and Other Assets:	176,337

Noncurrent Assets:

Capital Assets:

Land	79,850
Construction in Progress	1,279,606
Machinery, Furniture, and Equipment	86,431
Water and Sewer System	2,896,270
Less Accumulated Depreciation	(2,171,639)
Total Capital Assets, Net	2,170,518
Total Noncurrent Assets	2,170,518
Total Assets	2,482,215

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - OPEB	1,295
Deferred Outflows - Pension	2,058
Total Deferred Outflows of Resources	3,353

LIABILITIES

Current Liabilities:

Accounts Payable	15,853
Accrued Liabilities	1,691
Salaries and Wages Payable	6,392
Customer Deposits Payable	25,514
Net Pension Liability	16,387
Notes Payable - Current Portion	36,317
Contractual Obligation - Current Portion	70,000
Total Current Liabilities	172,154

Noncurrent Liabilities:

Total OPEB Liability	5,759
Notes payable - Long Term Portion	44,156
Contractual Obligation - Long Term Portion	1,185,000
Total Noncurrent Liabilities	1,234,915

Total Liabilities	1,407,069
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - OPEB	423
Deferred Inflows - Pension	5,140
Total Deferred Inflows of Resources	5,563

NET POSITION

Net Investment in Capital Assets	835,045
Restricted Deposits with GTUA	151,955
Unrestricted	85,936
Total Net Position	\$ 1,072,936

The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended September 30, 2020

Operating Revenues:	
Water	\$ 307,309
Sewer	150,341
Sanitation	72,090
Late Charges, Connect Fees, and Other	<u>21,671</u>
Total Operating Revenues	<u>551,411</u>
Operating Expenses:	
Salaries and Benefits	176,285
Supplies, Maintenance and Repairs	49,872
Depreciation	68,806
Utilities	70,419
Sanitation Contract	64,947
Other Operating Expenses	<u>37,500</u>
Total Operating Expenses	<u>467,829</u>
Operating Income (Loss)	<u>83,582</u>
Nonoperating Sources (Uses)	
Interest Income	14,537
Interest Expense	<u>(35,430)</u>
Total Nonoperating Revenue (Expenses)	<u>(20,893)</u>
Change in Net Position	62,689
Total Net Position - Beginning	<u>1,010,247</u>
Total Net Position - Ending	<u><u>\$ 1,072,936</u></u>

The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Statement of Cash Flows – Proprietary Fund
For the Year Ended September 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 545,813
Cash Paid to Employees	(172,541)
Cash Paid to Suppliers for Goods and Services	<u>(279,730)</u>
Net Cash Provided by Operating Activities	<u>93,542</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	(276,059)
Proceeds from New Debt	20,000
Net Cash from GTUA	251,496
Interest Paid on Capital Debt	(35,430)
Principal Paid on Capital Debt	<u>(105,592)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(145,585)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received for Interest on Investments	<u>14,537</u>
Net Cash Provided by Investing Activities	<u>14,537</u>

Net Increase in Cash and Cash Equivalents	(37,506)
Cash and Cash Equivalents, October 1, 2019	<u>133,726</u>
Cash and Cash Equivalents, September 30, 2020	<u><u>\$ 96,220</u></u>

Reconciliation of Operating Income (Loss) to Net Cash

Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ 83,582
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Depreciation Expense	68,806
(Increase) Decrease in Accounts Receivable	938
(Increase) Decrease in Net Pension Asset and Total OPEB Liability	(16,650)
(Increase) Decrease in Deferred Outflows of Resources - Pension and OPEB	3,115
Increase (Decrease) in Deferred Inflows of Resources - Pension and OPEB	(689)
Increase (Decrease) in Deposits Payable	(4,660)
Increase (Decrease) in Accounts Payable	(19,929)
Increase (Decrease) in Accrued Liabilities	<u>(37,358)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 93,542</u></u>

The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Notes to the Financial Statements
September 30, 2020

Note 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Tom Bean, Texas (City), was established in 1887 and was incorporated in 1897. The City operates under a council-mayor form of government. The general government functions include law enforcement, streets, sanitation, public improvements, planning and zoning, and general administrative services. Proprietary Funds are used to account for the operations of the City's water, sewer, and sanitation services. Fire protection is provided by a separate entity, the Tom Bean Volunteer Fire Department.

