

CITY OF WEST COLUMBIA
WEST COLUMBIA, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2020



**8 WEST WAY COURT
LAKE JACKSON, TEXAS 77566**

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CITY OF WEST COLUMBIA

West Columbia, Texas

*Annual Financial Report
For the Year Ended September 30, 2020*

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FINANCIAL SECTION

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Independent Auditor's Report

To The Honorable Mayor and
Members of City Council
City of West Columbia
West Columbia, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Columbia (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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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.

Lake Jackson

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Lake Jackson, TX 77566
979-297-4075

El Campo

201 W. Webb St.
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Bay City

2245 Avenue G
Bay City, TX 77414
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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, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the required pension schedules on pages 11 through 21 and pages 70 through 81 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
March 3, 2021

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CITY OF WEST COLUMBIA, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2020

As management of the City of West Columbia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 12,072,607 (net position). Of this amount, \$ 3,966,652 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation.
- The City's total net position decreased by \$ 68,451 (governmental activities increased by \$ 572,523 and business-type activities decreased by \$ 640,974).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 3,622,975. 42.86% of this total amount, \$ 1,552,883 (unassigned fund balance), is available for use within the City's fund designation.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 1,554,476 or 57.23% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

CITY OF WEST COLUMBIA, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2020*

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

The government-wide financial statements can be found on pages 22 through 25 of this report.

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

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

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

The City maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Economic Development Corporation Fund, and the Capital Improvement Fund; all of which are considered to be major funds. Data for the other four (4) funds are combined into a single, aggregated presentation. The governmental fund financial statements can be found on pages 26 through 30.

CITY OF WEST COLUMBIA, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2020

- **Proprietary Funds.** The City maintains one category of *proprietary funds*-Enterprise Funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 32 through 37 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40 through 67 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information and pension related schedules. Required supplementary information can be found on pages 70 through 81 of this report.

The combining and individual fund statements and schedules are presented following the required supplementary information. These combining and individual statements and schedules can be found on pages 85 through 93 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 12,072,607 as of September 30, 2020.

The largest portion of the City's net position (64.05%) reflects its investments in capital assets (e.g., land, construction in progress, buildings, land improvements, water and sewer infrastructure, equipment and vehicles), less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

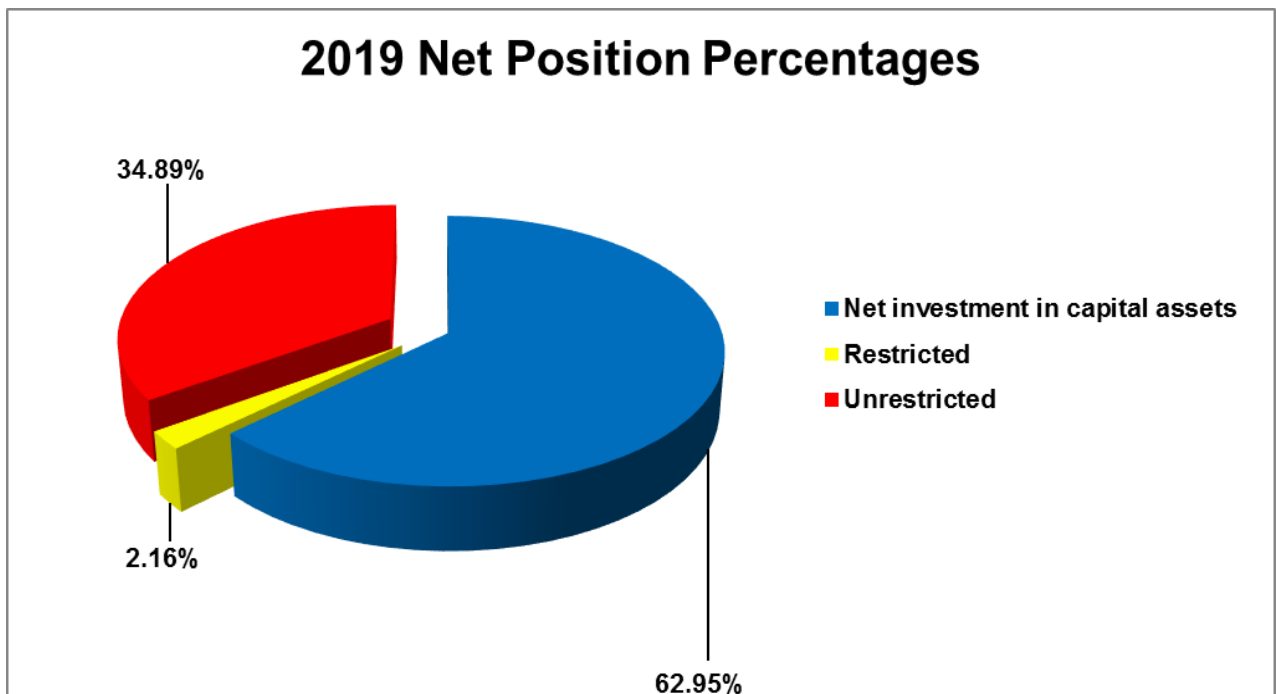
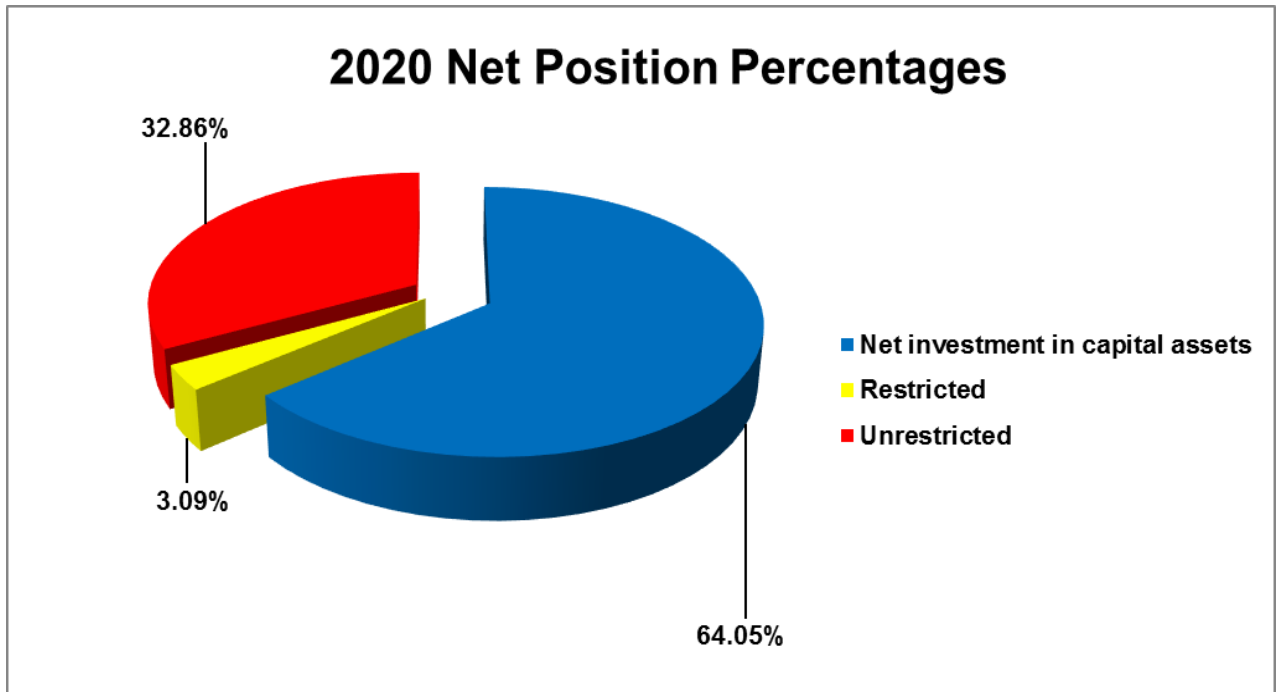
CITY OF WEST COLUMBIA, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

CITY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30		September 30,	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and other assets	\$ 3,936,226	\$ 3,204,958	\$ 1,931,568	\$ 1,648,345	\$ 5,867,794	\$ 4,853,303
Noncurrent assets	516,361	231,829	172,120	77,276	688,481	309,105
Capital assets	<u>2,796,639</u>	<u>2,912,436</u>	<u>4,377,751</u>	<u>4,245,742</u>	<u>7,174,390</u>	<u>7,158,178</u>
Total assets	<u>7,249,226</u>	<u>6,349,223</u>	<u>6,481,439</u>	<u>5,971,363</u>	<u>13,730,665</u>	<u>12,320,586</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources	<u>77,375</u>	<u>386,846</u>	<u>16,814</u>	<u>126,618</u>	<u>94,189</u>	<u>513,464</u>
Total deferred outflows of resources	<u>77,375</u>	<u>386,846</u>	<u>16,814</u>	<u>126,618</u>	<u>94,189</u>	<u>513,464</u>
LIABILITIES						
Current and other liabilities	137,217	124,134	256,058	219,732	393,275	343,866
Long-term liabilities	<u>142,309</u>	<u>95,504</u>	<u>1,023,060</u>	<u>5,573</u>	<u>1,165,369</u>	<u>101,077</u>
Total liabilities	<u>279,526</u>	<u>219,638</u>	<u>1,279,118</u>	<u>225,305</u>	<u>1,558,644</u>	<u>444,943</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources	<u>145,236</u>	<u>187,115</u>	<u>48,367</u>	<u>60,934</u>	<u>193,603</u>	<u>248,049</u>
Total deferred inflows of resources	<u>145,236</u>	<u>187,115</u>	<u>48,367</u>	<u>60,934</u>	<u>193,603</u>	<u>248,049</u>
NET POSITION						
Net investment in capital assets	3,599,020	3,396,568	4,133,188	4,245,742	7,732,208	7,642,310
Restricted	67,746	66,616	306,001	196,164	373,747	262,780
Unrestricted	<u>3,235,073</u>	<u>2,866,132</u>	<u>731,579</u>	<u>1,369,836</u>	<u>3,966,652</u>	<u>4,235,968</u>
Total net position	<u>\$ 6,901,839</u>	<u>\$ 6,329,316</u>	<u>\$ 5,170,768</u>	<u>\$ 5,811,742</u>	<u>\$ 12,072,607</u>	<u>\$ 12,141,058</u>

An additional portion of the City's net position of \$ 373,747 (3.09%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position of \$ 3,966,652 (32.86%) may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF WEST COLUMBIA, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020



