



CITY OF JOURDANTON, TEXAS

ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2020

JOURDANTON
★ TEXAS ★

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

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CITY OF JOURDANTON, TEXAS
CITY OFFICIALS
YEAR ENDED SEPTEMBER 30, 2020

ELECTED OFFICIALS

MAYOR

ROBERT A. WILLIAMS

MAYOR PRO-TEM

CHESTER GONZALES

CITY COUNCIL

RAUL MORALES

KAREN PESEK

JACK R. HARRISON

PATRICIA J. ELIZABETH TYMRAK-DAUGHTREY

CITY OFFICIALS

CITY MANAGER

LAMAR SCHULZ

CITY ATTORNEY

DENTON, NAVARRO, ROCHA, BERNAL & ZECH, P.C.

JOURDANTON
★ TEXAS ★



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Jourdanton, Texas

Report on the Financial Statements

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 City of Jourdanton, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise City of Jourdanton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jourdanton, 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 schedules related to the City's net pension and total other postemployment benefit liabilities – TMRS, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Jourdanton's basic financial statements. The combining and 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.
March 12, 2021

MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the City of Jourdanton, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Jourdanton for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

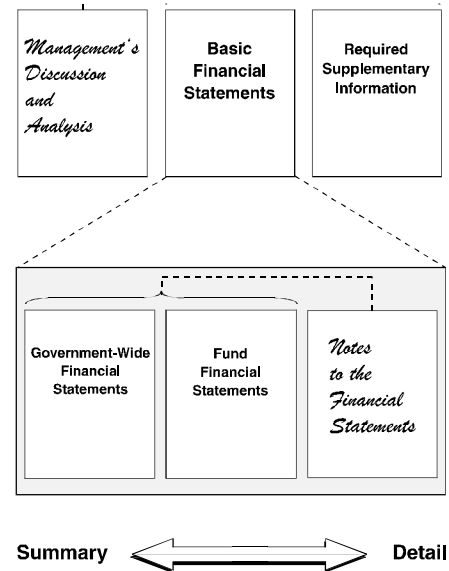
- The City's total net position was \$14.1 million at September 30, 2020.
- The City's total net position increased by \$15 thousand.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8.9 million, an increase of \$204 thousand in comparison with the prior year.
- At the end of the fiscal year, the General Fund unassigned fund balance was \$2.7 million which is 95% of the general fund expenditures not including capital outlay.
- The City issued two bonds through the Texas Water Development Board (TWDB). The TWDB Certificate of Obligation Series 2020A is for \$6.8 million for Drinking Water. The TWDB Certificate of Obligation Series 2020B is for \$2.5 million for Clean Water.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the governments operates *like businesses*.

Figure A-1, Required Components of the City's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements			
Fund Statements			
<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: water and sewer.
<i>Required financial statements</i>	• Statement of Net Position	• Balance Sheet	• Statement of Net Position
	• Statement of Activities	• Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Revenues, Expenses & Changes in Net Position •Statement of Cash Flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net position and how they have changed. Net position—the difference between the City’s assets, deferred outflows and liabilities, deferred inflows—is one way to measure the City’s financial health or *position*.

- Over time, increases or decreases in the City’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City’s tax base.

The government-wide financial statements of the City include the *Governmental activities*. Most of the City’s basic services are included here, such as administration, public safety, public works, parks and recreation, library and interest on long-term debt. Property taxes, sales taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position: The City's combined net position was \$14.1 million at September 30, 2020. See Table A-1.

Table A-1
City of Jourdanton Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019*	2020	2019*	2020	2019
Assets						
Current Assets	\$ 9,445,592	\$ 9,714,998	\$ 10,000,945	\$ 1,314,017	\$ 19,446,537	\$ 11,029,015
Capital Assets	10,833,825	10,726,994	11,732,530	11,568,977	22,566,355	22,295,971
Total Assets	<u>20,279,417</u>	<u>20,441,992</u>	<u>21,733,475</u>	<u>12,882,994</u>	<u>42,012,892</u>	<u>33,324,986</u>
Deferred Outflows of Resources	<u>59,610</u>	<u>131,080</u>	<u>33,027</u>	<u>76,905</u>	<u>92,637</u>	<u>207,985</u>
Liabilities						
Current Liabilities	879,093	794,476	621,319	432,850	1,500,412	1,227,326
Noncurrent Liabilities	9,933,954	10,650,289	16,348,314	7,451,568	26,282,268	18,101,857
Total Liabilities	<u>10,813,047</u>	<u>11,444,765</u>	<u>16,969,633</u>	<u>7,884,418</u>	<u>27,782,680</u>	<u>19,329,183</u>
Deferred Inflows of Resources	<u>133,009</u>	<u>55,053</u>	<u>73,692</u>	<u>47,806</u>	<u>206,701</u>	<u>102,859</u>
Net Position						
Net Investment in						
Capital Assets	2,715,319	5,950,352	4,024,925	4,073,988	6,740,244	10,024,340
Restricted	158,640	799,590	191,777	191,777	350,417	991,367
Unrestricted	6,519,012	2,323,312	506,475	761,910	7,025,487	3,085,222
Total Net Position	<u>\$ 9,392,971</u>	<u>\$ 9,073,254</u>	<u>\$ 4,723,177</u>	<u>\$ 5,027,675</u>	<u>\$ 14,116,148</u>	<u>\$ 14,100,929</u>

*Note: The year 2018 has been restated to reflect the results of a prior period adjustment.

*Note: Comparative information for 2019 has been restated to reflect the results of a prior period adjustment. See Note 10.

Changes in net position: Governmental activities net position increased by \$575 thousand, which is mainly attributable to settlement proceeds for the sports complex pool as well as other fluctuations in program revenues and expenditures. Business-type activities of the water and sewer funds decreased by \$561 thousand mainly due to repairs and maintenance expenditures.

Table A-2
Changes in City of Jourdanton Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 977,462	\$ 941,096	\$ 1,689,688	\$ 1,743,128	\$ 2,667,150	\$ 2,684,224
Operating Grants and Contributions	84,120	30,318	-	-	84,120	30,318
Capital Grants and Contributions	256,692	-	-	-	256,692	-
General Revenues						
Property Taxes	1,408,690	1,088,052	-	-	1,408,690	1,088,052
Sales Taxes	880,459	1,054,698	-	-	880,459	1,054,698
Franchise Taxes	170,464	174,698	-	-	170,464	174,698
Occupancy Taxes	202,441	410,559	-	-	202,441	410,559
Investment Earnings	77,599	24,073	2,306	2,705	79,905	26,778
Miscellaneous	2,785	73,690	28,687	11,799	31,472	85,489
Settlement Proceeds	-	2,130,000	-	-	-	2,130,000
Total Revenues	4,060,712	5,927,184	1,720,681	1,757,632	5,781,393	7,684,816
Expenses:						
Administration	660,740	1,035,630	-	-	660,740	1,035,630
Public Safety	1,196,061	1,137,292	-	-	1,196,061	1,137,292
Streets/Public Works	960,357	334,204	-	-	960,357	334,204
Parks and Recreation	234,221	301,621	-	-	234,221	301,621
Library	140,217	620,713	-	-	140,217	620,713
Utilities	-	-	2,280,953	2,314,573	2,280,953	2,314,573
Interest and Fiscal Agent Fees	293,625	312,425	-	-	293,625	312,425
Total Expenses	3,485,221	3,741,885	2,280,953	2,314,573	5,766,174	6,056,458
CHANGE IN NET POSITION	\$ 575,491	\$ 2,185,299	\$ (560,272)	\$ (556,941)	\$ 15,219	\$ 1,628,358

*Note: Comparative information for 2019 has not been restated for the effects of a prior period adjustment.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds: Activities of the primary government's general fund, capital projects funds, special revenue funds and debt service funds are considered general government functions. The general fund is the City's general operating fund. The capital projects fund is used to account for financial activity related to the acquisition and construction of major capital facilities. Special revenue funds are used to account for proceeds of specific sources that are legally restricted as to expenditures. The debt service fund is used to account for financial activity related to the City's general bonded indebtedness, as well as long-term obligations.

As of September 30, 2020, the City's governmental funds reported combined ending fund balances of \$8.9 million, a decrease of \$318 thousand in comparison with fiscal year 2019.

For the fiscal year ended September 30, 2020, the fund balance of the City's general fund increased by \$722 thousand. Key factors in this increase are as follows:

- Correction of Cash from the Sewer Fund recorded as a Prior Period Adjustment

As of September 30, 2020, the fund balance of the hotel occupancy tax fund decreased by \$133 thousand. The decrease is mainly due to the supplement of bond payment.

The City debt service fund balance increased to \$7 thousand which is restricted for debt service payments.

The City also began the pool and sports complex projects with the bond proceeds received in the prior year.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Unrestricted net position of the total water and sewer funds as of September 30, 2020 totaled \$506 thousand. The total decrease in the net position for the water and sewer funds was \$827 thousand. Most of the decrease is due to a correction in the cash between the water and sewer fund (posted as a prior period adjustment).

GENERAL FUND BUDGETARY HIGHLIGHTS

The City has a legally adopted budget for the General Fund. Revenues were \$248 thousand higher than revenues received due to lower sales tax collections due to COVID 19. Expenditures were \$564 thousand less than budgeted expenditures due to lower than expected equipment purchases and repairs and maintenance expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets_- The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020 totaled \$22.6 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, vehicles, and infrastructure. More detailed information about the City's capital assets is presented in the notes to the financial statements.

Table A-3
City of Jourdanton Capital Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 342,593	\$ 342,593	\$ 66,424	\$ 66,424	\$ 409,017	\$ 409,017
Buildings & Improvements	10,802,564	10,802,564	-	-	10,802,564	10,802,564
Water/Wastewater System - Plant	-	-	17,653,803	17,653,185	17,653,803	17,653,185
Machinery, Equipment & Vehicles	1,289,715	1,047,050	617,336	617,336	1,907,051	1,664,386
Infrastructure	1,047,050	1,285,696	-	-	1,047,050	1,285,696
Construction in Progress	939,709	471,750	796,504	-	1,736,213	471,750
Less: Accumulated Depreciation	(3,587,806)	(3,222,659)	(7,401,537)	(6,767,968)	(10,989,343)	(9,990,627)
TOTALS	\$ 10,833,825	\$ 10,726,994	\$ 11,732,530	\$ 11,568,977	\$ 22,566,355	\$ 22,295,971

Long-Term Debt – As of September 30, 2020, the City had a total bonded debt outstanding of \$26.7 million. More detailed information about the City’s long term debt is presented in the notes to the financial statements.