The financial statements of the City of Tom Bean are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publications entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (where applicable.) The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements.

The accompanying financial statements present the primary government, the City, and its component units, entities that are legally separate but are included in the financial statements because the primary government is considered to be financially accountable. The component units presented are those separately administered organizations that are controlled by or dependent on the City. Control or dependency of the component unit to the City is determined on the basis of the appointment of the respective governing board, ability to influence projects, whether a financial benefit/burden relationship exists, and other factors. Further, the presentation in the financial statements is determined by whether the component unit's governing body is substantially the same as the City, who is the primary beneficiary of the services provided, and the expectation of what resources will be used to pay debts.

The Tom Bean Economic Development Corporation (EDC) and the Tom Bean Community Development Corporation (CDC) are discretely presented component units of the City. The discrete presentation is required because governing boards are essentially the same as the City and a financial benefit or burden relationship exists between the EDC, CDC, and the City. The EDC and CDC are non-profit organizations established on behalf of the City under the Development Act of 1979. The transactions of the EDC and CDC are maintained in separate funds and are discretely presented in separate columns in the financial statements. The discretely presented methodology was selected after evaluation of the circumstances and standards, as noted above. The EDC and CDC do not issue separate financial statements.

The financial statements include government-wide statements prepared on an accrual basis of accounting and fund financial statements that present information for individual major funds rather than by fund type.

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Presentation – 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 non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from proprietary activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes or other items not included among functional revenues are reported as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary (business-type activity) fund. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of the 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 when eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as current assets. Gross receipts and sales taxes are considered measurable and recognizable when in the control of the intermediary collecting government that presents information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which are comprised of fund's assets, liabilities, fund equity, revenues and expenses, as appropriate. Government resources are allocated to and for individual funds based on the purposes and functions for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund categories as follows:

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 1: Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The City reports the following major governmental fund:

General Fund – This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following major enterprise fund:

Water and Sewer Fund – This fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to recover costs (expenses, including depreciation) of providing goods or services to the general public through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. The Water and Sewer Fund is accounted for under this proprietary fund type. Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities, deferred inflow and outflows are included on the Statement of Net Position.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Assets, Liabilities, and Net Position/ Fund Balance

Cash and Cash Equivalents

The City considers all cash on hand, demand deposits, and highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Inter-fund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is recorded as “Amounts Due To” and “Amounts Due From” other funds appropriately.

Bad Debts

The City uses the allowance method of valuing water, taxes, and court fines receivables. The City has established an allowance for doubtful accounts for delinquent receivables to the extent that their collection is doubtful.

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 1: Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position/ Fund Balance (continued)

Property, Plant and Equipment

Property, plant and equipment with a cost greater than \$5,000 and useful life over one year is capitalized and depreciated over its useful life. Property, plant and equipment used in governmental fund type operations are shown on the Statement of Net Position, rather than governmental funds. Accumulated depreciation has been provided on such property, plant and equipment. Depreciation fund type operations are shown on the Statement of Net Position, rather than governmental funds. Accumulated depreciation has been provided on such property, plant and equipment. Depreciation expense is allocated in the General Fund by function and is included as expense on the Statement of Activities.

All property, plant and equipment are reported at historical cost or estimated historical cost if actual historical cost is not available. Property, plant and equipment acquired through donation are recorded at estimated fair value on the date of donation. Depreciation is provided in the enterprise funds in amounts sufficient to relate the cost of the depreciable assets to operations over the estimated service life on the straight-line basis. The service lives by asset classification are follows:

Furniture, Fixtures and Equipment	5-10 years
Buildings and Improvements	12-40 years
Public Infrastructure	20 years
Water and Sewer Systems	20-50 years

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

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

Pensions/OPEB – 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 taxes that have not been received in the current period and are unavailable until collected.