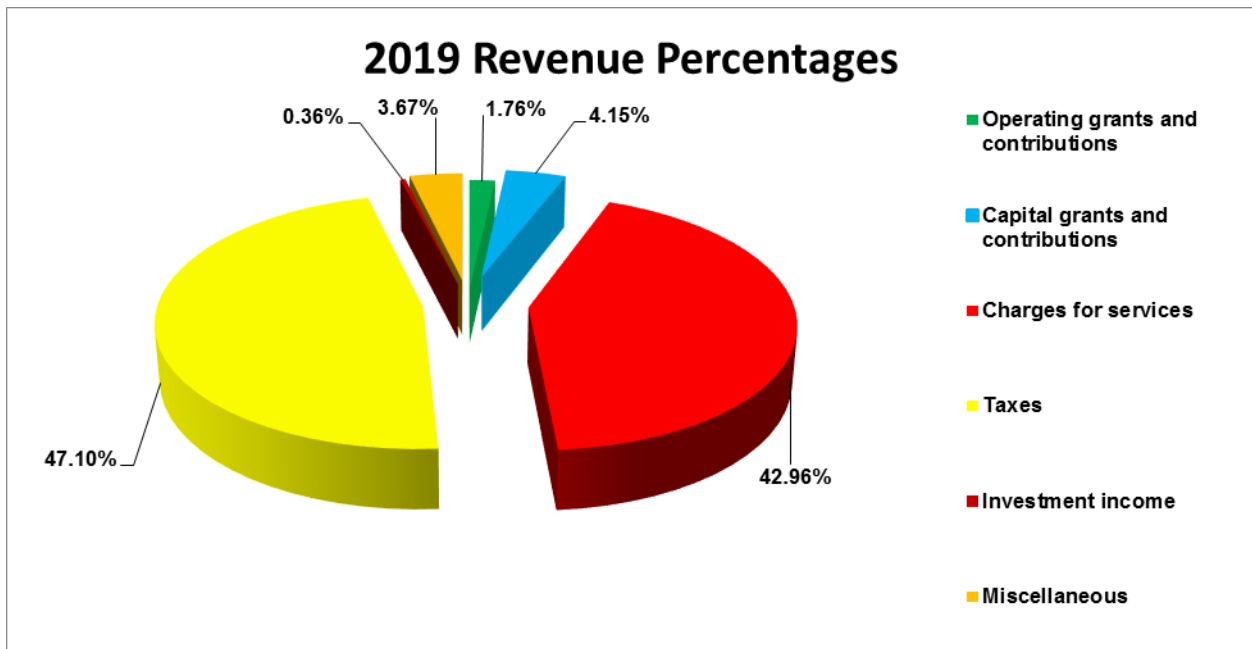
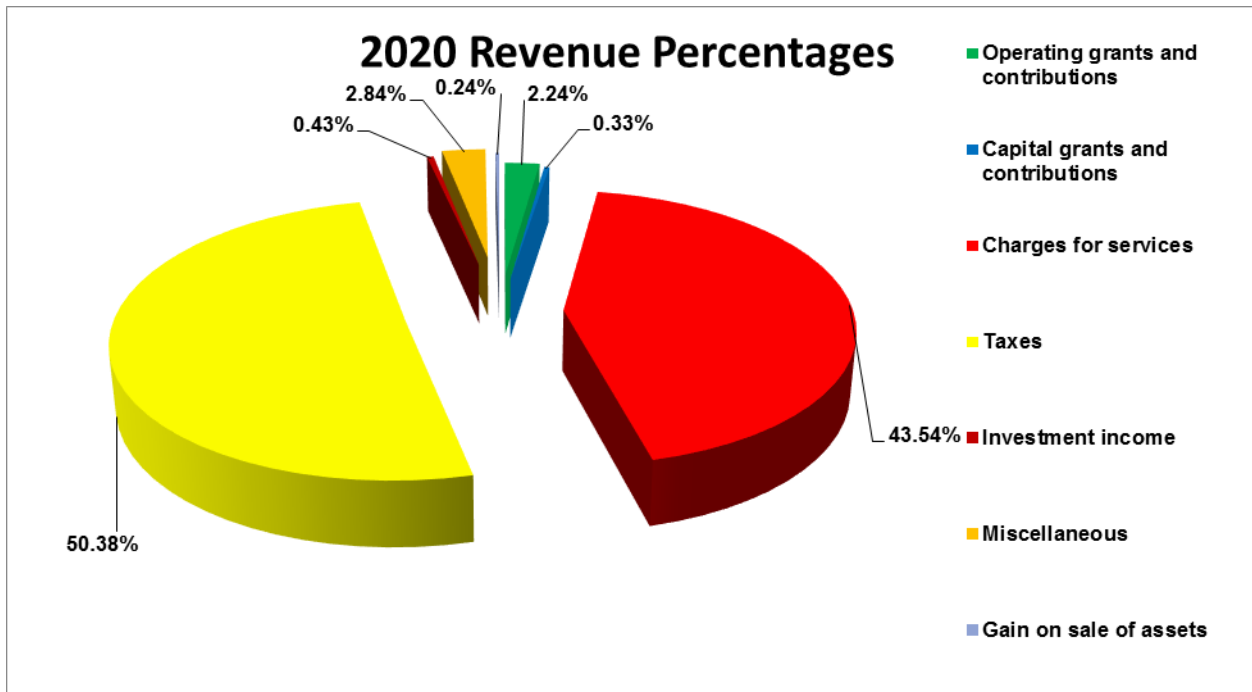
Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2020. Business-type activities decreased the City's net position by \$ 640,974. Governmental activities increased the City's net position by \$ 572,523.

CITY OF WEST COLUMBIA, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

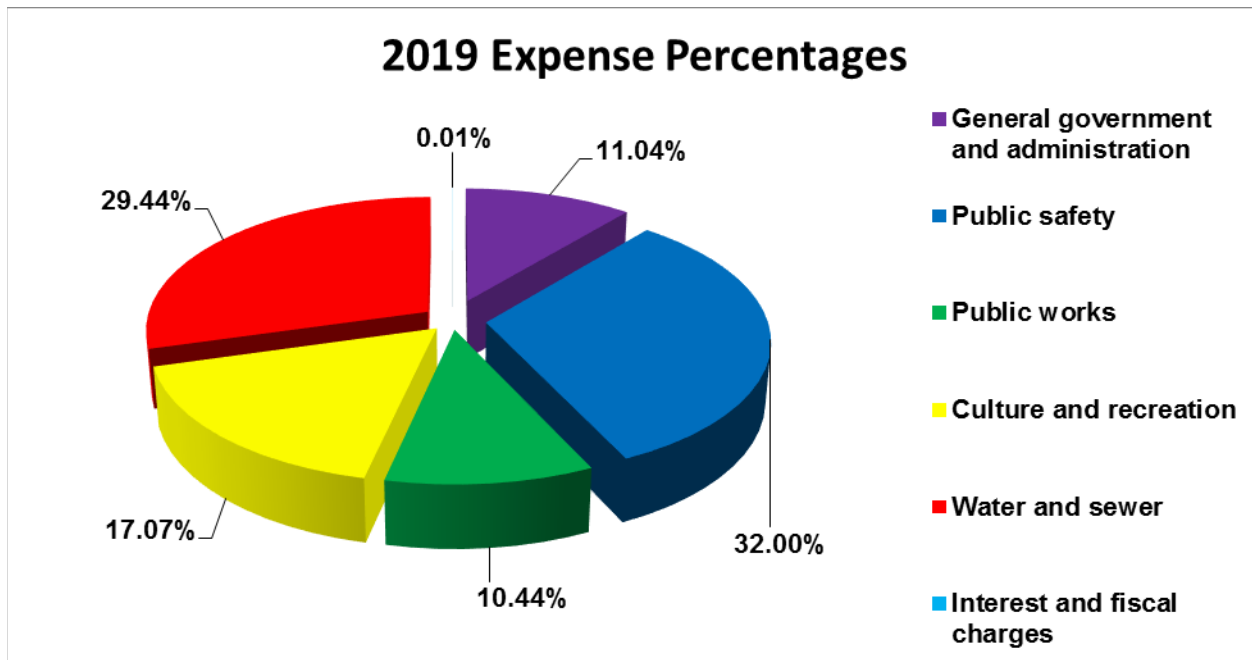
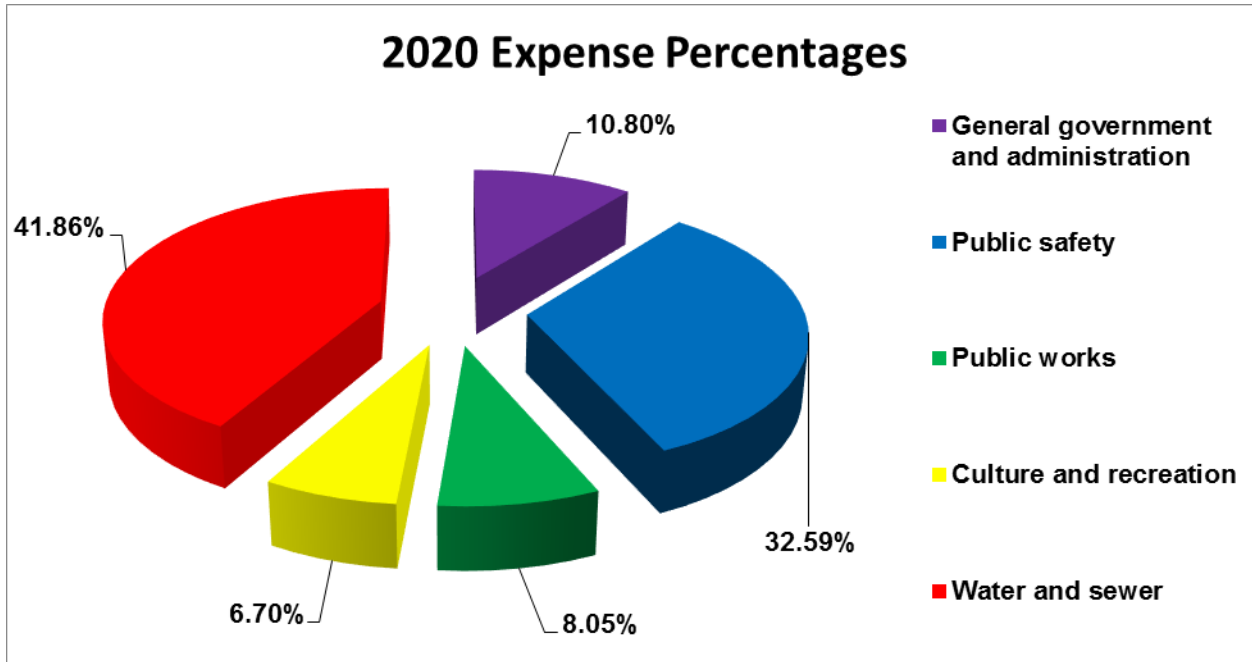
CITY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 559,760	\$ 539,981	\$ 1,614,714	\$ 1,648,502	\$ 2,174,474	\$ 2,188,483
Operating grants and contributions	81,494	33,134	30,502	56,722	111,996	89,856
Capital grants and contributions	16,765	21,651		190,000	16,765	211,651
General Revenues:						
Property taxes	1,394,917	1,358,830			1,394,917	1,358,830
Sales tax	989,500	894,362			989,500	894,362
Franchise taxes	91,419	103,184			91,419	103,184
Occupancy taxes	40,220	43,185			40,220	43,185
Investment Income	15,239	13,558	6,447	4,498	21,686	18,056
Miscellaneous	69,955	67,868	71,718	118,816	141,673	186,684
Gain on sale of assets			11,780		11,780	-0-
Total revenues	<u>3,259,269</u>	<u>3,075,753</u>	<u>1,735,161</u>	<u>2,018,538</u>	<u>4,994,430</u>	<u>5,094,291</u>
Expenses:						
General government and administration	546,559	553,707			546,559	553,707
Public safety	1,650,178	1,604,389			1,650,178	1,604,389
Public works	407,692	523,204			407,692	523,204
Culture and recreation	338,998	856,013			338,998	856,013
Water and sewer			2,119,454	1,476,268	2,119,454	1,476,268
Interest and fiscal charges		435			-0-	435
Total expenses	<u>2,943,427</u>	<u>3,537,748</u>	<u>2,119,454</u>	<u>1,476,268</u>	<u>5,062,881</u>	<u>5,014,016</u>
Increase (decrease) in net position before transfers	315,842	(461,995)	(384,293)	542,270	(68,451)	80,275
Transfers	<u>256,681</u>	<u>(575,027)</u>	<u>(256,681)</u>	<u>575,027</u>	<u>-0-</u>	<u>-0-</u>
Changes in net position	572,523	(1,037,022)	(640,974)	1,117,297	(68,451)	80,275
Net position – beginning	<u>6,329,316</u>	<u>7,366,338</u>	<u>5,811,742</u>	<u>4,694,445</u>	<u>12,141,058</u>	<u>12,060,783</u>
Net position – ending	<u>\$ 6,901,839</u>	<u>\$ 6,329,316</u>	<u>\$ 5,170,768</u>	<u>\$ 5,811,742</u>	<u>\$ 12,072,607</u>	<u>\$ 12,141,058</u>

CITY OF WEST COLUMBIA, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020



CITY OF WEST COLUMBIA, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020



CITY OF WEST COLUMBIA, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2020*

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 3,622,975. 42.86% of this total amount, \$ 1,552,883 constitutes *unassigned fund balance*. The remainder of fund balance is *nonspendable, restricted or assigned* to indicate that it is not available for spending because it has already been classified 1) for prepaid expenditures \$ 24,732, 2) economic development \$ 1,173,394, 3) capital improvement \$ 802,381, 4) debt service \$ 796, 5) contributor purposes \$ 1,839, 6) municipal court technology \$ 12,001, 7) municipal court security \$ 51,421 and 8) police department \$ 3,528.