TABLE A-4
City of Jourdanton Long-Term Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 2,150,000	\$ 2,335,000	\$ -	\$ -	\$ 2,150,000	\$ -
Certificates of Obligation	7,870,000	8,170,000	13,458,000	4,192,000	21,328,000	12,362,000
Revenue Bonds	-	-	3,112,000	2,781,000	3,112,000	2,781,000
Capital Leases	87,110	110,073	69,300	101,990	156,410	212,063
TOTALS	\$ 10,107,110	\$ 10,615,073	\$ 16,639,300	\$ 7,074,990	\$ 26,746,410	\$ 15,355,063

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City of Jourdanton along with most Texas municipalities continues to pay close attention to the current COVID-19 Pandemic. The City during the 2019/2020 Budget immediately began restricting spending from the onset of the pandemic with the expectation of revenue shortfalls related to the mandated closing of many business. The continued concern is reflected in the upcoming 2020/2021 Budget which consist of conservative numbers and even some decreases between revenues and expenses. The General Fund Revenues are \$3,248,446 and \$288,247 transfer in from fund balance to cover additional costs for street reconstruction and expense. The previous budget year included a similar transfer however the street reconstruction work did not begin till late 2020 and the transfer was not incurred. General Fund expenses are \$3,536,963 for the 2020/2021 Budget year.

The adopted budget for the fiscal year 2021 has a tax rate of \$0.7100 per \$100 taxable value. This rate consists of a maintenance and operations (M&O) (General Fund) tax rate of \$0.472296 and an interest and sinking (I&S) (Debt Service) tax rate of \$0.237704. The rate was set based on an assessed value of \$211,338,982. The overall adopted tax rate is a 9.23% increase from the fiscal year 2019 tax rate. The increase is principally related to the debt issuance for the future pool/splashpad and amenities. The City’s largest source of revenue in the General Fund continues to be ad valorem taxes.

The City’s second largest source of revenue in the General Fund is sales tax. The City budgeted a decrease in sales tax due to the continued effects of the pandemic from \$1,050,142 to \$940,257. Franchise Fee’s were decreased due to a state legislation change that went into effect January 2020 from \$181,700 to \$172,285. Permit/Licenses fees were increased slightly from \$767,685 to \$788,153 with small building projects in the works.

Based on the adopted 2020/2021 Budget and if projections are accurate the unassigned fund balance will remain over 8 months of operating at year end.

Water revenues are budgeted at \$1,279,163 which is an increase of \$120,356 in revenues, or 11.82%. Sewer revenues are budgeted at \$779,075 which is an increase of \$5,340 or a 1%. A water and sewer rate studies were adopted in the previous budget and yearly increases will be in effect over the next 4 years.

Staff remains diligent in reviewing daily and monthly all revenue streams and expenses due to the current economic situation from the pandemic as well as ever changing oil industry. At the time of completion of the audit slight increases in Sales tax have already been noted.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City Hall at 1604 Hwy. 97 East, Suite A, Jourdanton, Texas 78026.

BASIC FINANCIAL STATEMENTS

CITY OF JOURDANTON
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
<i>Current Assets:</i>			
Cash and Cash Equivalents:			
Unrestricted	\$ 371,824	\$ 736,548	\$ 1,108,372
Restricted	2,310,299	153,819	2,464,118
Investments			
Unrestricted	3,689,221	-	3,689,221
Restricted	2,350,956	8,931,695	11,282,651
Receivables (net of allowances):			
Property Taxes	232,876	-	232,876
Sales and Franchise Taxes	147,029	-	147,029
Occupancy Taxes	11,259	-	11,259
Garbage and Other	113,235	275,785	389,020
Municipal Court	93,226	-	93,226
Interfund Receivables/Payables	125,667	(125,667)	-
Inventories	-	28,765	28,765
<i>Total Current Assets</i>	<u>9,445,592</u>	<u>10,000,945</u>	<u>19,446,537</u>
<i>Noncurrent Assets:</i>			
Capital Assets:			
Land	342,593	66,424	409,017
Buildings & Improvements	10,802,564	-	10,802,564
Water/Wastewater System - Plant	-	17,653,803	17,653,803
Machinery, Equipment & Vehicles	1,289,715	617,336	1,907,051
Infrastructure	1,047,050	-	1,047,050
Construction in Progress	939,709	796,504	1,736,213
Less: Accumulated Depreciation	<u>(3,587,806)</u>	<u>(7,401,537)</u>	<u>(10,989,343)</u>
<i>Total Noncurrent Assets:</i>	<u>10,833,825</u>	<u>11,732,530</u>	<u>22,566,355</u>
TOTAL ASSETS	<u>20,279,417</u>	<u>21,733,475</u>	<u>42,012,892</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Related Outflows	49,285	27,306	76,591
Deferred OPEB Related Outflows	<u>10,325</u>	<u>5,721</u>	<u>16,046</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 59,610</u>	<u>\$ 33,027</u>	<u>\$ 92,637</u>

See accompanying notes to basic financial statements.

CITY OF JOURDANTON
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 133,938	\$ 51,486	\$ 185,424
Accrued Expenses	62,276	16,492	78,768
Accrued Interest Payable	48,111	62,768	110,879
Compensated Absences	18,936	13,380	32,316
Current Portion of Long-Term Debt	584,980	340,921	925,901
Payable from Restricted Assets:			
Customer Deposits Payable	30,852	136,272	167,124
<i>Total Current Liabilities</i>	<u>879,093</u>	<u>621,319</u>	<u>1,500,412</u>
<i>Noncurrent Liabilities:</i>			
Net Pension Liability	9,506	5,266	14,772
OPEB Liability	80,623	44,669	125,292
Long-Term Debt	9,843,825	16,298,379	26,142,204
<i>Total Noncurrent Liabilities</i>	<u>9,933,954</u>	<u>16,348,314</u>	<u>26,282,268</u>
TOTAL LIABILITIES	<u>10,813,047</u>	<u>16,969,633</u>	<u>27,782,680</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	128,012	70,924	198,936
Deferred OPEB Related Inflows	4,997	2,768	7,765
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>133,009</u>	<u>73,692</u>	<u>206,701</u>
NET POSITION			
Net Investment In Capital Assets	2,715,319	4,024,925	6,740,244
Restricted For:			
Tourism Development	89,932	-	89,932
Debt Service	7,345	191,777	199,122
Municipal Court	21,606	-	21,606
Public Safety	14,794	-	14,794
Library	9,973	-	9,973
Culture and Recreation	8,902	-	8,902
Other	6,088	-	6,088
Unrestricted	6,519,012	506,475	7,025,487
TOTAL NET POSITION	<u>\$ 9,392,971</u>	<u>\$ 4,723,177</u>	<u>\$ 14,116,148</u>

See accompanying notes to basic financial statements.

CITY OF JOURDANTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
<i>Governmental Activities:</i>				
Administration	\$ 660,740	\$ 67,240	\$ 50,302	\$ -
Public Safety	1,196,061	139,534	33,818	-
Streets/Public Works	960,357	740,152	-	256,692
Parks and Recreation	234,221	30,274	-	-
Library	140,217	262	-	-
Interest and Fiscal Agent Fees	293,625	-	-	-
<i>Total Governmental Activities</i>	3,485,221	977,462	84,120	256,692
<i>Business-Type Activities</i>				
Water Utilities	1,382,221	973,257	-	-
Sewer Utilities	898,732	716,431	-	-
<i>Total Business-Type Activities</i>	2,280,953	1,689,688	-	-
Total Primary Government	\$ 5,766,174	\$ 2,667,150	\$ 84,120	\$ 256,692
General Revenues:				
Taxes:				
Property Taxes				
Sales Taxes				
Franchise Taxes				
Occupancy Taxes				
Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers In (Out)				
Change in Net Position				
Net Position at Beginning of Year				
Prior Period Adjustment				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (543,198)	\$ -	\$ (543,198)
(1,022,709)	-	(1,022,709)
36,487	-	36,487
(203,947)	-	(203,947)
(139,955)	-	(139,955)
(293,625)	-	(293,625)
<u>(2,166,947)</u>	<u>-</u>	<u>(2,166,947)</u>
-	(408,964)	(408,964)
-	(182,301)	(182,301)
<u>-</u>	<u>(591,265)</u>	<u>(591,265)</u>
<u>(2,166,947)</u>	<u>(591,265)</u>	<u>(2,758,212)</u>
1,408,690	-	1,408,690
880,459	-	880,459
170,464	-	170,464
202,441	-	202,441
77,599	2,306	79,905
2,785	28,687	31,472
<u>2,742,438</u>	<u>30,993</u>	<u>2,773,431</u>
<u>(255,774)</u>	<u>255,774</u>	<u>-</u>
319,717	(304,498)	15,219
8,551,093	5,549,836	14,100,929
<u>522,161</u>	<u>(522,161)</u>	<u>-</u>
<u>\$ 9,392,971</u>	<u>\$ 4,723,177</u>	<u>\$ 14,116,148</u>

CITY OF JOURDANTON
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Debt Service	Capital Projects Fund
ASSETS			
Cash and Cash Equivalents	\$ 257,802	\$ 7,345	\$ -
Investments	2,300,326	-	-
Accounts Receivables (net of allowances):			
Property Taxes	176,129	56,747	-
Sales and Franchise Fees	147,029	-	-
Occupancy Taxes	-	-	-
Garbage and Other	113,235	-	-
Municipal Court	93,226	-	-
Due from Other Funds	125,667	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	6,017,461
Investments	-	-	710
TOTAL ASSETS	\$ 3,213,414	\$ 64,092	\$ 6,018,171
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 113,436	\$ -	26,590
Accrued Expenditures	55,281	-	-
Deposits Payable	30,852	-	-
<i>Total Liabilities</i>	<u>199,569</u>	<u>-</u>	<u>26,590</u>
<i>Deferred Inflows of Resources:</i>			
Unavailable Revenues - Taxes	176,129	56,747	-
Unavailable Revenues - Municipal Court	93,226	-	-
<i>Total Deferred Inflows of Resources</i>	<u>269,355</u>	<u>56,747</u>	<u>-</u>
<i>Fund Balances:</i>			
Restricted for:			
Capital Projects	-	-	5,991,581
Tourism Development	-	-	-
Debt Service	-	7,345	-
Municipal Court	-	-	-
Public Safety	2,289	-	-
Library	-	-	-
Culture and Recreation	-	-	-
Other	-	-	-
Unassigned	2,742,201	-	-
<i>Total Fund Balances</i>	<u>2,744,490</u>	<u>7,345</u>	<u>5,991,581</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,213,414	\$ 64,092	\$ 6,018,171

