

CITY OF EVERMAN, TEXAS

**Annual Financial Report for the Year Ended
September 30, 2019**

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ANNUAL FINANCIAL REPORT
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**City of Everman, Texas
Principal Officials**

City Council

Ray Richardson, Mayor

Susan Mackey, Mayor Pro-Tem

Linda Sanders, Council member

Kelly Denison, Council member

Johnnie Allen, Council member

Judy Sellers, Council member

Miriam Davila, Council member

Administrative

Michael Gunderson, City Manager

Mindi Parks, City Secretary

Susanne Helgesen, Finance Director

FINANCIAL SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Everman, 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 the City of Everman, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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 the City of Everman, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note A to the financial statements, in 2019 the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Everman, Texas' basic financial statements. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2020, on our consideration of the City of Everman, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Everman, Texas' internal control over financial reporting and compliance.



Snow Garrett Williams

February 7, 2020

CITY OF EVERMAN MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Everman's management's discussion and analysis (MD&A) provides an overview of the City's financial activities for the fiscal year ended September 30, 2019. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities at the close of fiscal year 2019 by \$5,501,448 (*net position*). Of this amount, \$1,744,195 is restricted for specific purposes and (\$398,374) represents unrestricted net position. As required by GASB 34, net position also reflects \$4,155,627 that is net investment in capital assets.
- In contrast to the government-wide statements, the governmental fund statements report a combined fund balance at year-end of \$2,145,482 of which \$1,856,103 or 87% represents restricted fund balance, \$1,042 represents assigned fund balance, \$2,073 represents non-spendable fund balance, and unassigned fund balance amounted to \$286,264 or 13%.
- The General Fund unassigned fund balance of \$286,264 equals 7% of total General Fund expenditures.
- The City's total debt increased by \$287,803 during the current fiscal year primarily as a result of regular scheduled annual debt service payments, changes in net pension liabilities, changes in vacation payable, and implementation of OPEB liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

The Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private sector business. They present the financial picture of the City from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the City as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables, and receivables.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include administrative, streets, parks and building maintenance, police, maintenance garage, emergency medical services, fire, community and activity centers, municipal court, code enforcement, library, and animal control. The business-type activity of the City is water and sewer operations. All governmental and business-type activities included in the government-wide financial statements are functions of the City (known as the primary government). The government-wide financial statements can be found on pages 14 and 15 of this report.

**CITY OF EVERMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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

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

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

The City maintains seven individual governmental funds, which includes four special revenue funds, one debt service fund, one capital project fund, and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Economic Development Corporation (EDC) Fund, Street Improvement Fund, Debt Service Fund, and Capital Project Fund, which are classified as major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for the general fund, special revenue funds, and the debt service fund. Budgetary comparison statements (original versus final) have been provided in this report to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 16 through 18 of this report.

Proprietary funds. Proprietary funds can be further classified into two different types of funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City allocates costs directly to the operating department and accordingly does not account or report for any internal service funds.

The proprietary fund financial statements can be found on pages 19 through 21 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that for proprietary funds. The City does not hold any resources for the benefit of parties outside the City government and accordingly neither accounts nor reports for fiduciary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 45 of this report.

**CITY OF EVERMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison information and information concerning pension and OPEB benefits. The required supplementary information can be found on pages 47 through 53 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$5,495,574 as of September 30, 2019.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 2,638,780	\$ 2,776,161	\$ 156,320	\$ 24,143	\$ 2,795,100	\$ 2,800,304
Capital assets, net of depreciation	3,826,685	4,078,268	3,112,507	3,160,578	6,939,192	7,238,846
Total assets	<u>6,465,465</u>	<u>6,854,429</u>	<u>3,268,827</u>	<u>3,184,721</u>	<u>9,734,292</u>	<u>10,039,150</u>
Deferred outflows of resources	442,178	24,581	40,494	185	482,672	24,766
Long-term liabilities	3,043,278	2,558,899	1,058,119	1,165,997	4,101,397	3,724,896
Other liabilities	282,951	243,446	329,178	271,240	612,129	514,686
Total liabilities	<u>3,326,229</u>	<u>2,802,345</u>	<u>1,387,297</u>	<u>1,437,237</u>	<u>4,713,526</u>	<u>4,239,582</u>
Deferred inflows of resources	1,913	-	77	-	1,990	-
Net position:						
Net investment in capital assets	1,993,799	2,237,494	2,161,828	2,037,928	4,155,627	4,275,422
Restricted	1,744,195	1,567,781	-	-	1,744,195	1,567,781
Unrestricted	(158,493)	271,390	(239,881)	(290,259)	(398,374)	(18,869)
Total net position	<u>\$ 3,579,501</u>	<u>\$ 4,076,665</u>	<u>\$ 1,921,947</u>	<u>\$ 1,747,669</u>	<u>\$ 5,501,448</u>	<u>\$ 5,824,334</u>

Investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and construction in progress) less any related debt used to acquire those assets that is still outstanding is \$4,155,627. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$1,744,195 (or 32%) of the City's net position represents resources that are subject to external restrictions on how they may be used. All restricted net position of the City is being held for purposes established by state and local laws and debt service requirements on the City's outstanding debt. The remaining balance of unrestricted net position is (\$398,374).

The City's net position decreased by \$240,370 during the current fiscal year. The City's governmental activities decreased net position by \$422,047 which included transfers from the business-type activities of \$240,000. The total cost of all governmental activities this year was \$5,043,343. The amount that taxpayers paid for these activities through property taxes was \$2,094,983 or 42%.

**CITY OF EVERMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

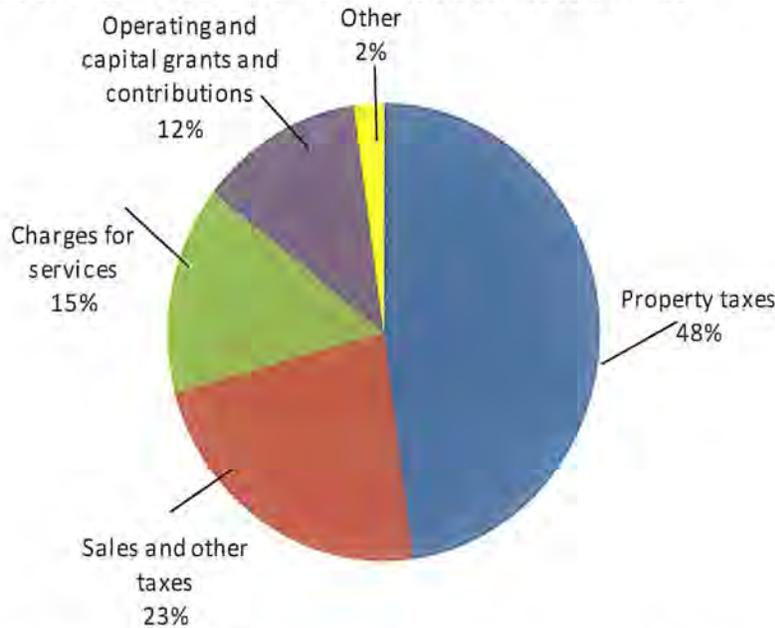
City of Everman's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 647,302	\$ 645,764	\$ 1,714,701	\$ 1,667,078	\$ 2,362,003	\$ 2,312,842
Operating grants and contributions	537,153	388,366	-	-	537,153	388,366
Capital grants and contributions	-	-	159,368	-	159,368	-
General revenues:						
Property taxes	2,094,983	1,963,029	-	-	2,094,983	1,963,029
Sales and other taxes	1,003,911	1,072,278	-	-	1,003,911	1,072,278
Other	100,683	54,442	2,284	1,563	102,967	56,005
Total revenues	<u>4,381,296</u>	<u>4,123,879</u>	<u>1,876,353</u>	<u>1,668,641</u>	<u>6,257,649</u>	<u>5,792,520</u>
Expenses:						
Administrative	1,003,606	913,012	-	-	1,003,606	913,012
Streets	820,192	792,742	-	-	820,192	792,742
Parks and building maintenance	172,723	162,588	-	-	172,723	162,588
Police	1,677,316	1,533,927	-	-	1,677,316	1,533,927
Maintenance garage	197,357	201,989	-	-	197,357	201,989
Emergency medical services	554,811	449,198	-	-	554,811	449,198
Fire	127,551	143,372	-	-	127,551	143,372
Community and activity centers	8,134	5,772	-	-	8,134	5,772
Municipal court	89,926	85,143	-	-	89,926	85,143
Code enforcement	77,153	73,648	-	-	77,153	73,648
Library	156,740	154,501	-	-	156,740	154,501
Animal control	104,753	94,522	-	-	104,753	94,522
Interest on long-term debt	53,081	49,368	-	-	53,081	49,368
Water	-	-	835,396	882,278	835,396	882,278
Sewer	-	-	619,280	636,382	619,280	636,382
Total expenses	<u>5,043,343</u>	<u>4,659,782</u>	<u>1,454,676</u>	<u>1,518,660</u>	<u>6,498,019</u>	<u>6,178,442</u>
Increase (decrease) in net position before transfers	(662,047)	(535,903)	421,677	149,981	(240,370)	(385,922)
Transfers	240,000	207,000	(240,000)	(207,000)	-	-
Change in net position	<u>(422,047)</u>	<u>(328,903)</u>	<u>181,677</u>	<u>(57,019)</u>	<u>(240,370)</u>	<u>(385,922)</u>
Net position, beginning of year	4,076,665	4,405,568	1,747,669	1,804,688	5,824,334	6,210,256
Prior period adjustment	(75,117)	-	(7,399)	-	(82,516)	-
Net position, beginning of year, restated	<u>4,001,548</u>	<u>4,405,568</u>	<u>1,740,270</u>	<u>1,804,688</u>	<u>5,741,818</u>	<u>6,210,256</u>
Net position, end of year	<u>\$ 3,579,501</u>	<u>\$ 4,076,665</u>	<u>\$ 1,921,947</u>	<u>\$ 1,747,669</u>	<u>\$ 5,501,448</u>	<u>\$ 5,824,334</u>