The General Fund balance increased by \$ 236,810; Economic Development Corporation Fund balance increased by \$ 137,269, and the Capital Improvement Fund balance increased by \$ 318,249. The non-major governmental funds fund balance decreased by \$ 1,265.

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

Net position at September 30, 2020 amounted to \$ 5,170,768. Total net position decreased \$ 640,974 (or 11.03%).

General Fund Budgetary Highlights. Differences between the original budget and the final amended budget resulted in a \$ 114,525 increase in appropriations and can be summarized as follows:

- \$ 1,315 increase in general government and administration
- \$ 84,195 increase in public safety
- \$ 24,770 decrease in public works
- \$ 13,980 decrease in culture and recreation
- \$ 67,765 increase in capital outlay

CITY OF WEST COLUMBIA, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2020*

Differences between the original budget and the final amended budget resulted in a \$ 42,610 increase in revenues and can be summarized as follows:

- \$ 9,170 increase in taxes
- \$ 4,220 increase in revenue producing facilities
- \$ 97,950 decrease in fines and fees
- \$ 17,700 increase in licenses and permits
- \$ 66,630 increase in intergovernmental revenues
- \$ 42,840 increase in miscellaneous revenue

Because revenues and expenditures were less than budgetary estimates, the City's net change in fund balance was more than the budgeted amount by \$ 331,209 due to the decrease in expenditures being larger than the decrease in revenues.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$ 7,174,390 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, land improvements, water and sewer infrastructure, equipment and vehicles.

**Capital Assets at Year End
Net of Accumulated Depreciation**

	Governmental Activities		Business-Type Activities		Totals	
	September 30,		September 30,		September 30,	
	2020	2019	2020	2019	2020	2019
Land	\$ 436,079	\$ 436,080	\$ 41,750	\$ 41,750	\$ 477,829	\$ 477,830
Construction in progress			45,661	338,036	45,661	338,036
Buildings	833,726	869,650	94,520	97,769	928,246	967,419
Land improvements	868,654	892,398			868,654	892,398
Water and sewer infrastructure			3,749,523	3,559,486	3,749,523	3,559,486
Equipment	401,574	399,086	165,585	164,416	567,159	563,502
Vehicles	<u>256,606</u>	<u>315,222</u>	<u>280,712</u>	<u>44,285</u>	<u>537,318</u>	<u>359,507</u>
Total	<u>\$ 2,796,639</u>	<u>\$ 2,912,436</u>	<u>\$ 4,377,751</u>	<u>\$ 4,245,742</u>	<u>\$ 7,174,390</u>	<u>\$ 7,158,178</u>

Additional information on the City's capital assets can be found in Note 6 on pages 56 through 57 of this report.

CITY OF WEST COLUMBIA, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2020

Debt Administration

At the end of the current fiscal year, the City had a total long-term debt liability of \$ 1,165,369. Of this amount, \$ 1,014,565 of notes payable, \$ 111,389 of net pension liability and \$ 39,415 of compensated absences are backed by the full faith and credit of the City.

Outstanding Long-Term Debt at Year End

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Notes payable	\$	\$	\$ 1,014,565	\$	\$ 1,014,565	\$ -0-
Net pension liability	111,389	74,261			111,389	74,261
Compensated absences	<u>30,920</u>	<u>21,243</u>	<u>8,495</u>	<u>5,573</u>	<u>39,415</u>	<u>26,816</u>
Total	<u>\$ 142,309</u>	<u>\$ 95,504</u>	<u>\$ 1,023,060</u>	<u>\$ 5,573</u>	<u>\$ 1,165,369</u>	<u>\$ 101,077</u>

The City currently does not have any outstanding General Obligation Bonds, but does have other types of debt outstanding. Additional information on the City's long-term debt can be found in Note 7 on pages 57 through 58 of this report.

Economic Factors and Next Year's Budgets and Rates

In the 2020-2021 budget, despite the impact of the COVID-19 pandemic on local businesses, the city realized a 9.61% increase in sale tax revenues but many other revenues decreased due to the closure of rental facilities, reduction in traffic tickets or court appearances to meet federal and state mandates on social distancing during the pandemic. The City received the 20% advancement on the City's Coronavirus Emergency Protective Measure allocation for related expenses. In anticipation of revenue shortfalls, department heads reduced spending which offset most revenue deficits. Utility fund increased rates by 1.8% as part of its annual Consumer Price Index Adjustments as outlined by the ordinance. City Council decreased the tax rate to \$ 0.731770 per \$ 100 value as a new revenue rate.

Request for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, P.O. Box 487, 512 E. Brazos, West Columbia, Texas, 77486, or call (979) 345-3123.

CITY OF WEST COLUMBIA
West Columbia, Texas

STATEMENT OF NET POSITION

September 30, 2020

	Governmental Activities	Business- Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 3,542,576	\$ 1,059,531	\$ 4,602,107
Taxes receivable, net	231,013		231,013
Accounts receivable, net	144,877	229,286	374,163
Receivables from other governments	1,499		1,499
Internal balances	(8,471)	8,471	-0-
Inventories		134,965	134,965
Prepaid expenses	24,732	553	25,285
Restricted Assets:			
Cash and cash equivalents		498,762	498,762
Noncurrent Assets:			
Net pension asset	516,361	172,120	688,481
Capital Assets:			
Land	436,079	41,750	477,829
Construction in progress		45,661	45,661
Buildings, net	833,726	94,520	928,246
Land improvements, net	868,654		868,654
Water and sewer infrastructure, net		3,749,523	3,749,523
Equipment, net	401,574	165,585	567,159
Vehicles, net	256,606	280,712	537,318
Total assets	<u>7,249,226</u>	<u>6,481,439</u>	<u>13,730,665</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	<u>77,375</u>	<u>16,814</u>	<u>94,189</u>
Total deferred outflows of resources	<u>77,375</u>	<u>16,814</u>	<u>94,189</u>
LIABILITIES:			
Accounts payable	95,384	116,938	212,322
Accrued wages payable	41,833	17,307	59,140
Liabilities payable from restricted assets		121,813	121,813
Noncurrent Liabilities:			
Due within one year	30,920	58,917	89,837
Due in more than one year		964,143	964,143
Net pension liability	111,389		111,389
Total liabilities	<u>279,526</u>	<u>1,279,118</u>	<u>1,558,644</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	<u>145,236</u>	<u>48,367</u>	<u>193,603</u>
Total deferred inflows of resources	<u>145,236</u>	<u>48,367</u>	<u>193,603</u>

(continued)

CITY OF WEST COLUMBIA
West Columbia, Texas

STATEMENT OF NET POSITION - Continued

September 30, 2020

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	\$ 3,599,020	\$ 4,133,188	\$ 7,732,208
Restricted For:			
Debt service	796		796
Sewer replacement		105,055	105,055
Well construction		200,946	200,946
Municipal court security and technology	63,422		63,422
Other purposes	3,528		3,528
Unrestricted	<u>3,235,073</u>	<u>731,579</u>	<u>3,966,652</u>
Total net position	<u>\$ 6,901,839</u>	<u>\$ 5,170,768</u>	<u>\$ 12,072,607</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WEST COLUMBIA
West Columbia, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government and administration	\$ 546,559	\$ 60,268	\$ 48,364	\$
Public safety	1,650,178	165,659	33,130	16,765
Public works	407,692	264,198		
Culture and recreation	<u>338,998</u>	<u>69,635</u>		
Total governmental activities	<u>2,943,427</u>	<u>559,760</u>	<u>81,494</u>	<u>16,765</u>
Business-type Activities:				
Water and sewer	<u>2,119,454</u>	<u>1,614,714</u>	<u>30,502</u>	
Total business-type activities	<u>2,119,454</u>	<u>1,614,714</u>	<u>30,502</u>	<u>-0-</u>
Total	<u>\$ 5,062,881</u>	<u>\$ 2,174,474</u>	<u>\$ 111,996</u>	<u>\$ 16,765</u>

General Revenues:

Taxes:

- Property taxes
- Sales taxes
- Franchise fees
- Occupancy taxes
- Investment income
- Miscellaneous
- Gain on disposition of assets
- Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

The notes to the financial statements are an integral part of this statement.