See accompanying notes to basic financial statements

Hotel Occupancy Tax	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 78,673	\$ 59,981	\$ 403,801
-	-	2,300,326
-	-	232,876
-	-	147,029
11,259	-	11,259
-	-	113,235
-	-	93,226
-	-	125,667
-	-	6,017,461
-	-	710
<u>\$ 89,932</u>	<u>\$ 59,981</u>	<u>\$ 9,445,590</u>

\$ -	\$ 907	\$ 140,933
-	-	55,281
-	-	30,852
<u>-</u>	<u>907</u>	<u>227,066</u>

-	-	232,876
<u>-</u>	<u>-</u>	<u>93,226</u>
<u>-</u>	<u>-</u>	<u>326,102</u>

-	-	5,991,581
89,932	-	89,932
-	-	7,345
-	21,606	21,606
-	12,505	14,794
-	9,973	9,973
-	8,902	8,902
-	6,088	6,088
<u>-</u>	<u>-</u>	<u>2,742,201</u>
<u>89,932</u>	<u>59,074</u>	<u>8,892,422</u>

<u>\$ 89,932</u>	<u>\$ 59,981</u>	<u>\$ 9,445,590</u>
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JOURDANTON
★ TEXAS ★

CITY OF JOURDANTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 8,892,422
Amounts reported for governmental activities 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.		10,833,825
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenue in the funds.		326,102
Accrued vacation leave payable is not due and payable in the current period and, therefore, is not reported in the funds.		(18,936)
Long-term liabilities, including bonds payable and related premiums, are not due and payable in the current period and therefore, not reported in the funds:		
Long Term Debt	(10,428,805)	
Accrued Interest Payable	<u>(48,111)</u>	(10,476,916)
Net Pension Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources are not reported in governmental funds:		
Net Pension Liability	(9,506)	
Pension Related Deferred Outflows	49,285	
Pension Related Deferred Inflows	<u>(128,012)</u>	(88,233)
OPEB Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources are not reported in governmental funds:		
OPEB Liability	(80,623)	
OPEB Related Deferred Outflows	10,325	
OPEB Related Deferred Inflows	<u>(4,997)</u>	<u>(75,295)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 9,392,969</u>

See accompanying notes to basic financial statements.

CITY OF JOURDANTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service	Capital Projects Fund
REVENUES			
Property Taxes	\$ 947,632	\$ 444,258	\$ -
Sales Taxes	880,459	-	-
Franchise Taxes	170,464	-	-
Occupancy Taxes	-	-	-
Licenses and Permits	811,321	-	-
Charges for Service	25,562	-	-
Fines and Forfeitures	125,839	-	-
Grants	50,302	-	-
Investment Earnings	6,798	35	63,078
Miscellaneous	59,135	-	267,874
TOTAL REVENUES	<u>3,077,512</u>	<u>444,293</u>	<u>330,952</u>
EXPENDITURES			
<i>Current:</i>			
Administration	416,247	-	-
Public Safety	1,127,371	-	-
Streets	219,967	-	-
Culture and Recreation	341,618	-	426,898
Sanitation	648,848	-	45,750
Community Development & Code	80,460	-	-
<i>Debt Service:</i>			
Principal	38,609	535,000	-
Interest and Fiscal Charges	4,241	236,973	-
TOTAL EXPENDITURES	<u>2,877,361</u>	<u>771,973</u>	<u>472,648</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>200,151</u>	<u>(327,680)</u>	<u>(141,696)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	335,025	-
Transfers Out	-	-	(255,774)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>335,025</u>	<u>(255,774)</u>
Net Change in Fund Balance	200,151	7,345	(397,470)
Fund Balances at Beginning of Year	2,022,178	-	6,389,051
Prior Period Adjustment	522,161	-	-
Fund Balances at End of Year	<u>\$ 2,744,490</u>	<u>\$ 7,345</u>	<u>\$ 5,991,581</u>

See accompanying notes to basic financial statements.

Hotel Occupancy Tax	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,391,890
-	-	880,459
-	-	170,464
202,441	-	202,441
-	-	811,321
-	-	25,562
-	-	125,839
-	-	50,302
-	2,005	71,916
-	4,375	331,384
<u>202,441</u>	<u>6,380</u>	<u>4,061,578</u>
400	-	416,647
-	1,819	1,129,190
-	-	219,967
-	-	768,516
-	-	694,598
-	-	80,460
-	-	573,609
-	-	241,214
<u>400</u>	<u>1,819</u>	<u>4,124,201</u>
<u>202,041</u>	<u>4,561</u>	<u>(62,623)</u>
-	-	335,025
<u>(334,925)</u>	<u>(100)</u>	<u>(590,799)</u>
<u>(334,925)</u>	<u>(100)</u>	<u>(255,774)</u>
(132,884)	4,461	(318,397)
222,816	54,613	8,688,658
-	-	522,161
<u>\$ 89,932</u>	<u>\$ 59,074</u>	<u>\$ 8,892,422</u>

JOURDANTON
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CITY OF JOURDANTON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (318,397)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	510,185	
Depreciation Expense	<u>(388,977)</u>	121,208

In the Statement of Activities, only the gain or loss on the disposal of a capital asset whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed asset. (14,377)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 13,351

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments	507,963	
Amortization of Premiums, Discounts, Losses	<u>19,874</u>	527,837

Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded actuarially determined pension expense. 5,057

Governmental funds report required contributions to OPEB as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded actuarially determined OPEB expense. (7,482)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated Absences	(843)	
Accrued Interest	<u>(6,637)</u>	<u>(7,480)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 319,717

See accompanying notes to basic financial statements.

CITY OF JOURDANTON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-Type Activities		
	Water Fund	Sewer Fund	Total
ASSETS			
<i>Current Assets:</i>			
Cash and Cash Equivalents:			
Unrestricted	\$ -	\$ 736,548	\$ 736,548
Restricted for Water Well Reserve	109,202	44,617	153,819
Restricted Investments	6,595,073	2,336,622	8,931,695
Accounts Receivable, Net of Allowance:			
Customer Accounts	118,488	157,297	275,785
Inventory	28,765	-	28,765
<i>Total Current Assets</i>	<u>6,851,528</u>	<u>3,275,084</u>	<u>10,126,612</u>
<i>Noncurrent Assets:</i>			
Capital Assets:			
Land	45,442	20,982	66,424
Construction in Process	335,922	460,582	796,504
Water/Wastewater System - Plant	7,374,122	10,279,681	17,653,803
Machinery, Equipment, & Vehicles	320,314	297,022	617,336
Less: Accumulated Depreciation	<u>(3,278,523)</u>	<u>(4,123,014)</u>	<u>(7,401,537)</u>
<i>Total Noncurrent Assets</i>	<u>4,797,277</u>	<u>6,935,253</u>	<u>11,732,530</u>
TOTAL ASSETS	<u>11,648,805</u>	<u>10,210,337</u>	<u>21,859,142</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Related Outflows	18,969	8,337	27,306
Deferred OPEB Related Outflows	3,974	1,747	5,721
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 22,943</u>	<u>\$ 10,084</u>	<u>\$ 33,027</u>

See accompanying notes to basic financial statements.

CITY OF JOURDANTON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2020

	Business-Type Activities		
	Water Fund	Sewer Fund	Total
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 32,777	\$ 18,709	\$ 51,486
Accrued Expenses	12,852	3,640	16,492
Due to Other Funds	117,010	8,657	125,667
Accrued Interest Payable	24,655	38,113	62,768
Compensated Absences	6,696	6,684	13,380
Current Portion of Long-Term Debt	171,147	169,774	340,921
Payable from Restricted Assets:			
Customer Deposits Payable	91,655	44,617	136,272
<i>Total Current Liabilities</i>	<u>456,792</u>	<u>290,194</u>	<u>746,986</u>
<i>Noncurrent Liabilities:</i>			
Net Pension Liability	3,659	1,607	5,266
OPEB Liability	31,031	13,638	44,669
Long-Term Debt	9,783,588	6,514,791	16,298,379
<i>Total Noncurrent Liabilities</i>	<u>9,818,278</u>	<u>6,530,036</u>	<u>16,348,314</u>
TOTAL LIABILITIES	<u>10,275,070</u>	<u>6,820,230</u>	<u>17,095,300</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	49,270	21,654	70,924
Deferred OPEB Related Inflows	1,923	845	2,768
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>51,193</u>	<u>22,499</u>	<u>73,692</u>
NET POSITION			
Net Investment in Capital Assets	1,437,615	2,587,310	4,024,925
Restricted - Debt Service	191,777	-	191,777
Unrestricted, (Deficit)	(283,907)	790,382	506,475
TOTAL NET POSITION	<u>\$ 1,345,485</u>	<u>\$ 3,377,692</u>	<u>\$ 4,723,177</u>

See accompanying notes to basic financial statements.

CITY OF JOURDANTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Metered Water Sales	\$ 940,560	\$ -	\$ 940,560
Sewer Sales Charges	-	698,349	698,349
Tap and Reconnection Fees	18,470	4,250	22,720
Customer Penalties	14,227	13,832	28,059
TOTAL OPERATING REVENUES	<u>973,257</u>	<u>716,431</u>	<u>1,689,688</u>
OPERATING EXPENSES			
Personnel	493,574	202,487	696,061
Supplies	175,537	73,618	249,155
Other Services and Charges	331,505	121,210	452,715
Depreciation	288,073	345,496	633,569
TOTAL OPERATING EXPENSES	<u>1,288,689</u>	<u>742,811</u>	<u>2,031,500</u>
OPERATING INCOME (LOSS)	<u>(315,432)</u>	<u>(26,380)</u>	<u>(341,812)</u>
NONOPERATING REVENUES (EXPENSES)			
Gain on Sale of Equipment	1,539	-	1,539
Interest Revenue	1,150	1,156	2,306
Miscellaneous Revenues	15,617	11,531	27,148
Interest Expense	(93,532)	(155,921)	(249,453)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(75,226)</u>	<u>(143,234)</u>	<u>(218,460)</u>
NET INCOME BEFORE TRANSFERS	<u>(390,658)</u>	<u>(169,614)</u>	<u>(560,272)</u>
TRANSFERS			
Transfers In (Out)	(19,039)	274,813	255,774
TOTAL TRANSFERS	<u>(19,039)</u>	<u>274,813</u>	<u>255,774</u>
CHANGE IN NET POSITION	(409,697)	105,199	(304,498)
NET POSITION AT BEGINNING OF YEAR	1,755,182	3,794,654	5,549,836
Prior Period Adjustment	-	(522,161)	(522,161)
NET POSITION AT END OF YEAR	<u>\$ 1,345,485</u>	<u>\$ 3,377,692</u>	<u>\$ 4,723,177</u>

See accompanying notes to basic financial statements.