**CITY OF EVERMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Governmental activities. Governmental activities decreased the City's net position by \$422,047. This decrease is related to a budgeted decrease in net position due to planned expenditure of accumulated net position.

Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net position by \$181,677. Key elements of this increase are related to increases in water and sewer sales and intergovernmental revenue.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,145,482, a decrease of \$213,686 in comparison with the prior year. Approximately \$286,264 or 13% of the fund balance represents unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance has been assigned for employee appreciation fund (\$1,042), or restricted to indicate that it is not available for new spending because it has already been set aside to fund capital projects (\$119,415), economic development (\$938,859), tax increment financing street improvements (\$490,535), crime control and prevention (\$119,316), debt service (\$39,435), LEOSE training and court related expenditures (\$99,792), and celebration expenditures (\$48,211),

**CITY OF EVERMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was \$338,130, of which \$286,264 represented unassigned fund balance. As a measure of the general fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 7% or slightly more than 23 days of total fund expenditures.

The fund balance of the City's general fund decreased by \$284,402 during the current fiscal year. Key factors in this decrease are as follows:

- Decrease in sales tax revenues;
- Increase in salaries and benefits;
- Increase in services expenses; and
- Increase in capital outlay expenditures; and
- Budgeted use of fund reserves for capital outlay expenditures.

The debt service fund has a fund balance of \$39,435. The net increase in fund balance during the current year in the debt service fund was \$11,030.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City approved budget amendments to the original 2018-2019 general fund annual budget. The significant amendments included an increase in property tax revenues and an increase in administrative expenditures and police expenditures.

Comparing budget to actual amounts, the City was under the final budgeted revenue estimate by \$124,708. The primary revenues that came in under the estimated budget amounts were taxes, intergovernmental revenue, and fines and fees.

Total expenditures were less than the final budgeted amounts. Actual expenditures were less than budgeted primarily due to less expenditures than expected in administrative, emergency medical services, and animal control.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's investment in total capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$6,939,192 (net of accumulated depreciation). The investment in capital assets related to governmental activities (\$3,826,685) includes land, infrastructure, buildings and improvements, machinery and equipment, and vehicles. The City's investment in capital assets related to business-type activities (\$3,112,507) includes land, construction in progress, water and sewer system, buildings and improvements, and machinery and equipment.

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

- Purchase of a Ford F-450 and Ford F-350;
- Starting of water line project;
- Rebuild of Everman Parkway and Forest Hill Drive infrastructure; and
- Building of 2019 CDBG infrastructure.