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 1: Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position/ Fund Balance (continued)

Net Position and Fund Balances

Net position invested in net capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. For the year ended September 30, 2020, the Water Fund had restricted net position in the amount of \$151,955. This amount includes funds held at Greater Texoma Utility Authority (GTUA) to be used exclusively for water and sewer system capital projects and repayment of contractual obligations.

The City has adopted the Governmental Accounting Standards Board's (GASB) *Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes in the fund financial statements for governmental type funds. It does not apply for the government-wide financial statements.

GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable – such fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the Council (the City's highest level of decision-making authority),

Assigned – fund balance classification are intended to be used by the City's General Fund for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned – fund balance is the residual classification for the City's General Fund and includes amounts not contained in the other classifications, and other fund's that have total negative fund balances.

For the classification of Governmental Fund balances, the City considers expenditures to be made from the most restrictive first when more than one classification is available.

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 1: Summary of Significant Accounting Policies (continued)

E. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability (asset), total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB 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.

Information regarding the City's Total Net Pension Liability and Total OPEB Liability is obtained from the TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68. Accounting and Financial Reporting for Pensions and GASB No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

F. Revenues and Expenditures/Expenses

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 and 2) grants and contributions. All taxes, including those dedicated for a specific purpose, are reported as general revenues.

Property Taxes

Ad valorem taxes are levied on October 1st and are due and payable at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Property taxes attach as an enforceable lien on property as of January 1st. Property tax revenues are recognized when they become available. Available includes those property taxes receivable, which are expected to be collected within sixty days after year-end.

Compensated Absences

It is the City's policy to not carryover any unused employee vacation time as of each fiscal year-end unless granted by the mayor for special situations.

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 products 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 recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 1: Summary of Significant Accounting Policies (continued)

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Budget and Budgetary Accounting

Prior to September 1, the City Council submits a proposed budget for the ensuing fiscal year. At the meeting of the City Council at which the budget is submitted, the City Council fixes the time and place of the public hearing on the budget and causes to be published a notice of the budget hearing. After the budget hearing the budget may be adopted by a favorable vote of the majority vote of the Council. The City adopts a budget for the General Fund, the Water and Sewer Fund, and the discretely presented component units during the month of September.

Note 2: Cash and Investments

As of September 30, 2020, the City maintains bank accounts at First National Bank of Tom Bean. The City's investments are limited to demand deposits and certificates of deposits in financial institutions that are members of the Federal Deposit Insurance Corporation. At September 30, 2020, the City's deposits in its depository bank totaled \$234,230 insured by both FDIC insurance and collateral pledged to the City by the bank. Additionally, the CDC's deposits in its depository bank totaled \$166,244 and the EDC's deposits totaled \$104,242, both of which are fully insured by the FDIC.

Note 3: Receivables

Government-wide receivables as of September 30, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Proprietary Fund	Totals	CDC	EDC
Receivables:					
Ad valorem taxes	\$ 27,793	\$ -	\$ 27,793	\$ -	\$ -
Sales taxes	11,060	-	11,060	5,530	5,530
Court	147,872	-	147,872	-	-
Franchise	12,038	-	12,038	-	-
Accounts	-	65,091	65,091	-	-
Gross receivables	198,763	65,091	263,854	5,530	5,530
Less: Uncollectible allowance	(77,214)	(25,951)	(103,165)	-	-
Net total receivables	<u>\$ 121,549</u>	<u>\$ 39,140</u>	<u>\$ 160,689</u>	<u>\$ 5,530</u>	<u>\$ 5,530</u>

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 4: Capital Assets

A summary of changes in capital assets for the year ended September 30, 2020, follows:

	Balance	Additions and		Balance
	September 30, 2019	Reclasses	Retirements	September 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 7,000	\$ 38,331	\$ -	\$ 45,331
Total capital assets, not being depreciated	<u>7,000</u>	<u>38,331</u>	<u>-</u>	<u>45,331</u>
Capital assets, being depreciated:				
Buildings, parks, and improvements	247,664	-	-	247,664
Streets and other infrastructure	1,560,083	-	-	1,560,083
Furniture, equipment and vehicles	191,645	7,500	-	199,145
Total capital assets, being depreciated	<u>1,999,392</u>	<u>7,500</u>	<u>-</u>	<u>2,006,892</u>
Less accumulated depreciation for:				
Buildings, parks, and improvements	(217,514)	(6,572)	-	(224,086)
Streets and other infrastructure	(564,271)	(22,117)	-	(586,388)
Furniture, equipment and vehicles	(130,629)	(21,588)	-	(152,217)
Total accumulated depreciation	<u>(912,414)</u>	<u>(50,277)</u>	<u>-</u>	<u>(962,691)</u>
Capital assets, being depreciated, net	<u>1,086,978</u>	<u>(42,777)</u>	<u>-</u>	<u>1,044,201</u>
Governmental activities capital assets, net	<u>\$ 1,093,978</u>	<u>\$ (4,446)</u>	<u>\$ -</u>	<u>\$ 1,089,532</u>

Depreciation for fixed assets is included as an expense for activities on the statement of activities. Depreciation is allocated to each function of the government as follows:

Governmental Activities:	
General government	\$ 6,572
Public safety	21,588
Streets	<u>22,117</u>
Total	<u>\$ 50,277</u>
Business-type activities:	
Water and sewer	<u>\$ 68,806</u>

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 4: Capital Assets (continued)

	Balance	Additions		Balance
	September 30, 2019	and Reclasses	Retirements	September 30, 2020
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 79,850	\$ -	\$ -	\$ 79,850
Construction in Progress	1,061,572	218,034	-	1,279,606
Total capital assets, not being depreciated	<u>1,141,422</u>	<u>218,034</u>	<u>-</u>	<u>1,359,456</u>
Capital assets, being depreciated:				
Furniture, equipment, and vehicles	86,431	-	-	86,431
Utility plant in service	2,838,245	58,025	-	2,896,270
Total capital assets, being depreciated	<u>2,924,676</u>	<u>58,025</u>	<u>-</u>	<u>2,982,701</u>
Less accumulated depreciation for:				
Furniture, equipment, and vehicles	(86,220)	(211)	-	(86,431)
Utility plant in service	(2,016,613)	(68,595)	-	(2,085,208)
Total accumulated depreciation	<u>(2,102,833)</u>	<u>(68,806)</u>	<u>-</u>	<u>(2,171,639)</u>
Capital assets, being depreciated, net	<u>821,843</u>	<u>(10,781)</u>	<u>-</u>	<u>811,062</u>
Business-type activities capital assets, net	<u>\$ 1,963,265</u>	<u>\$ 207,253</u>	<u>\$ -</u>	<u>\$ 2,170,518</u>

Note 5: Retirement Plan

A. Plan Description

The City of Tom Bean 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.tmr.com. All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 5: Retirement Plan (continued)

B. Benefits Provided (continued)

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

Employee Deposit Rate	6%
Matching ratio (City to employee)	1.5 to 1
Years required for vesting	5
Service retirement eligibility	60/5, 0/20
Updated service credits	0%
Annuity increase (to retirees)	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	2
Inactive employees entitled to but not yet receiving benefits	15
Active employees	8
	Total: 25

C. Contributions

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

Employees for the City were required to contribute 6.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 2.54% and 2.83% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$7,462, and were equal to the required contributions.