Net Expense and
Change in Net Position

Governmental Activities	Business- Type Activities	Total
\$(437,927)	\$	\$(437,927)
(1,434,624)		(1,434,624)
(143,494)		(143,494)
<u>(269,363)</u>		<u>(269,363)</u>
(2,285,408)	-0-	(2,285,408)
	<u>(474,238)</u>	<u>(474,238)</u>
-0-	<u>(474,238)</u>	<u>(474,238)</u>
<u>(2,285,408)</u>	<u>(474,238)</u>	<u>(2,759,646)</u>
1,394,917		1,394,917
989,500		989,500
91,419		91,419
40,220		40,220
15,239	6,447	21,686
69,955	71,718	141,673
	11,780	11,780
<u>256,681</u>	<u>(256,681)</u>	<u>-0-</u>
<u>2,857,931</u>	<u>(166,736)</u>	<u>2,691,195</u>
572,523	(640,974)	(68,451)
<u>6,329,316</u>	<u>5,811,742</u>	<u>12,141,058</u>
<u>\$ 6,901,839</u>	<u>\$ 5,170,768</u>	<u>\$ 12,072,607</u>

CITY OF WEST COLUMBIA
West Columbia, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2020

	General Fund	Economic Development Corporation Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets and Deferred Outflows of Resources					
Assets:					
Cash and cash equivalents	\$ 1,623,090	\$ 963,693	\$ 802,381	\$ 153,412	\$ 3,542,576
Taxes receivable, net	171,521	52,912		6,580	231,013
Receivables from other governments	1,499				1,499
Accounts receivable, net	27,394				27,394
Due from other funds	2,161				2,161
Prepaid expenditures	<u>24,732</u>				<u>24,732</u>
 Total assets	 <u>1,850,397</u>	 <u>1,016,605</u>	 <u>802,381</u>	 <u>159,992</u>	 <u>3,829,375</u>
 Deferred Outflows of Resources:					
Deferred outflows of resources					-0-
 Total deferred outflows of resources	 <u>-0-</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>-0-</u>
 Total assets and deferred outflows of resources	 <u>\$ 1,850,397</u>	 <u>\$ 1,016,605</u>	 <u>\$ 802,381</u>	 <u>\$ 159,992</u>	 <u>\$ 3,829,375</u>
 Liabilities, Deferred Inflows of Resources and Fund Balance					
Liabilities:					
Accounts payable	\$ 95,384	\$	\$	\$	\$ 95,384
Accrued wages payable	41,833				41,833
Due to other funds	<u>8,471</u>			<u>2,161</u>	<u>10,632</u>
 Total liabilities	 <u>145,688</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>2,161</u>	 <u>147,849</u>
 Deferred Inflows of Resources:					
Deferred inflows of resources	<u>58,551</u>				<u>58,551</u>
 Total deferred inflows of resources	 <u>58,551</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>58,551</u>

(continued)

CITY OF WEST COLUMBIA

West Columbia, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS - Continued

September 30, 2020

	<u>General Fund</u>	<u>Economic Development Corporation Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance:					
Nonspendable:					
Prepaid expenditures	\$ 24,732	\$	\$	\$	\$ 24,732
Restricted:					
Economic development		1,016,605		156,789	1,173,394
Capital improvement			802,381		802,381
Debt service				796	796
Contributor purposes				1,839	1,839
Municipal court technology	12,001				12,001
Municipal court security	51,421				51,421
Police department	3,528				3,528
Unassigned	<u>1,554,476</u>	<u> </u>	<u> </u>	<u>(1,593)</u>	<u>1,552,883</u>
Total fund balance	<u>1,646,158</u>	<u>1,016,605</u>	<u>802,381</u>	<u>157,831</u>	<u>3,622,975</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,850,397</u>	<u>\$ 1,016,605</u>	<u>\$ 802,381</u>	<u>\$ 159,992</u>	<u>\$ 3,829,375</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WEST COLUMBIA
West Columbia, Texas

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

September 30, 2020

Total fund balance - governmental funds balance sheet	\$ 3,622,975
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include \$ 5,223,609 in assets less \$ 2,426,970 in accumulated depreciation.	2,796,639
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred inflows of resources - property taxes for the general fund amounted to \$ 58,551.	58,551
Municipal court receivables unavailable to pay for current period expenditures are not recognized in the governmental funds. Municipal court receivables, net of allowance, total \$ 117,483 (\$ 1,174,835 less allowance for uncollectibles of \$ 1,057,352).	117,483
Net pension assets are not reported in the funds	516,361
Pension deferred outflows of resources of \$ 297,366 less pension deferred inflows of resources of \$ 365,227.	(67,861)
Payables for net pension liability are not reported in the funds.	(111,389)
Payables for compensated absences are not reported in the funds.	<u>30,920)</u>
Net position of governmental activities - statement of net position.	<u>\$ 6,901,839</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WEST COLUMBIA
West Columbia, Texas

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2020

	General Fund	Economic Development Corporation Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 2,141,996	\$ 329,833	\$	\$ 40,247	\$ 2,512,076
Revenue producing facilities	351,004				351,004
Fines and fees	142,517				142,517
Licenses and permits	43,097				43,097
Intergovernmental	82,245				82,245
Miscellaneous	<u>91,245</u>	<u>3,699</u>	<u>3,652</u>	<u>2,612</u>	<u>101,208</u>
Total revenues	<u>2,852,104</u>	<u>333,532</u>	<u>3,652</u>	<u>42,859</u>	<u>3,232,147</u>
Expenditures:					
Current:					
General government and administrative	530,640				530,640
Public safety	1,547,824				1,547,824
Public works	364,034				364,034
Culture and recreation	212,586	75,263		6,391	294,240
Capital outlay	<u>61,027</u>	<u></u>	<u></u>	<u></u>	<u>61,027</u>
Total expenditures	<u>2,716,111</u>	<u>75,263</u>	<u>-0-</u>	<u>6,391</u>	<u>2,797,765</u>
Excess of revenues over expenditures	<u>135,993</u>	<u>258,269</u>	<u>3,652</u>	<u>36,468</u>	<u>434,382</u>
Other Financing Sources (Uses):					
Transfers in	242,333		314,597		556,930
Transfers out	<u>(141,516)</u>	<u>(121,000)</u>	<u></u>	<u>(37,733)</u>	<u>(300,249)</u>
Total other financial sources (uses)	<u>100,817</u>	<u>(121,000)</u>	<u>314,597</u>	<u>(37,733)</u>	<u>256,681</u>
Net change in fund balance	236,810	137,269	318,249	(1,265)	691,063
Fund balance - beginning	<u>1,409,348</u>	<u>879,336</u>	<u>484,132</u>	<u>159,096</u>	<u>2,931,912</u>
Fund balance - ending	<u>\$ 1,646,158</u>	<u>\$ 1,016,605</u>	<u>\$ 802,381</u>	<u>\$ 157,831</u>	<u>\$ 3,622,975</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WEST COLUMBIA
West Columbia, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Net change in fund balance - total governmental funds	\$ 691,063
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the governmental activities statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$ 176,824 exceeded capital outlay of \$ 61,027.	(115,797)
Governmental funds report pension payments as expenditures. However, in the governmental activities statement of activities, the pension cost is calculated by an actuary and involves multiple factors. The amount of pension expense reported was \$ 20,188 less than the amount reported in the funds.	(20,188)
Property tax revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the funds. Deferred property tax revenues for the general fund increased by \$ 3,980.	3,980
Municipal court revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the governmental funds. Municipal court receivables, net of allowance, increased by \$ 23,142.	23,142
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount of the change in accrued compensated absences of \$ 9,677.	(<u>9,677</u>)
Change in net position of governmental activities	\$ <u><u>572,523</u></u>

The notes to the financial statements are an integral part of this statement.

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CITY OF WEST COLUMBIA
West Columbia, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUND

September 30, 2020

	<u>Enterprise Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 1,059,531
Accounts receivable, net	229,286
Due from other funds	8,471
Inventory	134,965
Prepaid expense	<u>553</u>
Total current unrestricted assets	<u>1,432,806</u>
Restricted Assets:	
Cash and cash equivalents	<u>498,762</u>
Total current restricted assets	<u>498,762</u>
Total current assets	<u>1,931,568</u>
Noncurrent Assets:	
Net pension asset	<u>172,120</u>
Total noncurrent assets	<u>172,120</u>
Capital Assets:	
Property, plant and equipment	9,879,182
Accumulated depreciation	<u>(5,501,431)</u>
Net capital assets	<u>4,377,751</u>
Total assets	<u>6,481,439</u>
Deferred Outflows of Resources	
Deferred outflows of resources	<u>16,814</u>
Total deferred outflows of resources	<u>16,814</u>

(Continued)

CITY OF WEST COLUMBIA
West Columbia, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUND - Continued

September 30, 2020

	<u>Enterprise Fund</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 116,938
Accrued wages payable	17,307
Compensated absences	8,495
Note payable - current	<u>50,422</u>
Total current unrestricted liabilities	193,162
Current Liabilities Payable From Restricted Assets:	
Customer meter deposits	<u>121,813</u>
Total current liabilities	<u>314,975</u>
Total liabilities	<u>1,279,118</u>
Deferred Inflows of Resources	
Deferred inflows of resources	<u>48,367</u>
Total deferred inflows of resources	<u>48,367</u>
Net Position	
Net investment in capital assets	4,133,188
Restricted For:	
Sewer replacement	105,055
Well construction	200,946
Unrestricted	<u>731,579</u>
Total net position	<u>\$ 5,170,768</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WEST COLUMBIA
West Columbia, Texas

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN
NET POSITION - PROPRIETARY FUND**

For the Year Ended September 30, 2020

	<u>Enterprise Fund</u>
Operating Revenues:	
Water service	\$ 776,491
Sewer charges	711,345
Varner Creek Utility District	126,878
Intergovernmental	30,502
Miscellaneous	<u>71,718</u>
Total operating revenues	<u>1,716,934</u>
Operating Expenses:	
Water production	224,337
Water distribution	668,356
Water administration	157,374
Sewer collection	502,355
Sewer treatment plant	363,954
Depreciation	<u>199,421</u>
Total operating expenses	<u>2,115,797</u>
Operating loss	<u>(398,863)</u>
Non-Operating Revenues (Expenses)	
Interest income	6,447
Gain on sale of assets	11,780
Interest and fiscal charges	<u>(3,657)</u>
Total non-operating revenues (expenses)	<u>14,570</u>
Loss before transfers	<u>(384,293)</u>
Transfers in	100,804
Transfers out	<u>(357,485)</u>
Change in net position	<u>(640,974)</u>
Net position - beginning	<u>5,811,742</u>
Net position - ending	<u>\$ 5,170,768</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF WEST COLUMBIA
West Columbia, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND**

For the Year Ended September 30, 2020

	Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$ 1,732,054
Receipts from other funds	191,174
Payments to suppliers	(1,270,955)
Payments to employees	<u>(665,567)</u>
Net cash used by operating activities	<u>(13,294)</u>
Cash Flows from Non-Capital Financing Activities:	
Operating transfers to other funds	<u>(256,681)</u>
Net cash used by non-capital financing activities	<u>(256,681)</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from loan	1,034,872
Principle payments on loan	(20,307)
Purchases of capital assets	(359,297)
Proceeds from sale of assets	39,647
Interest and fees	<u>(3,657)</u>
Net cash provided by capital and related financing activities	<u>691,258</u>
Cash Flows from Investing Activities:	
Interest received	<u>6,447</u>
Net cash provided by investing activities	<u>6,447</u>
Net increase in cash and cash equivalents	427,730
Cash and cash equivalents - beginning	<u>1,130,563</u>
Cash and cash equivalents - ending	<u>\$ 1,558,293</u>

(Continued)

CITY OF WEST COLUMBIA

West Columbia, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - Continued**

For the Year Ended September 30, 2020

	<u>Enterprise Fund</u>
Reconciliation of Operating Income to Net Cash Used by	
Operating Activities:	
Operating loss	\$(398,863)
Adjustments to Reconcile Operating Loss to Net Cash Provided by	
Operating Activities:	
Depreciation	199,421
Changes in Assets and Liabilities:	
Accounts Receivable, net	13,633
Due from other funds	542,718
Inventory	(60,592)
Prepaid expense	292
Accounts payable	31,030
Accrued wages payable	6,731
Due to other funds	(351,544)
Net pension asset	2,393
Customer meter deposits	<u>1,487</u>
Net cash provided by operating activities	<u><u>\$(13,294)</u></u>

The notes to the financial statements are an integral part of this statement.

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CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

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CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of West Columbia (the "City") operates under General Law as embodied in the Texas Local Government Code and was incorporated in 1938. The City operates under a Council-Manager form of government and provides the following services as authorized by state law: public, streets and drainage, health and social services, culture-recreation, public services and improvements and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted 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 publication entitled *Audits of State And Local Governmental Units* and by the Financial Accounting Standards Board (when applicable).