CITY OF JOURDANTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Cash Received From Customers	\$ 1,002,800	\$ 712,975	\$ 1,715,775
Cash Paid to Supplier for Goods & Services	(507,340)	(206,119)	(713,459)
Cash Paid for Employee Salaries and Benefits	(493,574)	(202,487)	(696,061)
Net Cash Provided (Used) by Operating Activities	<u>1,886</u>	<u>304,369</u>	<u>306,255</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition of Capital Assets	(336,541)	(460,582)	(797,123)
Impact, Grants and Misc. Fees	17,156	11,531	28,687
Interest Paid on Long-Term Debt	(92,552)	(145,841)	(238,393)
Proceeds from Long-Term Debt	6,845,000	2,495,000	9,340,000
Principal Paid on Long-Term Debt	(69,801)	(125,888)	(195,689)
Interfund Payables (Receivables)	117,010	8,657	125,667
Transfers From (To) Other Funds	(19,039)	274,813	255,774
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>6,461,233</u>	<u>2,057,690</u>	<u>8,518,923</u>
Cash Flows From Investing Activities:			
(Purchase)/Sale of Investment Securities	(6,596,223)	(2,336,622)	(8,932,845)
Interest and Investment Earnings	1,150	1,156	2,306
Net Cash Provided (Used) by Investing Activities	<u>(6,595,073)</u>	<u>(2,335,466)</u>	<u>(8,930,539)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(131,954)</u>	<u>26,593</u>	<u>(105,361)</u>
Cash and Cash Equivalents at Beginning of Year:			
Cash and Cash Equivalents	-	716,675	716,675
Restricted Cash and Cash Equivalents	241,156	37,897	279,053
	<u>241,156</u>	<u>754,572</u>	<u>995,728</u>
Cash and Cash Equivalents at End of Year:			
Cash and Cash Equivalents	-	736,548	736,548
Restricted Cash and Cash Equivalents	109,202	44,617	153,819
	<u>\$ 109,202</u>	<u>\$ 781,165</u>	<u>\$ 890,367</u>

See accompanying notes to basic financial statements.

CITY OF JOURDANTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities		
	Water Fund	Sewer Fund	Total
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income	\$ (315,432)	\$ (26,380)	\$ (341,812)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	288,073	345,496	633,569
Decrease (Increase) in Assets:			
Accounts Receivable (net)	24,086	(10,176)	13,910
Deferred Pension Related Outflows	34,009	14,878	48,887
Deferred OPEB Related Outflows	(3,492)	(1,517)	(5,009)
Increase (Decrease) in Liabilities:			
Accounts Payable	11,693	9,225	20,918
Accrued Expenses	264	(604)	(340)
Compensated Absences	(840)	1,242	402
Customer Deposits Payable	5,457	6,720	12,177
Net Pension Liability	(77,154)	(39,814)	(116,968)
OPEB Liability	10,405	4,230	14,635
Deferred Pension Related Inflows	27,695	2,328	30,023
Deferred OPEB Related Inflows	(2,878)	(1,259)	(4,137)
Net Cash Provided (Used) by Operating Activities	\$ 1,886	\$ 304,369	\$ 306,255
Noncash Capital and Related Financing Transactions:			
Developer Contributions of Capital Assets	\$ -	\$ -	\$ -
Contribution of Capital Asset from General Fund	\$ -	\$ -	\$ -
Assets Purchased through Capital Lease	\$ -	\$ -	\$ -

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jourdanton, Texas, was incorporated in 1911. The City operates under a Type A general law municipality under the city manager form of government and provides the following services as authorized: police and fire protection, maintenance of streets, planning and zoning, parks and recreation, general administrative services, water, and sewer services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below:

A. Reporting Entity

In evaluating how to define the government, for financial purposes, management has considered all potential component units and associated component units. The decision to include a potential component unit or associated component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, *The Financial Reporting Entity* and GASB Statement 39 *Determining Whether Certain Organizations are Component Units*. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based upon the application of these criteria, the City has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. Government-wide statements report information on all of the activities of the City. The effect of inter-fund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. The values of inter-fund services provided and used are not eliminated in the government-wide financial statements, as elimination of those charges would distort the direct costs reported for the various functions. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed whole or in part by fees charged to external parties for goods and services. The City has no fiduciary funds.

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

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

Separate fund financial statements are provided for governmental funds and proprietary funds. The general fund and capital projects fund meet the criteria as major governmental funds. The combined amounts for all nonmajor funds are reflected in a single column in the fund balance sheet and statement of revenues, expenditures, and changes in fund balances. Detailed statements for nonmajor funds are presented within combining and individual fund statements and schedules.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for 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 revenue types, which have been accrued, revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as program revenues and general revenues. Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred inflow of resources. Property taxes which are levied prior to September 30, 2019, and became due October 1, 2019 have been assessed to finance the budget of the fiscal year beginning October 1, 2019 and, accordingly, have been reflected as deferred inflow of resources and taxes receivable in the fund financial statement at September 30, 2020.

Sales taxes, franchise taxes, hotel occupancy taxes, and fees associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items received by the government are considered to be measurable and available only when the cash is received by the City.

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

General Fund is the general operating fund of the City and always classified as a major fund. The general fund is used to account for financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition.

Debt Service Fund accounts for financial resources to use for the payment of long-term debt.

Capital Projects Fund accounts for street repairs to paid with proceeds from issuance of 2019 certificates of obligation.

Hotel Occupancy Tax Fund is used to administer hotel and motel taxes for the betterment of the Jourdanton business area.

Non-major funds include special revenue funds and capital projects funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's proprietary fund is the water and wastewater funds (used to account for the provisions of water and wastewater services to residents).

The proprietary fund is accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when liabilities are incurred.
- Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the enterprise fund (water and wastewater fund) considers all highly liquid investments including cash in banks, cash on hand, and savings accounts to be cash equivalents.

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Investments

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market investments, investments in TexPool and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost. The investments in TexPool are reported at a share price of \$1 which approximates their fair value.

Fair Value Measurement is measured by the City using the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City's investments carried at fair value are valued using quoted markets prices (Level 1 inputs).

F. Receivables

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2019 and past due after January 31, 2020. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred inflows of resources in the fund statements. Receivables are shown net of allowances for uncollectible accounts.

CITY OF JOURDANTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories and Prepaid Items

The City accounts for inventories using the consumption method. Inventories consist primarily of supplies and are valued at cost determined by the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid Items of governmental funds are recorded as expenditures when consumed rather than when purchased.

H. Budget

An operating budget is adopted each fiscal year for all City governmental funds. The budget is adopted on the GAAP basis of accounting.

I. Restricted Assets

Certain proceeds of Certificates of Obligation, enterprise fund revenues collected for a specific purpose by state law and city ordinances, as well as certain resources set aside for their repayment, are classified as restricted on the on the statement of net position and balance sheet because their use is limited by law.

Deposits of water and wastewater customers and performance bond deposits pending refund to the customer are considered restricted assets.

J. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include city-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets, donated works of art and capital assets received in a service concession arrangement are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Useful Lives (Years)
Buildings & Improvements	15 - 40
Water/Wastewater System - Plant	20 - 33
Machinery, Equipment & Vehicles	5 - 10
Infrastructure	30

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

Vested or accumulated vacation leave time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. The City is responsible for payment of vested or accumulated vacation leave. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government wide statements. Vested or accumulated vacation leave of the proprietary funds are recorded as an expenditure and liability of that fund as the benefits accrue to employees. Accumulated vacation pay at September 30, 2020 of \$13,380 and \$18,936 has been recorded in accrued liabilities of the proprietary funds and government-wide statements, respectively. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave outstanding following an employee's resignation or retirement). The general fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

L. Deferred Inflows/Outflows of Resources

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

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified basis of accounting. Unavailable revenues from property tax and court fines are deferred and recognized as an inflow of resources in the period the amounts become available. The City also has pension and OPEB related deferred inflows.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deduction from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. OPEB Liability

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and OPEB expense, information about the Total OPEB Liability of the Texas Municipal Retirement System (TMRS) and additions to/deduction from TMRS's Total OPEB Liability have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premium and discounts are deferred and amortized over the life of the term of the related debt.

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

P. Net Position

Net Position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

S. Fund Balance Classification Policies

The City adopted Governmental Accounting Standards Board Statement Number 54 (GASB 54) *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement provides guidance for fund balance categories and classifications and governmental fund type definitions. GASB 54 changed the way we look at fund balances, specifically reporting what fund balances, by major governmental fund type, are or are not available for public purposes. Five categories of fund balances were created and defined by GASB 54. These five categories are as follows:

- **Non-spendable** - These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories and prepaid expenditures.
- **Restricted** - These funds are governed by externally enforceable restrictions.

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Fund Balance Classification Policies (Continued)

- **Committed** - Fund balances in this category are limited by the government's highest level of decision making (in this case the City Council). Any changes of this designation must be done in the same manner that it was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- **Assigned** - For funds to be assigned, there must be an intended use which can be established by the City Council or an official delegated by the council, such as a City Manager or Finance Director. Assigned fund balance is delegated by the City Council to the City Manager.
- **Unassigned** - This classification is the default for all funds that do not fit into the other categories. The general fund is the only fund that reports a positive fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for a specific purposes, it may be necessary to report a negative unassigned fund balance in that particular fund.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The City's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

T. Inter-fund Transactions

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both governmental and proprietary funds.

U. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for water and wastewater services. Operating expenses are necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as non-operating.

V. Use of Estimates

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

W. Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 financial statement presentation. The reclassifications had no effect on the changes in financial position.

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

X. New Accounting Pronouncements

The Government Accounting Standards Board has issued the following statements:

- **Statement No. 87, Leases** – The requirements of this Statement will take effect for reporting periods beginning after December 15, 2020. A lessee will be required to recognize the assets and liabilities for leases with lease terms of more than 12 months. The City has not early adopted this pronouncement.
- **Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period** – The requirements of this Statement will take effect for financial statements starting with the fiscal year ended December 15, 2020. This statement no longer requires interest cost to be capitalized.

NOTE 2 -- CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Restricted Cash

At September 30, 2020, all of the City's deposits were fully collateralized.

Cash and Investments are restricted in the water and sewer funds for the TWDB funds in the amount of \$8,9 million, \$13.5 million for capital projects to include streets and drainage and the pool. \$155 thousand is held for the USDA debt service and \$109 thousand for water well reserves.

B. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits. The city did not adopt an investment policy for the fiscal year ended September 30, 2020.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investments pools, (9) guaranteed investment contracts, and (10) commercial paper.

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 2 -- CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The City's investments at September 30, 2020 are as shown below:

Investment Type	Fair Value	Weighted Average Maturity in Days	Ratings	
			MOODY'S	S&P
TexPool	\$ 2,414,651	38	Aaa	AAAM
Invesco	8,868,000	16	Aaa	AAAM
Total Investments	<u>\$ 11,282,651</u>			

C. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

Custodial Credit Risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Concentration of Credit Risk. This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. All City funds are in the external investment pool as allowed by the City's investment policy, and the investment pool invests in hundreds of authorized securities that minimize concentrations of credit risk. At year end, the City was not exposed to concentration of credit risk.

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. At year end, the City was not exposed to interest rate risk.

Foreign Currency Risk. This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 2 -- CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. Public Funds Investment Pools

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

NOTE 3 -- UNINSURED DEPOSITS

At September 30, 2020, the City's the bank balance at a financial institution exceeded the combined coverage provided by Federal Deposit Insurance Corporation (FDIC) and pledged collateral by \$1,734,012.

NOTE 4 – RECEIVABLES

Receivables consist of the following as of September 30, 2020:

	Governmental Funds				Proprietary Funds	
	General	Debt Service	Hotel Occupancy Tax	Capital Projects Fund	Water Fund	Wastewater Fund
<i>Receivables:</i>						
Property Taxes	\$ 191,157	\$ 56,747	\$ -	\$ -	\$ -	\$ -
Municipal Fines	93,227	-	-	-	-	-
Garbage	136,292	-	-	-	-	-
Sales Taxes	133,241	-	-	-	-	-
Franchise Taxes	13,788	-	-	-	-	-
Occupancy Taxes Customers	-	-	11,259	-	-	-
	-	-	-	-	165,269	189,592
Gross Receivables	567,705	56,747	11,259	-	165,269	189,592
Less: Allowance for Uncollectibles	(38,086)	-	-	-	(46,781)	(32,295)
Net Total Receivables	<u>\$ 529,619</u>	<u>\$ 56,747</u>	<u>\$ 11,259</u>	<u>\$ -</u>	<u>\$ 118,488</u>	<u>\$ 157,297</u>

CITY OF JOURDANTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE 5 -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Atascosa County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2019, upon which the fiscal 2020 levy was based, was \$214,331,709 (market value less exemptions).

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2020 was \$0.6500 per \$100 of assessed value, which means that the City has a tax margin of \$ 1.85 for each \$100 value. The City may not, however, adopt a tax rate that exceeds the rollback rate or the effective rate, whichever is lower, without first having two public hearings. If the City adopts a tax rate that exceeds the rollback tax rate, registered voters may petition the City for an election on the tax increase. A successful election limits the City's current tax rate to the rollback rate.

Property taxes are recorded as receivables and deferred inflows of resources at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

NOTE 6 -- INTERFUND TRANSACTIONS

Transfers consist of the following:

Transfer From	Transfer To	Amount	Purpose
Hotel Occupancy Tax Fund	Debt Service Fund	\$ 334,925	Supplement Debt Payment
Non Major	Debt Service Fund	100	Supplement Debt Payment
Water Fund	Sewer Fund	19,039	Reimbursement for Lease
Capital Projects Fund	Sewer Fund	255,774	Equipment Purchases

I

Inter-fund Payables and Receivables consist of the following:

Due From	Due To	Amount	Purpose
Water Fund	General Fund	\$ 119,364	Reimbursement for Debt Service
Sewer Fund	General Fund	6,303	Routine reimbursements
Sewer Fund	Water Fund	2,354	Routine reimbursements

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 7 -- CAPITAL ASSETS

Governmental and Business-type capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 342,593	\$ -	\$ -	\$ 342,593
Construction in Progress	471,750	467,959	-	939,709
<i>Total Capital Assets Not Being Depreciated</i>	<u>814,343</u>	<u>467,959</u>	<u>-</u>	<u>1,282,302</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings & Improvements	10,802,564	-	-	10,802,564
Machinery, Equipment & Vehicles	1,047,050	-	-	1,047,050
Infrastructure	1,285,696	42,226	(38,207)	1,289,715
<i>Total Capital Assets Being Depreciated</i>	<u>13,135,310</u>	<u>42,226</u>	<u>(38,207)</u>	<u>13,139,329</u>
<i>Accumulated Depreciation:</i>				
Buildings & Improvements	(1,563,943)	(272,275)	-	(1,836,218)
Machinery, Equipment & Vehicles	(755,994)	(81,877)	23,830	(814,041)
Infrastructure	(902,722)	(34,825)	-	(937,547)
<i>Total Accumulated Depreciation</i>	<u>(3,222,659)</u>	<u>(388,977)</u>	<u>23,830</u>	<u>(3,587,806)</u>
Total Capital Assets Being Depreciated, Net	9,912,651	(346,751)	(14,377)	9,551,523
Governmental Activities Capital Assets, Net	<u>\$ 10,726,994</u>	<u>\$ 121,208</u>	<u>\$ -</u>	<u>\$ 10,833,825</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 66,424	\$ -	\$ -	\$ 66,424
Construction in Progress	-	796,504	-	796,504
<i>Total Assets Not Being Depreciated</i>	<u>66,424</u>	<u>796,504</u>	<u>-</u>	<u>862,928</u>
<i>Capital Assets, Being Depreciated:</i>				
Water/Wastewater System - Plant	17,653,185	618	-	17,653,803
Machinery, Equipment & Vehicles	617,336	-	-	617,336
<i>Total Capital Assets Being Depreciated</i>	<u>18,270,521</u>	<u>618</u>	<u>-</u>	<u>18,271,139</u>
<i>Accumulated Depreciation:</i>				
Water/Wastewater System - Plant	(6,302,710)	(598,032)	-	(6,900,742)
Machinery, Equipment & Vehicles	(465,258)	(35,537)	-	(500,795)
<i>Total Accumulated Depreciation</i>	<u>(6,767,968)</u>	<u>(633,569)</u>	<u>-</u>	<u>(7,401,537)</u>
Total Capital Assets Being Depreciated, Net	11,502,553	(632,951)	-	10,869,602
Business-Type Activities Capital Assets, Net	<u>\$ 11,568,977</u>	<u>\$ 163,553</u>	<u>\$ -</u>	<u>\$ 11,732,530</u>

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 7 -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

<i>Governmental Activities:</i>	
General Administration	\$ 104,099
Public Safety	25,229
Streets	87,488
Culture & Recreation	163,318
Public Works	8,843
<i>Total Depreciation Expense - Governmental Activities</i>	<u>\$ 388,977</u>
 <i>Business-Type Activities:</i>	
Water System	\$ 288,072
Sewer System	345,496
<i>Total Depreciation Expense - Business Type Activities</i>	<u>\$ 633,568</u>

NOTE 8 -- CAPITAL LEASES

The following lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

In December 2018, the City entered into a capital lease agreement for the acquisition of equipment (excavator and drum roller) in the amount of \$115,403 payable in annual payments of \$42,024 with an interest rate of 4.681%. The equipment is included in the Capital Assets at a cost of \$115,403 with accumulated depreciation of \$30,497 and depreciation expense of \$16,485 as of September 30, 2020. The debt, capital assets and accumulated depreciation are split between the governmental, water and wastewater funds.

The City entered into a capital lease agreement for the acquisition of equipment (loader) in the amount of \$115,403 payable in annual payments of \$26,544 with an interest rate of 4.681%. The equipment is included in the Capital Assets at a cost of \$124,140 with accumulated depreciation of \$73,920 and depreciation expense of \$24,826 as of September 30, 2020. The debt, capital assets and accumulated depreciation are split between the governmental, water and wastewater funds.

The City entered into a capital lease agreement for the acquisition of equipment (mower) in the amount of \$50,412 payable in annual payments of \$11,170 with an interest rate of 4.25%. The equipment is included in the Capital Assets at a cost of \$50,412 with accumulated depreciation of \$25,206 and depreciation expense of \$6,301 as of September 30, 2020. The debt, capital assets and accumulated depreciation are recorded in the governmental fund.

Future minimum payments under the capital leases are as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2021	\$ 42,850	\$ 36,898
2022	32,615	36,900
Total Payments	75,465	73,798
Less: Amounts Representing Interest	(4,001)	(4,498)
Present Value of Minimum Lease Payments	<u>\$ 71,464</u>	<u>\$ 69,300</u>

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 9 -- LONG-TERM DEBT

Long-term debt and obligations payable at September 30, 2020 were comprised of the following individual issues:

	<u>Issue Amount</u>	<u>Maturity</u>	<u>Rate</u>	<u>Balance</u>	<u>Security</u>
<i>Primary Government</i>					
Governmental Activities:					
General Obligation Bonds					
2006 Series	\$ 700,000	2021	4.52%	\$ 50,000	Ad Valorem/Utility Revenues
2012 Series	2,975,000	2033	2.00% - 3.50%	2,100,000	Ad Valorem
Certificates of Obligation					
Series 2014	500,000	2035	2.00% - 3.50%	3,975,000	Occupancy Tax
Series 2019	3,980,000	2039	2.00% - 4.00%	3,895,000	Ad Valorem
Total Governmental Long-Term Obligations				<u>\$ 10,020,000</u>	
	<u>Issue Amount</u>	<u>Maturity</u>	<u>Rate</u>	<u>Balance</u>	
Business Type:					
Revenue Bonds					
Series 1982	\$ 506,000	2021	5.00%	\$ 35,000	Utility Revenue
Series 2008	401,000	2048	4.50%	344,000	Utility Revenue
Series 2012	3,037,000	2052	2.75%	2,733,000	Utility Revenue
Certificates of Obligation					
2011 Series	4,645,000	2051	3.375%	4,118,000	Ad Valorem/Utility Revenues
	6,845,000	2049		6,845,000	TWDB - Drinking Water
2020A Series		2049	.10% - .60%		TWDB - Drinking Water
2020B Series	2,495,000	2049	.10% - .51%	2,495,000	TWDB - Drinking Water
Total Business-Type Long-Term Obligations				<u>\$ 16,570,000</u>	

The 2006 Series General Obligation Bonds and 2011 Series Certificates of Obligation require a sinking fund of at least 2%. Additionally they are both Direct Borrowings from the USDA.