D. Net Pension Liability

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

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 5: Retirement Plan (continued)

D. Net Pension Liability (continued)

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
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members 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 active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) are 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:

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 5: Retirement Plan (continued)

D. Net Pension Liability (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2018	\$ 237,380	\$ 279,471	\$ (42,091)
Changes for the year:			
Service Cost	29,246	-	29,246
Interest	16,862	-	16,862
Change of benefit terms	-	-	-
Diff between expected/actual experience	(67)	-	(67)
Changes of assumptions	(163)	-	(163)
Contributions - employer	-	7,142	(7,142)
Contributions - employee	-	17,743	(17,743)
Net investment income	-	43,220	(43,220)
Benefit payments, including refunds of employee contributions	(4,419)	(4,419)	-
Administrative expense	-	(244)	244
Other Changes	-	(6)	6
Net Changes	41,459	63,436	(21,977)
Balance at 12/31/2019	\$ 278,839	\$ 342,907	\$ (64,068)

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 5: Retirement Plan (continued)

D. Net Pension Liability (continued)

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate		
1% Decrease 5.75%	Current Single Rate assumption 6.75%	1% Increase 7.75%
(\$20,186)	(\$64,068)	(\$99,759)

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.

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

For the year ended September 30, 2020, the City recognized pension expense of \$5,974.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	\$ -	\$ (3,118)
Changes in actuarial assumptions	-	(119)
Difference between projected and actual investment earnings	-	(10,271)
Contributions subsequent to the measurement date	5,408	-
Total	\$ 5,408	\$ (13,508)

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 5: Retirement Plan (continued)

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$5,408 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended 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	Net deferred outflows (inflows) of resources
2020	(5,076)
2021	(3,861)
2022	301
2023	(4,872)
2024	-
Thereafter	-
Total	\$ (13,508)

Note 6: Other Post-Employment Benefit (OPEB) Plan

A. Plan Description

Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan 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. Employers 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 City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

B. Benefits Provided

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). The death benefit for retirees is considered another post-employment benefit (“OPEB”) and is a fixed amount of \$7,500.

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

Inactive employees currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	0
Active employees	8
	Total: 10

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 6: Other Post-Employment Benefit (OPEB) Plan (continued)

C. Contributions

The member city 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.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city.

There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

For the year ended September 30, 2020, the City recognized OPEB expense in the amount of \$1,558. The contribution rates to the SDBF for the City are as follows:

Plan / Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2020	0.15%	0.00%

D. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2019 and 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%
Salary Increases	3.50% to 11.5% including inflation
Discount Rate	2.75%
Retiree's share of benefit-related costs	\$0.00

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 6: Other Post-Employment Benefit (OPEB) Plan (continued)

D. Total OPEB Liability (continued)

on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2019, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

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

Changes in Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at 12/31/2018	\$ 11,417
Changes for the year:	
Service Cost	828
Interest	438
Diff between expected/actual experience	(316)
Changes of assumptions	2,825
Benefit payments, including refunds of employee contributions	(59)
Net Changes	3,716
Balance at 12/31/2019	\$ 15,133

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.31%) or 1 percentage-point higher (4.31%) than the current rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
\$18,445	\$15,133	\$12,522

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 6: Other Post-Employment Benefit (OPEB) Plan (continued)

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$1,558. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ (439)
Changes in actuarial assumptions	3,100	(671)
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	303	-
Total	\$ 3,403	\$ (1,110)

\$303 reported as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2021. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year	Net deferred outflows (inflows) of resources
2020	\$ 292
2021	292
2022	292
2023	292
2024	292
Thereafter	530
Total	\$ 1,990

Note 7: Long-term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended September 30, 2020:

A. Governmental Activities

Description	Interest Rate Payable	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020	Due Within One Year
Note Payable - SUVs	4.25%	\$ 68,525	\$ -	\$ (20,083)	\$ 48,442	\$ 20,958
		\$ 68,525	\$ -	\$ (20,083)	\$ 48,442	\$ 20,958

On November 30, 2017, the City entered into a \$101,693 loan agreement to purchase two police SUVs and equipment. These vehicles will be paid from and secured by the City's property tax

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 7: Long-term Liabilities (continued)

income. The note is payable to the First National Bank of Tom Bean in monthly installments of \$1,884 with 4.25% interest and will mature on December 6, 2022.