Financial Reporting Entity

The basic financial statements of the City include the primary government organizations, for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The decision to include a potential component unit in the reporting entity was made by applying the criteria for including organizations as component units within the City's reporting entity, as set forth in the Governmental Accounting Standards Board (GASB) in its GASB Statement No. 61, "The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No.34."

Included in the reporting entity:

City of West Columbia (Primary government)

The City operates under a General Law. The City operates under a Council-Manager form of government and provides the following services as authorized by state law: public safety, streets and drainage, health and social services, culture-recreation, public services and improvements and general administrative services.

The following entity was found to be a component unit of the City and is included in the basic financial statements:

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Reporting Entity - Continued

West Columbia Economic Development Corporation (the "Corporation")

The City created the Corporation for the purpose of promoting parks, drainage and street improvements, and economic development within the City. The Corporation's governing board is substantially the same as the governing body of the City. There are seven directors, two of whom are members of the City Council. The remaining five members are residents of the City or the County. All Board members are appointed by the City Council. The Corporation is authorized to sell bonds or other forms of indebtedness. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City. The Corporation provides all of its services to the City. A blended presentation has been used to report the financial information of this component unit. The Corporation is presented as a special revenue fund. The financial information for the Corporation is available from the City.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report financial information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. The City does not have any fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds are combined and reported in a separate column in the fund financial statements. The City has only one proprietary fund.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 due.

Property taxes, franchise taxes, licenses, municipal court revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and the unrestricted resources as needed.

The City has presented the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The *Economic Development Corporation Fund* accounts for specific projects and expenditures for the improvement of the City. Sales taxes and private donations provide the resources to fund these projects.

The *Capital Improvement Fund* accounts for the various projects ongoing for improvements to the City's infrastructure, primarily water and sewer systems.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - Continued

The City reports the following major proprietary fund:

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Fund are charges to customers for sales and services. The City also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system.

Operating expenses for the Enterprise Fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB No. 83 "Certain Asset Retirement Obligations" was issued in November 2016. The statement was implemented and did not have a material effect on the financial statements of the City. The requirements of this Statement are effective for periods beginning after June 15, 2019.

GASB No. 84 "Fiduciary Activities" was issued in January 2017. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this Statement are effective for periods beginning after December 15, 2019.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

GASB No. 87 “Leases” was issued in June 2017. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this Statement are effective for periods beginning after June 15, 2021.

GASB No. 88 “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements” was issued in April 2018. The statement was implemented and did not have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after June 15, 2019.

GASB No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period” was issued in June 2018. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 90 “Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61” was issued in August 2018. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 91 “Conduit Debt Obligations” was issued in May 2019. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB No. 92 “Omnibus 2020” was issued in January 2020. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 93 “Replacement of Interbank Offered Rates” was issued in March 2020. The management of the City does not expect the implementation of this standard to have a material effect on the financial statement of the City. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” was issued in March 2020. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance” was issued in May 2020. The statement was implemented and did not have a material effect on the financial statements of the City. The requirements of this statement are effective immediately.

GASB No. 96 “Subscription-Based Information Technology Arrangements” was issued in May 2020. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

GASB No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" was issued in June 2020. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

Budgetary Data

All departments of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund and includes requested appropriations for the next year. The proposed budget is presented to the Mayor and City Council for review. The City Council holds budget workshops and may add to, subtract from, or change appropriations. A public hearing is held prior to adoption.

Once the budget is adopted, expenditures may not legally exceed total appropriations at the fund level. Line item and department budgets may exceed appropriated amounts at the discretion of the City Council as long as total expenditures for the fund do not exceed appropriated amounts. Revisions to the budget were made during the year. Appropriations not exercised in the current year lapse at the end of the year.

The City adopts annual budgets for all governmental fund types (General Fund, Special Revenue Funds and Capital Improvement Fund) and the proprietary fund type (Enterprise Fund).

Financial statements in this report are based on the legally enacted basis (modified accrual basis with certain exceptions) and the generally accepted accounting principles (GAAP basis). The financial statements prepared on the legally enacted basis differs from the GAAP basis statements on an individual fund basis as follows:

Enterprise Fund -

1. Principal payments on bonds are recorded as a current year expense as opposed to a reduction of the principal balance on the balance sheet (GAAP).
2. Capital expenditures are recorded as current year expense as opposed to being capitalized and depreciated over the estimated useful life of the asset (GAAP).
3. Capital contributions.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data - Continued

The following schedules reconcile the difference between the City's legally enacted basis and the GAAP basis:

	<u>2020</u>
Enterprise Fund:	
Change in net position - GAAP basis	\$(640,974)
Depreciation	199,421
Actuarial pension adjustments	2,393
Capital outlay	(359,297)
Debt principal payments	(20,307)
Gain on sale of assets	<u>39,647</u>
Change in net position - budget basis	<u><u>\$(779,117)</u></u>

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized. Encumbrances outstanding at year-end are reported as a reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no outstanding encumbrances at September 30, 2020.

Cash and Cash Equivalents and Investments

Cash and temporary investments include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City. For purposes of the cash flow statement, cash and temporary investments are considered cash equivalents. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are stated at fair value. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements, and other such securities or obligations as allowed in the Public Funds Investment Act (PFIA) as amended and approved by the City's Council. The City's management believes it complied with the requirements of the PFIA and the City's investment policies.

Inventory

Inventory is valued at cost and consists primarily of utility meters and supplies. The consumption method of inventory is employed by the City, whereby the purchases of these supplies are charged directly to inventory for control and then expended as consumed.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences

The City's sick leave policy provides twelve paid sick days per year. The City does not pay for any unused sick leave upon termination, resignation or retirement. The City pays full time personnel 50% of their unused sick time the last month of the calendar year. The amount of any expense, which may occur, resulting from utilization of unused sick leave, cannot be determined as of September 30, 2020.

Eligible City employees accrue vacation time annually at various rates based on length of service with the City. Vacation time can be accrued on January 1 of each year.

The City offers comp time for hours actually worked above 40 hours per week, at the discretion of each Department Head. Comp time reported is the amount of time to be paid at the employee's regular rate. For example, if an employee works 42 hours in a work week, he/she may be paid for 40 hours at their regular rate and earn 3 hours of comp time or be paid 40 hours at their regular rate and 2 hours at 1 ½ times their regular rate. This is a voluntary program and employees have the option to be paid for overtime hours or receive comp time. Employees may accumulate up to 240 hours of comp time for all departments, except the police department. The police department employees may accumulate up to 480 hours of comp time. At the end of the fiscal year (September 30), employees will be paid for any comp time accumulated over the maximums. Employees who leave the employment of the City will receive payment for any unused comp time at the time of their departure.

The estimated liabilities include required salary related payments. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and is included in wages and benefits payable. As of September 30, 2020, there were no matured compensated absences reported in the governmental funds. Maturing compensated absences payable in the Governmental Activities totaled \$ 30,920 at September 30, 2020. Accrued compensated absences reported in the Enterprise Fund at September 30, 2020 totaled \$ 8,495.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and water and sewer infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. During the year ended September 30, 2020, no capitalized interest was recorded.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - Continued

Assets capitalized have an original cost of \$ 5,000 or more and over two years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 Years
Land improvements	40 Years
Equipment	15 Years
Vehicles	7-15 Years
Water and Sewer Infrastructure	30 Years

Salvage values are utilized to eliminate the complete depreciation of assets that remain in use beyond their estimated useful lives.

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the City is the responsibility of the Brazoria County Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. BCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the City, may challenge orders of the BCAD Review Board through various appeals and, if necessary, legal action.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes - Continued

The assessed value of the property tax roll on July 12, 2019, upon which the levy for the 2019-20 fiscal year was based, was \$ 170,108,352. Taxes are delinquent if not paid by January 31. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rate assessed to finance general fund operations was \$ 0.820000 per \$ 100 valuation for the year ended September 30, 2020.

Current tax collections for the year ended September 30, 2020 were 96.84% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2020, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 65,697 and \$ -0- for the general and debt service funds, respectively.

Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and TESRS. 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.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are unearned and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The City has not recorded any bond premiums and discounts. Bond issuance costs are reported as expenditures or expenses in the current period.

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

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity

The City Council meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The City's Unassigned General Fund Balance is maintained to provide the City with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the City Council. Fund Balance of the City may be committed for a specific source by formal action of the City Council. Amendments or modifications of the committed fund balance must also be approved by formal action by the City Council. When it is appropriate for fund balance to be assigned, the City Council has delegated authority to the Mayor or City Manager. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, followed by assigned fund balance, and lastly, unassigned fund balance.

The City implemented GASB 54, "Fund Balance, Reporting and Governmental Fund Type Definitions", for its governmental funds. Under GASB 54, fund balances are required to be reported according to the following classifications:

Non-spendable Fund Balance - Includes amounts that cannot be spent because they are either not spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a City ordinance by the government's highest level of decision-making authority.

Assigned Fund Balance - Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or the City Manager. With the exception of the General Fund, this is the residual fund balance classification for all government funds with positive balances.

Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

As of September 30, 2020, nonspendable fund balances include \$ 24,732 for prepaid expenditures. Restricted fund balances include \$ 1,173,394 for economic development, \$ 802,381 for capital improvement, \$ 796 for debt service, \$ 1,839 for contributor purposes, \$ 12,001 for municipal court technology, \$ 51,421 for municipal court security and \$ 3,528 for the police department. There were no committed and assigned fund balances. Unassigned fund balance includes \$ 1,552,883.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position

Net position represents the differences between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt, 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.

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES

The City classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of more than one year. See Note 1 for additional Governmental Accounting Standards Board Statement No. 3 disclosures.

Cash and cash equivalents, current investments, and non-current investments as reported on the statement of net position at September 30, 2020 are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Temporary Investments:			
Cash (petty cash accounts)	\$ 750	\$	\$ 750
Financial Institution Deposits:			
Demand deposits	<u>4,601,357</u>	<u>498,762</u>	<u>5,100,119</u>
Total	<u>\$ 4,602,107</u>	<u>\$ 498,762</u>	<u>\$ 5,100,869</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to them. The City requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

At September 30, 2020, in addition to petty cash of \$ 750, the carrying amount of the City's cash, savings, and time deposits was \$ 5,100,119. The financial institutions balances were \$ 5,103,942 at September 30, 2020. Bank balances of \$ 250,000 were covered by federal depository insurance, and \$ 4,853,942 was covered by collateral pledged in the City's name. The collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the investment policy, which is approved by City Council. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the City will deposit funds is addressed. The City's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The City's management believes it complied with the requirements of the PFIA and the City's investment policy.

The City's Investment Officer submits an investment report each quarter to the City Council. The report details the investment positions of the City and the compliance of the investment portfolio as they relate to both the adopted investment strategy statements and Texas State law.

The City is authorized to invest in the following investment instruments provided they meet the guidelines of the investment policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009;
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010;
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011;
4. A securities lending program as permitted by Government Code 2256.0115;
5. Banker's acceptances as permitted by Government Code 2256.012;
6. Commercial paper as permitted by Government Code 2256.013;
7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014;
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015; and
9. Public funds investment pools as permitted by Government Code 2256.016.