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 9 -- LONG-TERM DEBT (Continued)

The annual requirements to amortize all long-term bonded debt and obligations outstanding, excluding compensated absences, as of September 30, 2020, including interest payments, are as follows:

Governmental Activities - Direct Borrowings and Placements				Governmental Activities - Public Offering			
September 30,	Principal	Interest	Total	September 30,	Principal	Interest	Total
2021	\$ 50,000	\$ 1,130	\$ 51,130	2021	\$ 475,000	\$ 285,289	\$ 760,289
2022	-	-	-	2022	520,000	272,539	792,539
2023	-	-	-	2023	530,000	257,526	787,526
2024	-	-	-	2024	550,000	240,801	790,801
2025	-	-	-	2025	565,000	223,539	788,539
2026-2030	-	-	-	2026-2030	3,120,000	829,357	3,949,357
2031-2035	-	-	-	2031-2035	3,220,000	344,863	3,564,863
2036-2040	-	-	-	2036-2040	990,000	47,377	1,037,377
Total	<u>\$ 50,000</u>	<u>\$ 1,130</u>	<u>\$ 51,130</u>	Total	<u>\$ 9,970,000</u>	<u>\$ 2,501,291</u>	<u>\$ 12,471,291</u>

Business-Type Activities - Direct Borrowings and Placements				Business-Type Activities - Public Offering			
September 30,	Principal	Interest	Total	September 30,	Principal	Interest	Total
2021	\$ 266,000	\$ 236,972	\$ 502,972	2021	\$ 41,000	\$ 17,095	\$ 58,095
2022	460,000	230,266	690,266	2022	7,000	15,052	22,052
2023	460,000	226,119	686,119	2023	7,000	14,738	21,738
2024	458,000	222,389	680,389	2024	7,000	14,422	21,422
2025	464,000	217,433	681,433	2025	8,000	14,085	22,085
2026-2030	2,396,000	1,015,701	3,411,701	2026-2030	43,000	64,822	107,822
2031-2035	2,549,000	878,859	3,427,859	2031-2035	54,000	54,000	108,000
2036-2040	2,758,000	704,178	3,462,178	2036-2040	68,000	40,365	108,365
2041-2045	2,990,000	481,576	3,471,576	2041-2045	84,000	23,310	107,310
2046-2050	2,913,000	213,028	3,126,028	2046-2050	60,000	4,140	64,140
2051-2052	477,000	10,990	487,990	2051-2052	-	-	-
Total	<u>\$ 16,191,000</u>	<u>\$ 4,437,511</u>	<u>\$ 20,628,511</u>	Total	<u>\$ 379,000</u>	<u>\$ 262,029</u>	<u>\$ 641,029</u>

Total Governmental-Type Activities				Business-Type Activities			
September 30,	Principal	Interest	Total	September 30,	Principal	Interest	Total
2021	\$ 525,000	\$ 286,419	\$ 811,419	2021	\$ 307,000	\$ 254,067	\$ 561,067
2022	520,000	272,539	792,539	2022	467,000	245,318	712,318
2023	530,000	257,526	787,526	2023	467,000	240,857	707,857
2024	550,000	240,801	790,801	2024	465,000	236,811	701,811
2025	565,000	223,539	788,539	2025	472,000	231,518	703,518
2026-2030	3,120,000	829,357	3,949,357	2026-2030	2,439,000	1,080,523	3,519,523
2031-2035	3,220,000	344,863	3,564,863	2031-2035	2,603,000	932,859	3,535,859
2036-2040	990,000	47,377	1,037,377	2036-2040	2,826,000	744,543	3,570,543
Total	<u>\$ 10,020,000</u>	<u>\$ 2,502,421</u>	<u>\$ 12,522,421</u>	Total	<u>\$ 16,570,000</u>	<u>\$ 4,699,540</u>	<u>\$ 21,269,540</u>

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 9 -- LONG-TERM DEBT (Continued)

The changes in long-term liabilities during the year ended September 30, 2020 are as follows:

	Balance 9/30/2019	Additions	Reductions	Balance 9/30/2020	Due Within One Year
<i>Governmental Activities:</i>					
Direct Borrowings and Placements:					
General Obligation Bonds, 2006	\$ 100,000	\$ -	\$ (50,000)	\$ 50,000	\$ 50,000
Non Direct Borrowings and Placements:					
General Obligation Bonds, 2012	2,235,000	-	(135,000)	2,100,000	135,000
Certificates of Obligation, 2014	4,190,000	-	(215,000)	3,975,000	220,000
Premium	155,749	-	(10,583)	145,166	10,583
Certificates of Obligation, 2019	3,980,000	-	(85,000)	3,895,000	120,000
Premium	185,820	-	(9,291)	176,529	9,291
Capital Leases	110,073	-	(22,963)	87,110	40,106
Compensated Absences	18,093	5,843	(5,000)	18,936	18,936
<i>Total Governmental Activities</i>	<u>\$ 10,974,735</u>	<u>\$ 5,843</u>	<u>\$ (532,837)</u>	<u>\$ 10,447,741</u>	<u>\$ 603,916</u>
<i>Business-Type Activities:</i>					
Revenue Bonds, Series 1982	\$ 70,000	\$ -	\$ (35,000)	\$ 35,000	\$ 35,000
Revenue Bonds, Series 2008	350,000	-	(6,000)	344,000	6,000
Subtotal	<u>420,000</u>	<u>-</u>	<u>(41,000)</u>	<u>379,000</u>	<u>41,000</u>
Direct Borrowings and Placements:					
Certificates of Obligation, 2011	4,192,000	-	(74,000)	4,118,000	77,000
Revenue Bonds, 2012	2,781,000	-	(48,000)	2,733,000	49,000
TWDB Certificates of Obligation, 2020A	-	6,845,000	-	6,845,000	100,000
TWDB Certificates of Obligation, 2020B	-	2,495,000	-	2,495,000	40,000
Capital Leases	101,990	-	(32,690)	69,300	33,921
Compensated Absences	12,978	13,380	(12,978)	13,380	13,380
<i>Total Business-Type Activities</i>	<u>\$ 7,507,968</u>	<u>\$ 9,353,380</u>	<u>\$ (208,668)</u>	<u>\$ 16,652,680</u>	<u>\$ 354,301</u>

NOTE 10 -- PRIOR PERIOD ADJUSTMENT

The financial statements for the fiscal year ended September 30, 2019 were restated to reflect the results of a prior period adjustment. The following tables summarize these adjustments to beginning fund balance and net position:

	Governmental Activities	Business-Type Activities
Beginning Fund Balance/Net Position, as Previously Reported	\$ 8,551,093	\$ 5,549,836
Correction of Cash Between Funds	522,161	(522,161)
Beginning Fund Balance/Net Position, Restated	<u>\$ 9,073,254</u>	<u>\$ 5,027,675</u>

CITY OF JOURDANTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE 10 -- PRIOR PERIOD ADJUSTMENT (Continued)

	Governmental Fund	Proprietary Funds
	General Fund	Wastewater Fund
Beginning Fund Balance/Net Position, as Previously Reported	\$ 2,022,178	\$ 3,794,654
Correction of Cash Between Funds	522,161	(522,161)
Beginning Fund Balance/Net Position, Restated	\$ 2,544,339	\$ 3,272,493

NOTE 11 -- PENSION PLAN

Texas Municipal Retirement System

A. Plan Description

The City participates in 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' defined 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. 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 payment 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 deposit and interest.

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	18
Inactive Employees Entitled to but Not Yet Receiving Benefits	30
Active Employees	38
	86

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 11 -- PENSION PLAN (Continued)

Texas Municipal Retirement System (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% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.04% and 6.08% for calendar years 2019 and 2020 respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$87,727, and were equal to the required contributions.

D. Net Pension Liability

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

E. Actuarial Assumptions

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

Inflation	2.5% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

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

CITY OF JOURDANTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE 11 -- PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

E. Actuarial Assumptions (Continued)

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 arithmetic real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	<u>100.00%</u>	

F. 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 JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 11 -- PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

G. Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 2,973,731	\$ 2,671,392	\$ 302,339
Changes for the year:			
Service Cost	149,548	-	149,548
Interest (on Total Pension Liability)	201,376	-	201,376
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(87,830)	-	(87,830)
Changes of Assumptions	18,605	-	18,605
Contributions - Employer	-	86,747	(86,747)
Contributions - Employee	-	71,760	(71,760)
Net Investment Income	-	413,163	(413,163)
Benefit Payments, Including Refunds of Employee Contributions	(130,323)	(130,323)	-
Administrative Expense	-	(2,334)	2,334
Other Changes	-	(70)	70
Net Changes	151,376	438,943	(287,567)
Balance at December 31, 2019	\$ 3,125,107	\$ 3,110,335	\$ 14,772

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

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

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	\$ 432,472	\$ 14,772	\$ (327,815)

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 11 -- PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

H. Pension Plan Fiduciary Net Position

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

I. 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 \$87,727.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between Expected and Actual Economic Experience	\$ -	\$ 106,869	
Changes in Actuarial Assumptions	13,133	-	
Differences Between Projected and Actual Investment Earnings	-	92,067	
Contributions Subsequent to the Measurement Date	63,458	-	
	\$ 76,591	\$ 198,936	

The City reported \$63,458 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (December 31, 2019) will be recognized as a reduction of the net pension liability for the year fiscal ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year Ended December 31,	
2020	\$ (77,601)
2021	(60,833)
2022	(801)
2023	(46,568)
2024	-
Thereafter	-
	\$ (185,803)

CITY OF JOURDANTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE 12 -- OTHER POST EMPLOYMENT BENEFIT (OPEB)

The City also participates in the cost sharing multiple-employer defined benefit group- term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB. Membership in the plan at December 31, 2019, the valuation and measurement date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	15
Inactive Employees Entitled to but Not Yet Receiving Benefits	4
Active Employees	38
	57
	57

The SDBF required contribution rates, based on these assumptions, are as follows:

For the Calendar Year Ended December 31,	Total SDBF Contribution Rate	Retiree Portion to SDBF Contribution Rate
2019	0.26%	0.07%
2020	0.33%	0.09%

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method. These assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	2.75% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 12 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2019 was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2018	\$ 87,059
Changes for the year:	
Service Cost	9,472
Interest	3,387
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	8,538
Changes of Assumptions or Other Inputs	17,841
Benefit Payments	(1,005)
Net Changes	38,233
Balance at December 31, 2019	\$ 125,292

There is no separate trust maintained to fund this Total OPEB Liability. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

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

	Discount Rate 1.75%	Discount Rate 2.75%	Discount Rate 3.75%
Total OPEB Liability	\$ 146,854	\$ 125,292	\$ 108,132

CITY OF JOURDANTON
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE 12 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

For the year ended September 30, 2020, the City recognized OPEB expense of \$6,265. Also as of September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ 7,765
Changes in Actuarial Assumptions	15,107	
Contributions Subsequent to the Measurement Date	939	-
	\$ 16,046	\$ 7,765

Deferred outflows of resources in the amount of \$939 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ended December 31, 2019 (fiscal year ended September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended December 31,	
2020	\$ 1,335
2021	1,335
2022	331
2023	4,025
2024	316
	\$ 7,342

NOTE 13 -- DEFICIT FUND BALANCE

At September 30, 2020, the Water Fund had a deficit unrestricted fund balance of \$283,907. The City plans to reduce the deficit by reducing spending in the next fiscal year, as well as reviewing the fee structure.