A. Governmental Activities (continued)

Year Ending September 30	Principal	Interest	Total
2021	\$ 20,958	\$ 1,653	\$ 22,611
2022	21,866	745	22,611
2023	5,618	40	5,658
Totals	<u>\$ 48,442</u>	<u>\$ 2,438</u>	<u>\$ 50,880</u>

B. Business-Type Activities – Proprietary Fund

Description	Interest Rate Payable	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020	Due Within One Year
Bond Payable - GTUA 2015	2.02%	\$ 1,150,000	\$ -	\$ (20,000)	\$ 1,130,000	\$ 65,000
Bond Payable - GTUA 2017	3.22%	130,000	-	(5,000)	125,000	5,000
Bond Payable - GTUA 2000	4.74%	65,000	-	(65,000)	-	-
Bank Note Payable - 1	4.50%	76,065	-	(15,592)	60,473	16,317
Yowell Road Loan		-	<u>20,000</u>	-	<u>20,000</u>	<u>20,000</u>
Total Long-Term Debt:		<u>\$ 1,421,065</u>	<u>\$ 20,000</u>	<u>\$ (105,592)</u>	<u>\$ 1,335,473</u>	<u>\$ 106,317</u>

GTUA Certification of Obligation

The City entered into a long-term water supply and sewer service contract with Greater Texoma Utility Authority (GTUA) on October 3, 2000 and additional contracts in 2015 and 2017. The City has an obligation to make payments specified by the contract to GTUA to pay the principal and interest on the bonds, maintain a Reserve Fund for the security and payment of bonds similarly secured, and pay the administrative and overhead expenses by GTUA in connection with the bonds.

Under the terms of the contract, the City's obligation to make payments to GTUA terminates when all GTUA bonds issued in connection with construction of the facilities have been paid in full, are retired, and are no longer outstanding. The original principal obligation of the series 2000 contract was \$500,000, with interest rates of 4.74%, the original principal obligation of the series 2015 contract was \$1,210,000, with interest rates of 2.02% and the original principal obligation of the series 2018 contract was \$135,000 with interest rates of 3.22%. The City's obligation to GTUA under the 2000 contract expires with the retirement of the GTUA bonds in this fiscal year. The City's obligation to GTUA under the 2015 contract expires with the retirement of the GTUA bonds in the fiscal year ending September 30, 2035. The City's obligation to GTUA under the 2018 contract expires with the retirement of the GTUA bonds in the fiscal year ending September 30, 2042.

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 7: Long-term Liabilities (continued)

B. Business-Type Activities – Proprietary Fund (continued)

The following is a schedule of future GTUA contractual obligation payments:

Year Ending September 30	Principal	Interest	Total
2021	\$ 70,000	\$ 25,522	\$ 95,522
2022	70,000	24,816	94,816
2023	75,000	23,976	98,976
2024	75,000	22,972	97,972
2025	75,000	21,897	96,897
2026-2030	400,000	89,322	489,322
2031-2035	440,000	43,060	483,060
2036-2040	30,000	8,370	38,370
2041-2042	20,000	1,275	21,275
Totals	<u>\$ 1,255,000</u>	<u>\$ 261,209</u>	<u>\$ 1,516,209</u>

Notes Payable

Installment note payable with First National Bank of Tom Bean dated March 14, 2011 in the amount of \$183,766. The note has a fixed 4.5% interest rate and is secured by accounts receivable for the proprietary fund. The note is a 13 year note with monthly payments of \$1,559 and will mature on March 14, 2024. In the event the City defaults on the note in any way, the demand clause of the note would require the note to be paid in full.

Another note payable with First National Bank of Tom Bean was approved for the City in the amount of \$20,000 on July 20, 2020. The note has a 3.15% interest rate and is secured by accounts receivable for the proprietary fund. The note is to be paid off in one year in full and is intended to be used to address emergency water line repairs in the City.