**CITY OF EVERMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**City of Everman's Capital Assets
(net of depreciation)**

	Governmental Activities	Business-type Activities	Total
Land	\$ 265,786	\$ 53,425	\$ 319,211
Construction in progress	-	53,945	53,945
Buildings and improvements	1,529,072	-	1,529,072
Infrastructure	1,644,811	-	1,644,811
Water and sewer system	-	2,947,811	2,947,811
Machinery and equipment	151,994	57,326	209,320
Vehicles	235,022	-	235,022
Total	\$ 3,826,685	\$ 3,112,507	\$ 6,939,192

Additional information on the City's capital assets can be found in Note G on pages 31 and 32 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$4,101,397. Of this amount, \$1,890,000 represents general obligation bonds secured by property tax collections and \$62,301 in unamortized bond premium related to the general obligation bonds and \$120,000 represents general obligation refunding bonds secured solely by revenue from the City's combined water and sewer system. In addition, the City has a note payable of \$830,679 vacation payable of \$115,144, net pension liability of \$991,554, and net OPEB liability of \$91,719.

City of Everman's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total
General obligation refunding bonds	\$ -	\$ 120,000	\$ 120,000
General obligation bonds	1,890,000	-	1,890,000
Unamortized bond premium	62,301	-	62,301
Note payable	-	830,679	830,679
Capital lease agreements	-	-	-
Vacation payable	106,486	8,658	115,144
Net pension liability	901,114	90,440	991,554
Net OPEB liability	83,377	8,342	91,719
Total	\$ 3,043,278	\$ 1,058,119	\$ 4,101,397

The City's total long-term debt increased by a net amount of \$287,803 during the current fiscal year. Debt related to governmental activities increased by \$403,751 primarily as a result of increases in vacation payable and the net pension liability offset by scheduled debt service payments. Debt related to business-type activities decreased by \$115,948 primarily as a result of scheduled debt service payments. The City's bonds are rated "A-" by Standard and Poor's Corporation.

State statutes limit the total property tax rate to \$2.50 per \$100 assessed valuation. The City's total property tax rate for 2018-2019 was \$1.113943 per \$100 assessed valuation, of which \$0.09747 was for annual debt service.

**CITY OF EVERMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Additional information on the City's long-term debt can be found in Note H on pages 33 through 35 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget is developed to provide efficient, effective and economic uses of the City's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. In preparing the City budget for fiscal year 2020, the City Council and management considered the following factors:

- Increase of \$142,355 (or 6.93%) in property taxes, including taxes on new property development of \$8,917.
- Implementation of cost cutting measures in the General Fund and Water & Sewer Fund to begin building reserves for future infrastructure repair and replacements. To that end, the General Fund budget reflects a surplus for the year of just over \$44,000. The Water & Sewer Fund budget reflects a surplus, net of depreciation, of just over \$232,000.
- Council approved an average merit increase for employees of 5%. With benefits this represents a 7.5% increase in employment costs. The cost of quality staff is increasing nationally and in order to hire and keep excellent staff the City must keep pace.
- This budget also anticipates an increase in employee health insurance benefits of 15%.
- The Water and Sewer base rates will increase in April by \$5.00 per account. This is necessary as the City anticipates the project to replace water lines this year and begin to build reserves for future Water System repair and replacement.
- Sales Tax collection did not increase as much as anticipated in 2019. The plan for 2020 reflects no increase in sales tax revenue.
- Bingo Tax was budgeted conservatively due to the uncertainty of the new State filing rules. The State is requiring cities to monitor and collect these taxes from our Bingo businesses while they maintain the licensing administration.
- Council approved the renovation of the City's fleet of vehicles through a leasing agreement with Enterprise Fleet. The transition will occur over the first 6 months of the fiscal year. Accordingly, the Maintenance Garage budget was downsized and altered to reflect the lease costs with a major reduction in maintenance costs. The City no longer employs a mechanic and all maintenance is outsourced under the lease agreement.
- Though this budget recognizes separate Fire and EMS departments, the plan is to merge the two into one department during the year. The budget anticipates the cost of certifying EMS personnel as Fire Fighters and creating the Fire Fighter structure necessary to provide citizens with proper Fire protection.
- Additionally, this budget provides for a more comprehensive Fire Inspection system for the City. Revenues are budgeted to increase for annual Fire Inspections to help offset the costs related to the enhanced Fire Fighter structure being developed.
- There is great interest in the enhancement of our parks among the Council members. This budget does not provide funds for that enhancement, but the City will be looking for ways to fund improvements of the parks through Economic Development. Budget Amendments would be required when those decisions are made.
- Overall, the 2020 Budget was presented as a disciplined spending plan. The City attempted to find additional revenues when additional expenditures were necessary and cut unnecessary expenditures from this Budget.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the City Manager at 212 Race Street, Everman, Texas, 76140.