NOTE 14 -- CONTINGENCIES

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

CITY OF JOURDANTON
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE 15 -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2020 were \$91,434.

NOTE 16 -- LITIGATION

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the city's liability in these cases, if decided adversely to the City will not have a material effect on the City's financial position. As of September 30, 2020 there were no outstanding claims against the City.

NOTE 17 – SUBSEQUENT EVENTS

The City issued Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 in the amount of \$1,040,000 to fund permanent public improvements. The Certificates mature serially through 2036 and carry interest at the rate of 2.0% to 3.0%.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - General Fund
- Budgetary Comparison Schedule - Hotel Occupancy Tax Fund
- Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Plan Years
- Schedule of Contributions - Last 10 Fiscal Years
- Schedule of Changes in Total Other Post-Employment Benefit Liability and Related Ratios

CITY OF JOURDANTON
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		2020	Variance With
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 1,024,889	\$ 1,024,889	\$ 947,632	\$ (77,257)
Sales Taxes	1,051,142	1,051,142	880,459	(170,683)
Franchise Taxes	181,700	181,700	170,464	(11,236)
Licenses and Permits	767,685	767,685	811,321	43,636
Charges for Service	15,600	87,580	25,562	(62,018)
Fines and Forfeitures	153,950	153,950	125,839	(28,111)
Grants	-	-	50,302	50,302
Investment Earnings	11,000	11,000	6,798	(4,202)
Miscellaneous	47,900	47,900	59,135	11,235
TOTAL REVENUES	3,253,866	3,325,846	3,077,512	(248,334)
EXPENDITURES				
General Government				
<i>Administrative:</i>				
Personnel	43,904	43,904	15,674	28,230
Supplies	26,262	26,262	25,044	1,218
Insurance	7,927	7,927	7,118	809
Repairs and Maintenance	8,391	8,391	11,798	(3,407)
Contracted Services	211,944	225,194	194,924	30,270
Miscellaneous	10,050	10,050	36,235	(26,185)
<i>Total Administrative</i>	<u>308,478</u>	<u>321,728</u>	<u>290,793</u>	<u>30,935</u>
<i>City Secretary</i>				
Personnel Services	74,363	74,363	77,057	(2,694)
Supplies	11,940	11,940	7,926	4,014
Contracted Services	12,014	12,014	11,174	840
Capital Outlay	1,500	1,500	-	1,500
<i>Total City Secretary</i>	<u>99,817</u>	<u>99,817</u>	<u>96,157</u>	<u>3,660</u>
<i>Finance</i>				
Personnel Services	81,786	56,976	26,283	30,693
Supplies	3,510	3,510	1,751	1,759
Contracted Services	1,932	1,932	1,263	669
<i>Total Finance</i>	<u>87,228</u>	<u>62,418</u>	<u>29,297</u>	<u>33,121</u>
Total General Government	\$ 495,523	\$ 483,963	\$ 416,247	\$ 67,716

CITY OF JOURDANTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		2020	Variance With
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
Public Safety				
<i>Police:</i>				
Personnel	\$ 703,546	\$ 703,546	\$ 694,949	\$ 8,597
Supplies	98,621	98,621	78,892	19,729
Insurance	13,124	13,124	10,243	2,881
Contracted Services	26,589	26,589	19,340	7,249
Repairs and Maintenance	20,865	20,865	24,558	(3,693)
Miscellaneous	4,500	4,500	3,031	1,469
Capital Outlay	35,000	35,000	43,077	(8,077)
<i>Total Police</i>	<u>902,245</u>	<u>902,245</u>	<u>874,090</u>	<u>28,155</u>
<i>DPS:</i>				
Supplies	5,513	5,513	7,491	(1,978)
Insurance	851	851	479	372
Repairs and Maintenance	1,500	1,500	517	983
<i>Total DPS Department</i>	<u>7,864</u>	<u>7,864</u>	<u>8,487</u>	<u>(623)</u>
<i>Volunteer Fire Department:</i>				
Personnel	245	245	390	(145)
Supplies	15,500	15,500	14,734	766
Insurance	5,523	5,523	5,966	(443)
Repairs and Maintenance	15,500	15,500	12,747	2,753
Contracted Services	2,680	2,680	2,475	205
Capital Outlay	35,000	35,000	8,226	26,774
<i>Total Volunteer Fire Department</i>	<u>74,448</u>	<u>74,448</u>	<u>44,538</u>	<u>29,910</u>
<i>EMS Facility:</i>				
Supplies	4,730	4,730	5,125	(395)
Insurance	420	420	313	107
Repairs and Maintenance	1,500	1,500	-	1,500
<i>Total EMS Facility</i>	<u>6,650</u>	<u>6,650</u>	<u>5,438</u>	<u>1,212</u>
<i>Municipal Court:</i>				
Personnel	105,740	105,740	105,688	52
Supplies	12,435	12,435	10,748	1,687
Insurance	325	325	619	(294)
Repairs and Maintenance	935	935	1,479	(544)
Contracted Services	39,069	39,069	40,628	(1,559)
Miscellaneous	50,000	50,000	35,656	14,344
<i>Total Municipal Court</i>	<u>208,504</u>	<u>208,504</u>	<u>194,818</u>	<u>13,686</u>
Total Public Safety	<u>\$ 1,199,711</u>	<u>\$ 1,199,711</u>	<u>\$ 1,127,371</u>	<u>\$ 72,340</u>

CITY OF JOURDANTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		2020	Variance With
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
Streets:				
Personnel	\$ 84,719.00	\$ 84,719.00	\$ 81,592	\$ 3,127
Supplies	63,575	63,575	54,009	9,566
Insurance	3,989	3,989	2,558	1,431
Repairs and Maintenance	78,015	78,015	81,574	(3,559)
Contracted Services	30,000	30,000	-	30,000
Miscellaneous	100	100	234	(134)
Capital Outlay	291,425	291,425	-	291,425
Total Streets	551,823	551,823	219,967	331,856
Culture and Recreation:				
<i>Sports Complex & Pool:</i>				
Personnel	107,305	107,305	57,345	49,960
Supplies	43,980	43,980	21,167	22,813
Insurance	1,909	1,909	3,537	(1,628)
Repairs and Maintenance	10,900	10,900	8,852	2,048
Contracted Services	1,073	1,073	1,657	(584)
Miscellaneous	-	-	-	-
Capital Outlay	11,170	11,170	2,964	8,206
<i>Total Sports Complex & Pool</i>	<i>176,337</i>	<i>176,337</i>	<i>95,522</i>	<i>80,815</i>
<i>Library:</i>				
Personnel	118,523	118,523	116,705	1,818
Supplies	26,770	26,770	18,105	8,665
Insurance	1,359	1,359	985	374
Repairs and Maintenance	1,000	1,000	1,780	(780)
Contracted Services	5,000	5,000	3,242	1,758
Miscellaneous	-	-	-	-
<i>Total Library</i>	<i>152,652</i>	<i>152,652</i>	<i>140,817</i>	<i>11,835</i>
<i>Park:</i>				
Personnel	83,125	83,125	71,473	11,652
Supplies	7,174	7,174	6,941	233
Insurance	2,148	2,148	1,674	474
Repairs and Maintenance	6,707	6,707	9,099	(2,392)
<i>Total Park</i>	<i>99,154</i>	<i>99,154</i>	<i>89,187</i>	<i>9,967</i>
<i>Community Center:</i>				
Personnel	4,410	4,410	2,205	2,205
Supplies	6,500	6,500	5,136	1,364
Insurance	727	727	530	197
Repairs and Maintenance	1,000	1,000	1,443	(443)
<i>Total Community Center</i>	<i>12,637</i>	<i>12,637</i>	<i>9,314</i>	<i>3,323</i>
<i>Senior Citizens:</i>				
Supplies	695	5,195	1,890	3,305
Insurance	-	-	4,888	(4,888)
<i>Total Senior Citizens</i>	<i>695</i>	<i>5,195</i>	<i>6,778</i>	<i>(1,583)</i>
Total Culture and Recreation	\$ 441,475	\$ 445,975	\$ 341,618	\$ 104,357

CITY OF JOURDANTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		2020 Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Sanitation:				
Contracted Services	\$ 640,367	\$ 640,367	\$ 648,848	\$ (8,481)
Total Sanitation	<u>640,367</u>	<u>640,367</u>	<u>648,848</u>	<u>(8,481)</u>
Community Dev. & Code				
Personnel	43,581	43,581	48,557	(4,976)
Supplies	6,170	6,170	6,834	(664)
Insurance	-	-	-	-
Contracted Services	10,086	10,086	3,344	6,742
Miscellaneous	17,250	17,250	21,725	(4,475)
Total Community Dev. & Code	<u>77,087</u>	<u>77,087</u>	<u>80,460</u>	<u>(3,373)</u>
Debt Service:				
Principal	38,609	38,609	38,609	-
Interest	4,241	4,241	4,241	-
	<u>42,850</u>	<u>42,850</u>	<u>42,850</u>	<u>-</u>
Total Expenditures	<u>3,448,836</u>	<u>3,441,776</u>	<u>2,877,361</u>	<u>564,415</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(194,970)	(115,930)	200,151	316,081
OTHER FINANCING SOURCES (USES)				
Transfers In	190,000	190,000	-	(190,000)
Transfers Out	-	(6,845)	-	6,845
TOTAL OTHER FINANCING SOURCES (USES)	<u>190,000</u>	<u>183,155</u>	<u>-</u>	<u>(183,155)</u>
Net Change in Fund Balance	(4,970)	67,225	200,151	132,926
Fund Balances, Beginning	2,022,178	2,022,178	2,022,178	-
Prior Period Adjustment	-	-	522,161	522,161
Fund Balances, Ending	<u>\$ 2,017,208</u>	<u>\$ 2,089,403</u>	<u>\$ 2,744,490</u>	<u>\$ 655,087</u>

CITY OF JOURDANTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
HOTEL OCCUPANCY TAX FUND
YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		2020 Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Occupancy Taxes	\$ 323,611	\$ 323,611	\$ 202,441	\$ (121,170)
TOTAL REVENUES	<u>323,611</u>	<u>323,611</u>	<u>202,441</u>	<u>(121,170)</u>
EXPENDITURES				
<i>Current:</i>				
Administration	400	400	400	-
TOTAL EXPENDITURES	<u>400</u>	<u>400</u>	<u>400</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>323,211</u>	<u>323,211</u>	<u>202,041</u>	<u>(121,170)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(333,975)	(333,975)	(334,925)	(950)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(333,975)</u>	<u>(333,975)</u>	<u>(334,925)</u>	<u>(950)</u>
Net Change in Fund Balance	(10,764)	(10,764)	(132,884)	(122,120)
FUND BALANCE - BEGINNING	<u>222,816</u>	<u>222,816</u>	<u>222,816</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 212,052</u>	<u>\$ 212,052</u>	<u>\$ 89,932</u>	<u>\$ (122,120)</u>

CITY OF JOURDANTON
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2020

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriation budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: general fund, debt service fund and hotel occupancy tax fund.