The following is a schedule of future note payable payments, if paid according to terms:

Year Ending September 30	Principal	Interest	Total
2021	\$ 36,317	\$ 2,386	\$ 38,703
2022	17,067	1,636	18,703
2023	17,851	852	18,703
2024	9,238	122	9,360
Totals	<u>\$ 80,473</u>	<u>\$ 4,997</u>	<u>\$ 85,470</u>

City of Tom Bean, Texas
Notes to the Financial Statements (continued)
September 30, 2020

Note 8: Insurance Coverage

The Texas Municipal League Inter-Governmental Risk Pool provides insurance coverage for the City. For the period October 1, 2019 to September 30, 2020 the City maintained insurance coverage as follows:

Types of Coverage

General Liability	Errors & Omissions Liability	Law Enforcement Liability
Automobile Liability	Real & Personal Property	
Auto Physical Damage	Mobile Equipment	

Note 9: Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2020 up through the date of the auditor's report date on page 2. This is the date the financial statements were available for issuance.

Subsequent to year end, the coronavirus known as SARS-CoV-2 (COVID-19) was first detected in China, causing outbreaks of COVID-19 that has now spread globally. On March 11, 2020, the World Health Organization announced that the COVID-19 outbreak can be characterized as a pandemic. The Federal Government, along with State and local governments have taken preventive measures to slow the spread of the virus. At this time, it is unknown how this pandemic will affect revenues or expenses at the City.

City of Tom Bean, Texas
General Fund Budgetary Comparison
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Taxes:				
Property	\$ 305,283	\$ 305,283	\$ 288,952	\$ (16,331)
Franchise	45,174	45,174	41,320	(3,854)
General Sales and Use	75,000	75,000	64,429	(10,571)
Municipal Court	84,000	84,000	54,009	(29,991)
Building Permits	31,220	31,220	10,973	(20,247)
Grant Revenue	-	-	26,000	26,000
COVID Management	-	-	12,650	12,650
Other Revenue	14,680	14,680	7,316	(7,364)
Interest Revenue	<u>1,300</u>	<u>1,300</u>	<u>1,455</u>	<u>155</u>
Total Revenues	<u>556,657</u>	<u>556,657</u>	<u>507,104</u>	<u>(49,553)</u>
EXPENDITURES				
Current:				
Police Department	214,187	214,187	201,708	12,479
Municipal Court	99,614	99,614	85,488	14,126
General Government	166,442	166,442	162,296	4,146
Fire Department	10,000	10,000	10,000	-
Streets	26,000	26,000	27,043	(1,043)
Emergency Medical Service	5,000	5,000	5,000	-
Library	1,300	1,300	864	436
Capital Outlays	7,500	7,500	7,500	-
Debt Service:				
Principal	20,083	20,083	20,083	-
Interest	<u>2,530</u>	<u>2,530</u>	<u>2,530</u>	<u>-</u>
Total Expenditures	<u>552,656</u>	<u>552,656</u>	<u>522,512</u>	<u>30,144</u>
Net Change in Fund Balance	<u>\$ 4,001</u>	<u>\$ 4,001</u>	<u>\$ (15,408)</u>	<u>\$ (19,409)</u>

The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Schedules of Contributions to Pension Plan
Texas Municipal Retirement System
Last Ten Fiscal Years

	Fiscal Year Ended September 30,					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 7,462	\$ 7,076	\$ 7,213	\$ 4,474	\$ 6,282	\$ 6,045
Contributions in relation to actuarially determined contribution	(7,462)	(7,076)	(7,213)	(4,474)	(6,282)	(6,045)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 286,663	\$ 292,212	\$ 268,634	\$ 284,156	\$ 322,127	\$307,087
Contributions as a percentage of covered payroll	2.60%	2.42%	2.69%	1.57%	1.95%	1.97%

NOTES TO SCHEDULE OF 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	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

Notes to the Schedule of Contributions:

GASB 68 requires 10 fiscal years of data to be provided in the Schedule of Contributions; the employer will build this report over the next 10-year period. The data in this schedule is based on the City's fiscal year-end, not the valuation/measurement date as provided in other schedules of this report. OPEB is included in the information presented