BASIC FINANCIAL STATEMENTS

CITY OF EVERMAN, TEXAS
Statement of Net Position
September 30, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and cash equivalents	\$ 2,089,871	\$ -	\$ 2,089,871
Receivables			
Taxes, net of allowances for uncollectibles	153,415	-	153,415
Accounts, net of allowances for uncollectibles	183,523	215,254	398,777
Prepaid expenses	2,073	-	2,073
Internal balances	209,898	(209,898)	-
Restricted assets			
Cash and cash equivalents	-	150,964	150,964
Capital assets			
Land and construction in progress	265,786	107,370	373,156
Other capital assets, net of depreciation	3,560,899	3,005,137	6,566,036
Total capital assets	3,826,685	3,112,507	6,939,192
Total assets	6,465,465	3,268,827	9,734,292
Deferred outflows of resources			
Deferred outflows of resources - pension	442,178	40,494	482,672
Liabilities			
Accounts payable and accrued expenses	230,848	171,214	402,062
Due to State	52,103	-	52,103
Interest payable	-	-	-
Payable from restricted assets			
Customer deposits	-	151,264	151,264
Accrued interest payable	-	6,700	6,700
Long-term liabilities			
Due within one year	224,682	194,354	419,036
Due in more than one year	2,818,596	863,765	3,682,361
Total liabilities	3,326,229	1,387,297	4,713,526
Deferred inflows of resources			
Deferred inflows of resources - OPEB	1,913	77	1,990
Net position			
Net investment in capital assets	1,993,799	2,161,828	4,155,627
Restricted for:			
Debt service	46,942	-	46,942
Economic development	938,859	-	938,859
Street improvement	490,535	-	490,535
Crime control and prevention district	119,316	-	119,316
Tax increment financing zone	99,792	-	99,792
Court security and technology	43,004	-	43,004
LEOSE training	5,207	-	5,207
Celebration and other donations	540	-	540
Unrestricted	(158,493)	(239,881)	(398,374)
Total net position	\$ 3,579,501	\$ 1,921,947	\$ 5,501,448

CITY OF EVERMAN, TEXAS
Statement of Activities
For the Fiscal Year Ended September 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities							
Administrative	\$ 1,003,606	\$ 27,685	\$ 60,373	\$ -	\$ (915,548)	\$ -	\$ (915,548)
Streets	820,192	302,890	16,306	-	(500,996)	-	(500,996)
Parks and building maintenance	172,723	955	-	-	(171,768)	-	(171,768)
Police	1,677,316	-	283,751	-	(1,393,565)	-	(1,393,565)
Maintenance garage	197,357	-	-	-	(197,357)	-	(197,357)
Emergency medical services	554,811	165,128	88,768	-	(300,915)	-	(300,915)
Fire	127,551	-	87,850	-	(39,701)	-	(39,701)
Community and activity centers	8,134	2,800	-	-	(5,334)	-	(5,334)
Municipal court	89,926	117,166	-	-	27,240	-	27,240
Code enforcement	77,153	29,049	-	-	(48,104)	-	(48,104)
Library	156,740	-	-	-	(156,740)	-	(156,740)
Animal control	104,753	1,629	105	-	(103,019)	-	(103,019)
Interest on long-term debt	53,081	-	-	-	(53,081)	-	(53,081)
Total governmental activities	<u>5,043,343</u>	<u>647,302</u>	<u>537,153</u>	<u>-</u>	<u>(3,858,888)</u>	<u>-</u>	<u>(3,858,888)</u>
Business-type activities							
Water	835,396	946,508	-	159,368	-	270,480	270,480
Sewer	619,280	768,194	-	-	-	148,914	148,914
Total business-type activities	<u>1,454,676</u>	<u>1,714,701</u>	<u>-</u>	<u>159,368</u>	<u>-</u>	<u>419,393</u>	<u>419,393</u>
Total primary government	<u>\$ 6,498,019</u>	<u>\$ 2,362,003</u>	<u>\$ 537,153</u>	<u>\$ 159,368</u>	<u>(3,858,888)</u>	<u>419,393</u>	<u>(3,439,495)</u>
General revenues:							
Taxes							
Property taxes					2,094,983	-	2,094,983
Sales tax					674,042	-	674,042
Mixed beverage tax					7,929	-	7,929
Franchise taxes					310,613	-	310,613
Bingo tax					11,327	-	11,327
Investment earnings					61,432	2,284	63,716
Loss on disposal of assets					(2,736)	-	(2,736)
Miscellaneous					39,251	-	39,251
Transfers					240,000	(240,000)	-
Total general revenues and transfers					<u>3,436,841</u>	<u>(237,716)</u>	<u>3,199,125</u>
Change in net position					(422,047)	181,677	(240,370)
Net position, beginning of year					<u>4,076,665</u>	<u>1,747,669</u>	<u>5,824,334</u>
Prior period adjustment					(75,117)	(7,399)	(82,516)
Net position, beginning of year, restated					<u>4,001,548</u>	<u>1,740,270</u>	<u>5,741,818</u>
Net position, end of year					<u>\$ 3,579,501</u>	<u>\$ 1,921,947</u>	<u>\$ 5,501,448</u>