At September 30, 2020, the City held no investments.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by GASB No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). As of September 30, 2020, the City had no assets or liabilities within the fair value hierarchy established by GASB No. 72.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 3 - RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS

Receivables as of September 30, 2020 for the government's individual governmental major funds and proprietary fund including the applicable allowances for uncollectible accounts are as follows:

	Governmental Funds				
	General Fund	Economic Development Corporation Fund	Debt Service Fund	Other Governmental Funds	Total
Receivables:					
Property taxes	\$ 114,256	\$	\$ 2,106	\$	\$ 116,362
Hotel occupancy tax				6,580	6,580
Sales taxes	105,824	52,912			158,736
Receivables from other governments	1,499				1,499
Other	27,394				27,394
Gross receivables	248,973	52,912	2,106	6,580	310,571
Less Allowance for Uncollectibles:					
Property taxes	48,559		2,106		50,665
Net total receivables	\$ 200,414	\$ 52,912	\$ -0-	\$ 6,580	\$ 259,906
				Proprietary Fund	
Receivables:					
Accounts:					
Customers					\$ 317,630
Other					13,828
Gross receivables					331,458
Less Allowance for Uncollectibles:					
Customers					102,172
Net total receivables					\$ 229,286

Municipal Court Receivables

Municipal court receivables are reported in the governmental activities statement of net position. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to municipal court assessments is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The municipal court receivable and allowance for uncollectible receivables for the year ended September 30, 2020 were \$ 1,174,835 and \$ 1,057,352, respectively.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 4 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES AND UNEARNED REVENUE

Governmental funds defer the recognition of revenue in connection with receivables for revenues that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of September 30, 2020, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Deferred Inflows of Resources</u>
Delinquent property taxes receivable (general fund)	\$ <u>58,551</u>
Totals	\$ <u><u>58,551</u></u>

Governmental and Business-Type Activities

Governmental and business-type activities defer the recognition of pension expense for contributions made from the measurement date to the current year-end of September 30, 2020 and report these as deferred outflows of resources. Governmental and business-type activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental and business-type activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of September 30, 2020, the various components of deferred inflows and outflows of resources reported in the governmental and business-type activities were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Governmental Activities</u>		
TMRS deferred inflows and outflows of resources	\$ 21,426	\$ 145,101
TESRS deferred inflows and outflows of resources	14,345	135
Pension contributions subsequent to the measurement date	<u>41,604</u>	<u> </u>
Totals	\$ <u><u>77,375</u></u>	\$ <u><u>145,236</u></u>

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 4 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES AND UNEARNED REVENUE -
Continued

<u>Business-Type Activities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
TMRS deferred inflows and outflows of resources less current amortization	\$ 7,142	\$ 48,367
Pension contributions subsequent to the measurement date	<u>9,672</u>	<u> </u>
 Totals	 \$ <u>16,814</u>	 \$ <u>48,367</u>

There were no unearned revenues reported in the governmental or business-type activities as of September 30, 2020.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at September 30, 2020 consisted of the following individual fund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>9-30-20</u>
General Fund	Other Governmental Funds	\$ 2,161
Enterprise Fund	General Fund	<u>8,471</u>
		 \$ <u>10,632</u>

Interfund transfers for the year ended September 30, 2020 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	\$ 141,516
Economic Development Fund	General Fund	121,000
Other Governmental Fund	General Fund	37,733
Enterprise Fund	General Fund	83,600
Enterprise Fund	Capital Improvement Fund	<u>173,081</u>
		 \$ <u>556,930</u>

These transfers were approved by the City Council as transfers of operational funds to cover planned expenditures/expenses.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 6 - CAPITAL ASSETS

Capital Asset Activity

Capital asset activity for the year ended September 30, 2020, was as follows:

	<u>Balance</u> <u>10/01/19</u>	<u>Additions</u>	<u>Retirements &</u> <u>Adjustments</u>	<u>Balance</u> <u>09/30/20</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 436,080	\$	\$	\$ 436,080
Construction in progress	<u> </u>	<u> </u>	<u> </u>	<u> -0-</u>
Total capital assets, not being depreciated	<u>436,080</u>	<u>-0-</u>	<u>-0-</u>	<u>436,080</u>
Capital Assets:				
Buildings	1,868,930			1,868,930
Land improvements	949,781			949,781
Equipment	834,415	61,027		895,442
Vehicles	<u>1,073,376</u>	<u> </u>	<u> </u>	<u>1,073,376</u>
Total capital assets, being depreciated	<u>4,726,502</u>	<u>61,027</u>	<u>-0-</u>	<u>4,787,529</u>
Accumulated Depreciation:				
Buildings	999,280	35,924		1,035,204
Land improvements	57,383	23,744		81,127
Equipment	435,329	58,539		493,868
Vehicles	<u>758,154</u>	<u>58,617</u>	<u> </u>	<u>816,771</u>
Total accumulated depreciation	<u>2,250,146</u>	<u>176,824</u>	<u>-0-</u>	<u>2,426,970</u>
Total capital assets being depreciated, net	<u>2,476,356</u>	<u>(115,797)</u>	<u>-0-</u>	<u>2,360,559</u>
Governmental activities capital assets, net	\$ <u>2,912,436</u>	\$ <u>(115,797)</u>	\$ <u>-0-</u>	\$ <u>2,796,639</u>
	<u>Balance</u> <u>10/01/19</u>	<u>Additions</u>	<u>Retirements &</u> <u>Adjustments</u>	<u>Balance</u> <u>09/30/20</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 41,750	\$	\$	\$ 41,750
Construction in progress	<u>338,036</u>	<u>45,661</u>	<u>338,036</u>	<u>45,661</u>
Total capital assets, not being depreciated	<u>379,786</u>	<u>45,661</u>	<u>338,036</u>	<u>87,411</u>
Capital Assets:				
Buildings	238,000			238,000
Equipment	346,856	48,764	35,325	360,295
Vehicles	253,763	264,872		518,635
Water and sewer infrastructure	<u>8,336,805</u>	<u>338,036</u>	<u> </u>	<u>8,674,841</u>
Total capital assets being depreciated	<u>9,175,424</u>	<u>651,672</u>	<u>35,325</u>	<u>9,791,771</u>

(continued)

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 6 - CAPITAL ASSETS - Continued

Capital Asset Activity - Continued

	<u>Balance</u> <u>10/01/19</u>	<u>Additions</u>	<u>Retirements &</u> <u>Adjustments</u>	<u>Balance</u> <u>09/30/20</u>
Accumulated Depreciation:				
Buildings	\$ 140,231	\$ 3,249	\$	\$ 143,480
Equipment	182,440	19,728	7,458	194,710
Vehicles	209,478	28,445		237,923
Water and sewer infrastructure	<u>4,777,319</u>	<u>147,999</u>		<u>4,925,318</u>
Total accumulated depreciation	<u>5,309,468</u>	<u>199,421</u>	<u>7,458</u>	<u>5,501,431</u>
Total capital assets being depreciated, net	<u>3,865,956</u>	<u>452,251</u>	<u>27,867</u>	<u>4,290,340</u>
Business-Type activities capital assets, net	<u>\$ 4,245,742</u>	<u>\$ 497,912</u>	<u>\$ 365,903</u>	<u>\$ 4,377,751</u>

Depreciation

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

Governmental Activities:

Administration	\$ 8,588
Public safety	79,670
Public works	43,560
Culture and recreation	<u>45,006</u>
Total depreciation expense-governmental activities	<u>\$ 176,824</u>

Business-Type Activities:

Water and sewer	<u>\$ 199,421</u>
Total depreciation expense-business-type activities	<u>\$ 199,421</u>

NOTE 7 - LONG-TERM DEBT

Enterprise Debt

In March 2020, the City was approved for a loan for \$ 264,872 with an interest rate of 3.20%. The proceeds of this loan were used to purchase a utility freightliner. The City is required to make sixty monthly payments of \$ 4,793 beginning in May 2020.

In May 2020, the City was approved for a loan for \$ 770,000 with an interest rate of 0.00% for the first three years and an interest rate of 2.04% for the remaining eighteen years. The proceeds of this loan were used for utility relocation for a state highway improvement project to widen State Highway 36 – Segment 10. The City is required to make twenty-one annual payments of \$ 42,800 for the first three years and \$ 51,420 for the remaining eighteen years beginning in November 2023.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 7 - LONG-TERM DEBT - Continued

Enterprise Debt - Continued

Aggregate maturities of these notes payable for the years subsequent to September 30, 2020 are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 50,422	\$ 7,091	\$ 57,513
2022	52,060	5,453	57,513
2023	53,750	3,763	57,513
2024	93,060	7,253	100,313
2025	69,315	15,290	84,605
2026-2030	193,862	63,238	257,100
2031-2035	214,459	42,640	257,099
2036-2040	237,245	19,855	257,100
2041	<u>50,392</u>	<u>1,028</u>	<u>51,420</u>
Total	<u>\$ 1,014,565</u>	<u>\$ 165,611</u>	<u>\$ 1,180,176</u>

Total interest paid for the year ended September 30, 2020 was \$ 3,657.

Summary of Long-Term Debt Transactions

Transactions for the year ended September 30, 2020 are summarized as follows:

	<u>Balance 10/01/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 09/30/20</u>	<u>Current Portion</u>
Governmental Type Activities:					
Net pension liability	\$ 74,261	\$ 54,738	\$ 17,601	\$ 111,398	\$
Compensated absences	<u>21,243</u>	<u>30,920</u>	<u>21,243</u>	<u>30,920</u>	<u>30,920</u>
Total governmental activities	<u>95,504</u>	<u>85,658</u>	<u>38,844</u>	<u>142,318</u>	<u>30,920</u>
Business Type Activities:					
Note payable		1,034,872	20,307	1,014,565	50,422
Compensated absences	<u>5,573</u>	<u>8,495</u>	<u>5,573</u>	<u>8,495</u>	<u>8,495</u>
Total business type activities	<u>5,573</u>	<u>1,043,367</u>	<u>25,880</u>	<u>1,023,060</u>	<u>58,917</u>
Total government (net)	<u>\$ 101,077</u>	<u>\$ 1,129,025</u>	<u>\$ 64,724</u>	<u>\$ 1,165,378</u>	<u>\$ 89,837</u>

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 8 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN

A. Plan Description

The City 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.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members in the City can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The plan also provides disability benefits. Effective January 1, 2002, members are vested after 5 years. Members may work for more than one TMRS City during their career. If an individual has become vested in one TMRS City, he or she is immediately vested upon employment with another TMRS City. Similarly, once a member has met the eligibility requirements for retirement in a TMRS City, he or she is eligible in other TMRS cities as well.

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	34
Inactive employees entitled to but not yet receiving benefits	23
Active employees	<u>32</u>
	89

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 8 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

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 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 3.19% and 3.82% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$ 65,148, and were equal to the required contributions.

D. Net Pension Asset

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

Actuarial assumptions

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

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any Investment
Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 8 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

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, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

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

Discount Rate

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

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 8 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balance at 12/31/2018	\$ 4,473,744	\$ 4,782,849	\$(309,105)
Changes for the Year:			
Service cost	167,359		167,359
Interest	300,362		300,362
Difference between expected and actual experience	4,877		4,877
Changes in assumptions	38,335		38,335
Contributions - employer		65,148	(65,148)
Contributions - employee		90,975	(90,975)
Net investment income		738,489	(738,489)
Benefit payment, including refunds of employee contributions	(215,220)	(215,220)	-0-
Administrative expense		(4,178)	4,178
Other changes		(125)	125
Net changes	<u>295,713</u>	<u>675,089</u>	<u>(379,376)</u>
Balance at 12/31/2019	<u>\$ 4,769,457</u>	<u>\$ 5,457,938</u>	<u>\$(688,481)</u>

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase In Discount Rate (7.75%)
City's Net Pension Asset	<u>\$ 140,020</u>	<u>\$ 688,481</u>	<u>\$ 1,148,744</u>

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.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 8 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

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 \$ 72,634.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 4,327	\$ 154,217
Changes in actuarial assumptions	24,241	
Net difference between projected and actual investment earnings		39,251
Contributions subsequent to the measurement date	<u>39,236</u>	<u> </u>
 Total	 <u>\$ 67,804</u>	 <u>\$ 193,468</u>

\$ 39,873 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2021	\$(56,638)
2022	(39,777)
2023	14,646
2024	(83,131)
Thereafter	-0-

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 9 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

A Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at www.tesrs.org.