The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Schedules of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
Last Ten Measured Years

	Plan Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 29,246	\$ 26,780	\$ 18,504	\$ 20,661	\$ 18,856	\$ 16,808
Interest (on the total pension liability)	16,861	14,344	12,896	11,166	13,925	12,627
Changes of benefit terms	-	-	11,248	-	-	-
Difference between expected and actual experience	(67)	(336)	(8,093)	(6,757)	(62,229)	(1,365)
Change of assumptions	(163)	-	-	-	6,348	-
Benefit payments, including refunds of employee contributions	(4,419)	(5,052)	(6,914)	(12,319)	(10,311)	(10,783)
Net Change in Total Pension Liability	41,458	35,736	27,641	12,751	(33,411)	17,287
Total Pension Liability - Beginning	237,380	201,644	174,003	161,252	194,663	177,376
Total Pension Liability - Ending (a)	\$ 278,838	\$ 237,380	\$ 201,644	\$ 174,003	\$ 161,252	\$194,663
Plan Fiduciary Net Position						
Contributions - employer	\$ 7,142	\$ 8,368	\$ 2,925	\$ 5,789	\$ 5,628	\$ 3,892
Contributions - employee	17,743	16,703	13,586	14,529	13,824	14,079
Net investment income	43,220	(8,012)	31,397	13,840	290	10,211
Benefit payments, including refunds of employee contributions	(4,419)	(5,052)	(6,914)	(12,319)	(10,311)	(10,783)
Administrative expense	(244)	(155)	(163)	(157)	(176)	(107)
Other	(7)	(8)	(8)	(8)	(9)	(9)
Net Change in Plan Fiduciary Net Position	63,435	11,844	40,823	21,674	9,246	17,283
Plan Fiduciary Net Position - Beginning	279,471	267,627	226,804	205,130	195,884	178,601
Plan Fiduciary Net Position - Ending (b)	\$ 342,906	\$ 279,471	\$ 267,627	\$ 226,804	\$ 205,130	\$195,884
Net Pension Liability - Ending (a) - (b)	\$ (64,068)	\$ (42,091)	\$ (65,983)	\$ (52,801)	\$ (43,878)	\$ (1,221)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	122.98%	117.73%	132.72%	130.34%	127.21%	100.63%
Covered Payroll	\$ 295,717	\$ 278,377	\$ 271,712	\$ 290,585	\$ 276,486	\$281,578
Net Pension Liability as a Percentage of Covered Payroll	(21.67%)	(15.12%)	(24.28%)	(18.17%)	(15.87%)	(0.43%)

Notes to Schedule of Net Pension Liability:

GASB 68 requires 10 fiscal years of data to be provided in this schedule. GRS will provide the current year results. The employer will be required to build this schedule over the next 10-year period.

The accompanying notes are an integral part of these financial statements

City of Tom Bean, Texas
Schedules of Changes in Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Last Ten Measured Years

	Plan Year Ended December 31,		
	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 828	\$ 724	\$ 598
Interest (on the total OPEB liability)	438	389	370
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(316)	(210)	-
Change of assumptions	2,825	(871)	948
Benefit payments, including refunds of employee contributions	(59)	(28)	-
Net Change in Total OPEB Liability	<u>3,716</u>	<u>4</u>	<u>1,916</u>
Total OPEB Liability - Beginning	<u>11,417</u>	<u>11,413</u>	<u>9,497</u>
Total OPEB Liability - Ending	<u><u>\$ 15,133</u></u>	<u><u>\$ 11,417</u></u>	<u><u>\$ 11,413</u></u>
Covered Payroll	\$ 295,717	\$ 278,377	\$ 271,712
Total OPEB Liability as a Percentage of Covered Payroll	5.12%	4.10%	4.20%

Notes to Schedule of Total OPEB Liability:

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not reported in accordance with the standards of GASB 74/75 and should not be shown here. Therefore, only years for which the new GASB statements have been implemented have been shown and ultimately ten years will be presented.

The accompanying notes are an integral part of these financial statements