Budgetary preparation and control is exercised at the department level. The city manager is authorized to transfer budget amounts between accounts within a department. These transfers cannot increase the overall budgeted expenditures. Actual expenditures may not legally exceed appropriations at the fund level. As of September 30, 2020, the City expenditures did not exceed appropriations in total.

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 in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be re-appropriated and honored during the subsequent year.

CITY OF JOURDANTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN PLAN YEARS*

	Total Pension Liability					
	2014	2015	2016	2017	2018	2019
Service Cost	\$ 106,550	\$ 128,550	\$ 133,998	\$ 144,925	\$ 145,410	\$ 149,548
Interest (on the Total Pension Liability)	143,611	164,384	171,823	183,153	193,670	201,376
Changes of Benefit Terms	-	-	-	-	-	-
Difference between Expected and Actual Experience	110,173	(33,767)	(40,691)	(39,312)	(76,938)	(87,830)
Change of Assumptions	-	24,082	-	-	-	18,605
Benefit Payments, Including Refunds of Employee Contributions	(80,509)	(68,665)	(108,896)	(96,602)	(169,787)	(130,323)
Net Change in Total Pension Liability	279,825	214,584	156,234	192,164	92,355	151,376
Total Pension Liability - Beginning	2,038,569	2,318,394	2,532,978	2,689,212	2,881,376	2,973,731
Total Pension Liability - Ending	<u>\$ 2,318,394</u>	<u>\$ 2,532,978</u>	<u>\$ 2,689,212</u>	<u>\$ 2,881,376</u>	<u>\$ 2,973,731</u>	<u>\$ 3,125,107</u>
	Plan Fiduciary Net Position					
	2014	2015	2016	2017	2018	2019
Contributions - Employer	\$ 81,746	\$ 79,853	\$ 82,132	\$ 91,242	\$ 88,790	\$ 86,747
Contributions - Employee	73,658	65,453	66,666	71,959	71,490	71,760
Net Investment Income	110,103	3,110	147,735	328,823	(82,888)	413,163
Benefit Payments, Including Refunds of Employee Contributions	(80,509)	(68,665)	(108,896)	(96,602)	(169,787)	(130,323)
Administrative Expense	(1,149)	(1,895)	(1,668)	(1,704)	(1,601)	(2,334)
Other	(94)	(94)	(90)	(86)	(83)	(70)
Net Change in Plan Fiduciary Net Position	183,755	77,762	185,879	393,632	(94,079)	438,943
Plan Fiduciary Net Position - Beginning	1,924,443	2,108,198	2,185,960	2,371,839	2,765,471	2,671,392
Plan Fiduciary Net Position - Ending	<u>\$ 2,108,198</u>	<u>\$ 2,185,960</u>	<u>\$ 2,371,839</u>	<u>\$ 2,765,471</u>	<u>\$ 2,671,392</u>	<u>\$ 3,110,335</u>
Net Pension Liability - Ending	\$ 210,196	\$ 347,018	\$ 317,373	\$ 115,905	\$ 302,339	\$ 14,772
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.93%	86.30%	88.20%	95.98%	89.83%	99.53%
Covered Payroll	\$ 1,266,197	\$ 1,309,063	\$ 1,333,313	\$ 1,439,179	\$ 1,429,797	\$ 1,435,201

*GASB 68 requires 10 years of data to be provided in this schedule. This is the fifth year implementation of GASB68. The City will develop the schedule prospectively as data becomes available.

CITY OF JOURDANTON
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 LAST TEN FISCAL YEARS*

Fiscal Year Ending September 30,	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 87,728	\$ 87,728	\$ -	\$ 1,444,554	6.07%
2019	87,254	87,254	-	1,433,372	6.09%
2018*	-	-	-	-	-
2017*	-	-	-	-	-
2016*	-	-	-	-	-
2015*	-	-	-	-	-

*Data for fiscal years 2015-2018 is not available.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the fifth year implementation of GASB 68. The City will develop the schedule prospectively as data becomes available.

Notes to Schedule of Contributions

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

Notes There were no benefit changes during the year.

CITY OF JOURDANTON
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY
 AND RELATED RATIOS
 LAST TEN CALENDAR YEARS*

	Total OPEB Liability		
	2017	2018	2019
Service Cost	\$ 5,901	\$ 6,577	\$ 9,472
Interest on Total OPEB Liability	3,480	3,566	3,387
Changes of Benefit Terms	-	-	
Difference between Expected and Actual Experience	-	(23,669)	8,538
Change of Assumptions or Other Inputs	6,838	(3,444)	17,841
Benefit Payments	(864)	(858)	(1,005)
Net Change in Total OPEB Liability	15,355	(17,828)	38,233
Total OPEB Liability - Beginning	89,532	104,887	87,059
Total OPEB Liability - Ending	<u>\$ 104,887</u>	<u>\$ 87,059</u>	<u>\$ 125,292</u>
 Covered Payroll	 \$ 1,439,179	 \$ 1,429,797	 \$ 1,435,201
 Total OPEB Liability as a Percentage of Covered Payroll	 7.29%	 6.09%	 8.73%

*GASB Statement No. 75 requires 10 years of data to be provided in this schedule. This is the second year implementation of GASB75. The City will develop the schedule prospectively as data becomes available.

NOTES TO SCHEDULE OF CHANGES

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

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	2.75% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

JOURDANTON
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SUPPLEMENTARY INFORMATION

Supplementary information includes combining nonmajor individual fund statements which are not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements – Nonmajor Special Revenue Funds

JOURDANTON
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CITY OF JOURDANTON
COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Municipal Court Technology Fund – To account for revenues from court fines restricted to improving municipal court technology.

Property Tax Payment Fund – To accumulate property tax.

EMS Facility – To account for revenues restricted for improving EMS facilities.

Municipal Court Security – To account for revenues from court fines restricted to improving municipal court security.

Police Law Enforcement – To account for revenues received from law enforcement activities.

Library Special – To account for revenues received for library improvements and supplies

Police Forfeiture – To account for revenues under federal cases that allow confiscation of money and property. All forfeited proceeds are to be spent on law enforcement.

Sports Complex – To account for revenues restricted to improve the sports complex.

Section 125 – To account for restricted revenues received for the Section 125 Cafeteria Plan.

CITY OF JOURDANTON
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2020

	Special Revenue Funds			
	Municipal Court Technology	Property Tax Payment	EMS Facility	Municipal Court Security
ASSETS				
Cash and Cash Equivalents	\$ 7,094	\$ -	\$ 5,802	\$ 14,512
TOTAL ASSETS	<u>\$ 7,094</u>	<u>\$ -</u>	<u>\$ 5,802</u>	<u>\$ 14,512</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance:</i>				
Restricted	7,094	-	5,802	14,512
<i>Total Fund Balances</i>	<u>7,094</u>	<u>-</u>	<u>5,802</u>	<u>14,512</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,094</u>	<u>\$ -</u>	<u>\$ 5,802</u>	<u>\$ 14,512</u>

Special Revenue Funds

Police Law Enforcement	Library Special	Police Forfeiture	Sports Complex	Section 125	Total
\$ 5,078	\$ 9,973	\$ 1,625	\$ 8,902	\$ 6,995	\$ 59,981
<u>\$ 5,078</u>	<u>\$ 9,973</u>	<u>\$ 1,625</u>	<u>\$ 8,902</u>	<u>\$ 6,995</u>	<u>\$ 59,981</u>
\$ -	\$ -	\$ -	\$ -	\$ 907	\$ 907
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>907</u>	<u>907</u>
5,078	9,973	1,625	8,902	6,088	59,074
<u>5,078</u>	<u>9,973</u>	<u>1,625</u>	<u>8,902</u>	<u>6,088</u>	<u>59,074</u>
<u>\$ 5,078</u>	<u>\$ 9,973</u>	<u>\$ 1,625</u>	<u>\$ 8,902</u>	<u>\$ 6,995</u>	<u>\$ 59,981</u>

CITY OF JOURDANTON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2020

	Special Revenue Funds			
	Municipal Court Technology	Property Tax Payment	EMS Facility	Municipal Court Security
REVENUES				
Investment Earnings	\$ 5	\$ -	\$ -	\$ -
Miscellaneous	2,158	-	-	1,877
TOTAL REVENUES	<u>2,163</u>	<u>-</u>	<u>-</u>	<u>1,877</u>
EXPENDITURES				
Current:				
Administration	-	-	-	-
Public Safety	1,819	-	-	-
TOTAL EXPENDITURES	<u>1,819</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>344</u>	<u>-</u>	<u>-</u>	<u>1,877</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(100)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	344	(100)	-	1,877
Fund Balances, Beginning	<u>6,750</u>	<u>100</u>	<u>5,802</u>	<u>12,635</u>
Fund Balances, Ending	<u>\$ 7,094</u>	<u>\$ -</u>	<u>\$ 5,802</u>	<u>\$ 14,512</u>

Special Revenue Funds

Police Law Enforcement	Library Special	Police Forfeiture	Sports Complex	Section 125	Total
\$ -	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,005
-	340	-	-	-	4,375
-	2,340	-	-	-	6,380
-	-	-	-	-	-
-	-	-	-	-	1,819
-	-	-	-	-	1,819
-	2,340	-	-	-	4,561
-	-	-	-	-	(100)
-	-	-	-	-	(100)
-	2,340	-	-	-	4,461
5,078	7,633	1,625	8,902	6,088	54,613
<u>\$ 5,078</u>	<u>\$ 9,973</u>	<u>\$ 1,625</u>	<u>\$ 8,902</u>	<u>\$ 6,088</u>	<u>\$ 59,074</u>

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