Of the nine member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. On August 31, 2018, there were 238 fire and/or emergency services member departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

B Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 9 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued

C Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. The City is not an employer of the members under the TESRS Plan. However, the City makes contributions directly to the TESRS Plan for members of the participating fire or emergency services departments in the City. During the measurement period of 2019 for fiscal 2020 reporting, the amount of the City's contributions recognized by the plan was \$ 17,601.

D Net Pension Liability

The System's net pension liability was measured as of August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018 rolled forward to August 31, 2019. The City's proportionate share of net pension liability was \$ 111,398.

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflected a reduction of 0.26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 9 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Net Real Rate of Return</u>
Equities:		
Large cap domestic	32%	5.81%
Small cap domestic	15	5.92
Development international	15	6.21
Emerging markets	5	7.18
Master limited partnership	5	7.61
Real Estate	5	4.46
Fixed Income	23	1.61
Cash	<u>0</u>	0.00
 Total	 100%	
 Weighted average		 5.01%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, in comparison to what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	<u>1% Decrease In Discount Rate (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase In Discount Rate (8.75%)</u>
City's Net Pension Liability	\$ 197,993	\$ 111,398	\$ 53,433

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 9 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued

F Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 135
Net difference between projected and actual earnings	14,345	
Contributions subsequent to the measurement date	<u>12,040</u>	
Total	\$ <u>26,385</u>	\$ <u>135</u>

\$ 12,040 reported as deferred outflows of resources related to pensions relating from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>		
2021	\$	3,024
2022		1,586
2023		3,526
2024		6,074

For the year ended September 30, 2020, the City recognized pension expense of \$ 26,397.

NOTE 10 - RISK- POOL PARTICIPATION

The City is a participant in the Texas Municipal League Intergovernmental Risk Pool for coverage of property and worker's compensation claims. The City pays monthly/annual premiums to the pool for the coverage stated. The agreement with the Texas Municipal League Intergovernmental Risk Pool requires the pool to be self-sustaining. Therefore, the City's exposure for claims is designated to be limited to their deductible.

CITY OF WEST COLUMBIA

West Columbia, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 11 - DEFICIT FUND BALANCES

As of September 30, 2020, the City had a deficit fund balance as itemized below:

	<u>2020</u>
Fund Balances:	
Special Revenues Funds:	
Capitol Park	\$ 1,593

Deficit fund balances will either be offset by future revenues or reimbursed by other funds. The special revenue funds would be reimbursed by the General Fund.

NOTE 12 - EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 3, 2021, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST COLUMBIA

West Columbia, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND AND ECONOMIC DEVELOPMENT CORPORATION FUND

For the Year Ended September 30, 2020

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 2,133,500	\$ 2,142,670	\$ 2,141,996	\$(674)
Revenue producing facilities	354,750	358,970	351,004	(7,966)
Fines and fees	262,300	164,350	142,517	(21,833)
Licenses and permits	26,000	43,700	43,097	(603)
Intergovernmental	93,400	160,030	82,245	(77,785)
Miscellaneous	35,500	78,340	91,245	12,905
Total revenues	<u>2,905,450</u>	<u>2,948,060</u>	<u>2,852,104</u>	<u>(95,956)</u>
Expenditures:				
Current:				
General Government and Administrative:				
Administrative	268,725	265,690	252,474	13,216
Legislative	51,700	41,380	36,623	4,757
Legal	22,050	47,050	43,547	3,503
Municipal court	145,435	110,910	89,826	21,084
Finance	86,235	110,430	108,170	2,260
Public Safety:				
Police	1,456,670	1,520,065	1,381,402	138,663
Fire	71,300	67,800	55,276	12,524
Fire marshal	84,367	108,667	111,146	(2,479)
Public Works:				
Streets and drainage	255,090	230,320	99,154	131,166
Sanitation	260,000	260,000	264,880	(4,880)
Culture and Recreation:				
Community development				-0-
Library	26,490	30,855	26,041	4,814
Parks and recreation	344,632	326,287	186,545	139,742
Capital outlay		67,765	61,027	6,738
Total expenditures	<u>3,072,694</u>	<u>3,187,219</u>	<u>2,716,111</u>	<u>471,108</u>

Economic Development Corporation Fund

Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 287,500	\$ 287,500	\$ 329,833	\$ 42,333
			-0-
			-0-
			-0-
			-0-
<u>2,500</u>	<u>2,500</u>	<u>3,699</u>	<u>1,199</u>
<u>290,000</u>	<u>290,000</u>	<u>333,532</u>	<u>43,532</u>
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
			-0-
134,950	134,950	75,263	59,687
			-0-
			-0-
			-0-
<u>134,950</u>	<u>134,950</u>	<u>75,263</u>	<u>59,687</u>

(continued)

CITY OF WEST COLUMBIA

West Columbia, Texas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND AND ECONOMIC DEVELOPMENT CORPORATION FUND - Continued

For the Year Ended September 30, 2020

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$(167,244)	\$(239,159)	\$ 135,993	\$ 375,152
Other Financing Sources (Uses):				
Transfers in	259,100	261,460	242,333	(19,127)
Transfers out	(113,500)	(116,700)	(141,516)	(24,816)
Total other financing sources	<u>145,600</u>	<u>144,760</u>	<u>100,817</u>	<u>(43,943)</u>
Net change in fund balance	(21,644)	(94,399)	236,810	331,209
Fund balance - beginning	<u>906,170</u>	<u>1,063,405</u>	<u>1,409,348</u>	<u>345,943</u>
Fund balance - ending	<u>\$ 884,526</u>	<u>\$ 969,006</u>	<u>\$ 1,646,158</u>	<u>\$ 677,152</u>

Economic Development Corporation Fund

Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 155,050	\$ 155,050	\$ 258,269	\$ 103,219
(121,000)	(121,000)	(121,000)	-0-
(121,000)	(121,000)	(121,000)	-0-
34,050	34,050	137,269	103,219
<u>705,817</u>	<u>671,767</u>	<u>879,336</u>	<u>207,569</u>
<u>\$ 739,867</u>	<u>\$ 705,817</u>	<u>\$ 1,016,605</u>	<u>\$ 310,788</u>

CITY OF WEST COLUMBIA
West Columbia, Texas

**TMRS SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
WITH A MEASUREMENT DATE OF DECEMBER 31,**

	2014	2015	2016
Total Pension Liability:			
Service cost	\$ 119,823	\$ 138,231	\$ 155,463
Interest (on the Total Pension Liability)	247,297	250,732	257,090
Changes in benefit terms	14,964		
Difference between expected and actual experience	(135,474)	(76,686)	(16,906)
Changes in assumptions		98,447	
Benefit payments, including refunds of employee contributions	(184,600)	(198,971)	(185,996)
Net Change in Total Pension Liability	62,010	211,753	209,651
Total Pension Liability - Beginning	3,550,244	3,612,254	3,824,007
Total Pension Liability - Ending (a)	\$ 3,612,254	\$ 3,824,007	\$ 4,033,658
Total Fiduciary Net Position:			
Contributions - Employer	\$ 36,818	\$ 41,248	\$ 36,544
Contributions - Employee	61,775	68,977	74,886
Net Investment Income	240,348	6,424	288,324
Benefit payments, including refunds of employee contributions	(184,600)	(198,971)	(185,996)
Administrative expense	(2,510)	(3,913)	(3,257)
Other	(205)	(194)	(175)
Net Change in Plan Fiduciary Net Position	151,626	(86,429)	210,326
Plan Fiduciary Net Position - Beginning	4,202,148	4,353,774	4,267,345
Plan Fiduciary Net Position - Ending (b)	\$ 4,353,774	\$ 4,267,345	\$ 4,477,671
Net Pension Asset (a-b)	\$(741,520)	\$(443,338)	\$(444,013)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	120.53%	111.59%	111.01%
Covered Payroll	\$ 1,235,509	\$ 1,379,550	\$ 1,497,715
Net Pension Asset as a Percentage of Covered Payroll	(60.02%)	(32.14%)	(29.65%)

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years, however, recalculations of prior year are not required, and if prior years are not reported in accordance with the standards of GASB 68, they should not be shown. Therefore, we have shown only years for which the GASB 68 statement has been implemented.

<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 176,880	\$ 160,796	\$ 167,359
271,022	289,276	300,362
42,634	(76,404)	4,877
(213,918)	(210,200)	38,335
<u>(213,918)</u>	<u>(210,200)</u>	<u>(215,220)</u>
276,618	163,468	295,713
<u>4,033,658</u>	<u>4,310,276</u>	<u>4,473,744</u>
<u>\$ 4,310,276</u>	<u>\$ 4,473,744</u>	<u>\$ 4,769,457</u>
\$ 50,526	\$ 50,014	\$ 65,148
85,864	79,132	90,975
620,404	(150,209)	738,489
(213,918)	(210,200)	(210,220)
(3,216)	(2,905)	(4,178)
<u>(163)</u>	<u>(151)</u>	<u>(125)</u>
539,497	(234,319)	680,089
<u>4,477,671</u>	<u>5,017,168</u>	<u>4,782,849</u>
<u>\$ 5,017,168</u>	<u>\$ 4,782,849</u>	<u>\$ 5,462,938</u>
\$(706,892)	\$(309,105)	\$(693,481)
116.40%	106.91%	114.54%
\$ 1,717,285	\$ 1,582,642	\$ 1,643,993
(41.16%)	(19.53%)	(42.18%)

CITY OF WEST COLUMBIA
West Columbia, Texas

TMRS SCHEDULE OF CONTRIBUTIONS
FOR THE LAST TEN YEARS ENDED SEPTEMBER 30,

	2015	2016	2017
Actuarially determined contribution	\$ 36,818	\$ 41,248	\$ 36,544
Contributions in relation to the actuarially determined contribution	<u>36,818</u>	<u>41,248</u>	<u>36,544</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered payroll	<u>\$ 1,235,509</u>	<u>\$ 1,379,550</u>	<u>\$ 1,497,715</u>
Contributions as a percentage of covered payroll	2.98%	2.99%	2.44%

Notes to Schedule of Contributions

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	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projects 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
This schedule is presented to illustrate the requirement to show information for 10 years, however, recalculations of prior year are not required, and if prior years are not reported in accordance with the standards of GASB 68, they should not be shown. Therefore, we have shown only years for which the GASB 68 statement has been implemented.

<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 50,526	\$ 50,014	\$ 65,148
<u>50,526</u>	<u>50,014</u>	<u>65,148</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
\$ <u>1,717,285</u>	\$ <u>1,619,518</u>	\$ <u>1,711,979</u>
2.94%	3.09%	3.81%

CITY OF WEST COLUMBIA
West Columbia, Texas

TESRS SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS - THE CITY AS NON-EMPLOYER CONTRIBUTION ENTITY
WITH A MEASUREMENT DATE OF DECEMBER 31,

	<u>2014</u>		<u>2015</u>		<u>2016</u>
City's proportion of the net pension liability	0.153%		0.354%		0.370%
City's proportionate share of the net pension liability	\$ 29,622	\$	61,311	\$	72,062
Plan fiduciary net position as a percentage of total pension liability	83.46%		76.89%		76.34%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years, however, recalculations of prior year are not required, and if prior years are not reported in accordance with the standards of GASB 68, they should not be shown. Therefore, we have shown only years for which the GASB 68 statement has been implemented.

	<u>2017</u>	<u>2018</u>	<u>2019</u>
	0.306%	0.343%	0.393%
\$	73,445	\$ 74,261	\$ 111,398
	81.41%	84.26%	80.25%

CITY OF WEST COLUMBIA
West Columbia, Texas

TESRS SCHEDULE OF REQUIRED CONTRIBUTIONS
THE CITY AS NON-EMPLOYER CONTRIBUTION ENTITY
FOR THE TEN YEARS ENDED SEPTEMBER 30,

	2015	2016	2017
Contractually required contributions	\$ 6,912	\$ 16,716	\$ 16,936
Contributions in relation to the contractually required contribution	6,912	16,716	16,936
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years, however, recalculations of prior year are not required, and if prior years are not reported in accordance with the standards of GASB 68, they should not be shown. Therefore, we have shown only years for which the GASB 68 statement has been implemented.

<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 14,796	\$ 16,442	\$ 17,601
<u>14,796</u>	<u>16,442</u>	<u>17,601</u>
\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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CITY OF WEST COLUMBIA
West Columbia, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS

September 30, 2020

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Replica and Museum Fund	Hotel Occupancy Tax Fund	Capitol Park Fund	Debt Service Fund	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Cash and cash equivalents	\$ 1,839	\$ 150,209	\$ 568	\$ 796	\$ 153,412
Taxes receivable, net	<u> </u>	<u>6,580</u>	<u> </u>	<u> </u>	<u>6,580</u>
Total assets	<u>1,839</u>	<u>156,789</u>	<u>568</u>	<u>796</u>	<u>159,992</u>
Deferred Outflows of Resources:					
Deferred outflows of resources	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 1,839</u>	<u>\$ 156,789</u>	<u>\$ 568</u>	<u>\$ 796</u>	<u>\$ 159,992</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities:					
Due to other funds	\$ <u> </u>	\$ <u> </u>	\$ 2,161	\$ <u> </u>	\$ 2,161
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>2,161</u>	<u>-0-</u>	<u>2,161</u>
Deferred Inflows of Resources:					
Deferred inflows of resources	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:					
Restricted:					
Economic development		156,789			156,789
Debt service				796	796
Contributor purposes	1,839				1,839
Unassigned	<u> </u>	<u> </u>	<u>(1,593)</u>	<u> </u>	<u>(1,593)</u>
Total fund balance	<u>1,839</u>	<u>156,789</u>	<u>(1,593)</u>	<u>796</u>	<u>157,831</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,839</u>	<u>\$ 156,789</u>	<u>\$ 568</u>	<u>\$ 796</u>	<u>\$ 159,992</u>

CITY OF WEST COLUMBIA
West Columbia, Texas

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2020

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Replica and Museum Fund	Hotel Occupancy Tax Fund	Capitol Park Fund	Debt Service Fund	
Revenues					
Taxes	\$	\$ 40,220	\$	\$ 27	\$ 40,247
Miscellaneous	<u>88</u>	<u>605</u>	<u>1,916</u>	<u>3</u>	<u>2,612</u>
Total revenues	<u>88</u>	<u>40,825</u>	<u>1,916</u>	<u>30</u>	<u>42,859</u>
Expenditures					
Current:					
Culture and Recreation:					
Community development		<u>5,782</u>	<u>609</u>		<u>6,391</u>
Total expenditures	<u>-0-</u>	<u>5,782</u>	<u>609</u>	<u>-0-</u>	<u>6,391</u>
Excess of revenues over expenditures	<u>88</u>	<u>35,043</u>	<u>1,307</u>	<u>30</u>	<u>36,468</u>
Other Financing Uses:					
Transfer out		<u>(37,733)</u>			<u>(37,733)</u>
Total other financing uses	<u>-0-</u>	<u>(37,733)</u>	<u>-0-</u>	<u>-0-</u>	<u>(37,733)</u>
Net change in fund balance	88	(2,690)	1,307	30	(1,265)
Fund balance - beginning	<u>1,751</u>	<u>159,479</u>	<u>(2,900)</u>	<u>766</u>	<u>159,096</u>
Fund balance - ending	<u>\$ 1,839</u>	<u>\$ 156,789</u>	<u>\$ (1,593)</u>	<u>\$ 796</u>	<u>\$ 157,831</u>

OTHER SUPPLEMENTAL SCHEDULES

CITY OF WEST COLUMBIA

West Columbia, Texas

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL -
REPLICA AND MUSEUM**

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 50	\$ 50	\$ 88	\$ 38
Total revenues	<u>50</u>	<u>50</u>	<u>88</u>	<u>38</u>
Expenditures:				
Current:				
Culture and Recreation:				
Community development	<u>50</u>	<u>50</u>		<u>50</u>
Total expenditures	<u>50</u>	<u>50</u>	<u>-0-</u>	<u>50</u>
Net change in fund balance	-0-	-0-	88	88
Fund balance - beginning	<u>1,751</u>	<u>1,751</u>	<u>1,751</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 1,751</u>	<u>\$ 1,751</u>	<u>\$ 1,839</u>	<u>\$ 88</u>

CITY OF WEST COLUMBIA

West Columbia, Texas

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL -
HOTEL OCCUPANCY TAX**

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 60,000	\$ 60,000	\$ 40,220	\$(19,780)
Miscellaneous	<u>300</u>	<u>300</u>	<u>605</u>	<u>305</u>
Total revenues	<u>60,300</u>	<u>60,300</u>	<u>40,825</u>	<u>(19,475)</u>
Expenditures:				
Current:				
Culture and Recreation:				
Community development	<u>15,300</u>	<u>22,400</u>	<u>5,782</u>	<u>16,618</u>
Total expenditures	<u>15,300</u>	<u>22,400</u>	<u>5,782</u>	<u>16,618</u>
Excess of revenues over expenditures	<u>45,000</u>	<u>37,900</u>	<u>35,043</u>	<u>(2,857)</u>
Other Financing Uses:				
Transfers out	<u>(45,000)</u>	<u>(37,900)</u>	<u>(37,733)</u>	<u>167</u>
Total other financing uses	<u>(45,000)</u>	<u>(37,900)</u>	<u>(37,733)</u>	<u>167</u>
Net change in fund balance			<u>(2,690)</u>	<u>(2,690)</u>
Fund balance - beginning	<u>159,479</u>	<u>159,479</u>	<u>159,479</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 159,479</u>	<u>\$ 159,479</u>	<u>\$ 156,789</u>	<u>\$(2,690)</u>

CITY OF WEST COLUMBIA
West Columbia, Texas

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

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 500	\$ 3,500	\$ 3,652	\$ 152
Total revenues	500	3,500	3,652	152
Expenditures:				
Capital outlay	301,000	334,000	-0-	334,000
Total expenditures	301,000	334,000	-0-	334,000
Excess (deficiency) of revenues over expenditures	(300,500)	(330,500)	3,652	334,152
Other Financing Sources:				
Transfers in	300,500	330,500	314,597	(15,903)
Total other financing sources	300,500	330,500	314,597	(15,903)
Net change in fund balance	-0-	-0-	318,249	318,249
Fund balance - beginning	484,132	484,132	484,132	-0-
Fund balance - ending	\$ 484,132	\$ 484,132	\$ 802,381	\$ 318,249

CITY OF WEST COLUMBIA
West Columbia, Texas

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL -
CAPITOL PARK FUND**

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 1,900	\$ 1,900	\$ 1,916	\$ 16
Total revenues	1,900	1,900	1,916	16
Expenditures:				
Current:				
Culture and Recreation:				
Community development	1,900	1,900	609	1,291
Total expenditures	1,900	1,900	609	1,291
Net change in fund balance	-0-	-0-	1,307	1,307
Fund balance - beginning	(2,900)	(2,900)	(2,900)	-0-
Fund balance - ending	\$(2,900)	\$(2,900)	\$(1,593)	\$ 1,307

CITY OF WEST COLUMBIA
West Columbia, Texas

**SCHEDULES OF REVENUES, EXPENSES AND CHANGE
IN NET POSITION - ACTUAL COMPARED TO BUDGETARY BASIS
ENTERPRISE FUND**

For the Year Ended September 30, 2020

	Budgeted Amounts	
	Original	Final
Operating Revenues:		
Water service	\$ 730,000	\$ 780,000
Sewer charges	700,000	710,000
Varner Creek Utility District	140,000	126,880
Intergovernmental		23,970
Miscellaneous	88,300	71,800
Total operating revenues	1,658,300	1,712,650
Operating Expenses:		
Water production	209,206	283,776
Water distribution	380,890	397,040
Water administration	141,961	150,521
Sewer collection	154,324	177,799
Sewer treatment plant	450,928	501,353
Depreciation		
Total operating expenses	1,337,309	1,510,489
Operating income (loss)	320,991	202,161
Nonoperating Revenues (Expenses):		
Interest revenue	3,500	3,500
Interest and fiscal charges		
Capital outlay	(30,000)	(30,000)
Gain on sale of assets		
Debt principal payments		
Total nonoperating revenues (expenses)	(26,500)	(26,500)
Net income (loss) before transfers	294,491	175,661
Transfers in		
Transfers out	(188,500)	(188,500)
Change in net position	105,991	(12,839)
Net position - beginning	5,811,742	5,811,742
Net position - ending	\$ 5,917,733	\$ 5,798,903

Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
\$ 776,491	\$	\$ 776,491	\$ (3,509)
711,345		711,345	1,345
126,878		126,878	(2)
30,502		30,502	6,532
71,718		71,718	(82)
<u>1,716,934</u>	<u>-0-</u>	<u>1,716,934</u>	<u>4,284</u>
224,337	(383)	223,954	59,822
668,356	(766)	667,590	(270,550)
157,374	(288)	157,086	(6,565)
502,355	(191)	502,164	(324,365)
363,954	(765)	363,189	138,164
199,421	(199,421)	-0-	-0-
<u>2,115,797</u>	<u>(201,814)</u>	<u>1,913,983</u>	<u>(403,494)</u>
<u>(398,863)</u>	<u>201,814</u>	<u>(197,049)</u>	<u>(399,210)</u>
6,447		6,447	2,947
(3,657)		(3,657)	(3,657)
	(359,297)	(359,297)	(329,297)
11,780	39,647	51,427	51,427
	(20,307)	(20,307)	(20,307)
<u>14,570</u>	<u>(339,957)</u>	<u>(325,387)</u>	<u>(298,887)</u>
(384,293)	(138,143)	(522,436)	(698,097)
100,804		100,804	100,804
(357,485)		(357,485)	(168,985)
(640,974)	(138,143)	(779,117)	(766,278)
<u>5,811,742</u>	<u>8,702</u>	<u>5,820,444</u>	<u>-0-</u>
<u>\$ 5,170,768</u>	<u>\$ (129,441)</u>	<u>\$ 5,041,327</u>	<u>\$ (766,278)</u>

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