CITY OF EVERMAN, TEXAS
Balance Sheet
Governmental Funds
September 30, 2019

	General Fund	Economic Development Corporation Fund	Street Improvement Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 305,519	\$ 929,716	\$ 484,542	\$ 39,435	\$ 119,415	\$ 211,244	\$ 2,089,871
Receivables							
Taxes, net of allowances of \$66,080	119,294	12,500	6,250	7,507	-	7,864	153,415
Accounts, net of allowance of \$564	58,978	-	-	-	-	-	58,978
Due from other funds	209,898	-	-	-	-	-	209,898
Prepaid expenses	2,073	-	-	-	-	-	2,073
Total assets	<u>\$ 695,762</u>	<u>\$ 942,216</u>	<u>\$ 490,792</u>	<u>\$ 46,942</u>	<u>\$ 119,415</u>	<u>\$ 219,108</u>	<u>\$ 2,514,235</u>
Liabilities							
Accounts payable and accrued expenses	\$ 227,234	\$ 3,357	\$ 257	\$ -	\$ -	\$ -	\$ 230,848
Due to State	52,103	-	-	-	-	-	52,103
Total liabilities	<u>279,337</u>	<u>3,357</u>	<u>257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,951</u>
Deferred inflows of resources							
Unavailable revenue - property taxes	78,295	-	-	7,507	-	-	85,802
Fund Balances							
Nonspendable for prepaid expense	2,073	-	-	-	-	-	2,073
Restricted for:							
Street improvement	-	-	490,535	-	-	-	490,535
Crime control and prevention district	-	-	-	-	-	119,316	119,316
Capital projects	-	-	-	-	119,415	-	119,415
Economic development	-	938,859	-	-	-	-	938,859
Tax increment financing zone	-	-	-	-	-	99,792	99,792
Debt service	-	-	-	39,435	-	-	39,435
LEOSE training	5,207	-	-	-	-	-	5,207
Security fees	20,953	-	-	-	-	-	20,953
Technology fees	22,051	-	-	-	-	-	22,051
Celebration and other donations	540	-	-	-	-	-	540
Assigned for employee appreciation fund	1,042	-	-	-	-	-	1,042
Unassigned	286,264	-	-	-	-	-	286,264
Total fund balances	<u>338,130</u>	<u>938,859</u>	<u>490,535</u>	<u>39,435</u>	<u>119,415</u>	<u>219,108</u>	<u>2,145,482</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 695,762</u>	<u>\$ 942,216</u>	<u>\$ 490,792</u>	<u>\$ 46,942</u>	<u>\$ 119,415</u>	<u>\$ 219,108</u>	

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.	3,826,685
Deferred outflows of resources for pensions are not financial resources and, therefore, are not reported in the funds.	442,178
Deferred inflows of resources for OPEB are not financial resources and, therefore, are not reported in the funds.	(1,913)
Property tax receivables, net of allowances are not available to pay for current period expenditures and, therefore, are deferred in the funds.	85,802
Accounts receivable for ambulance services are not measurable and available in the current period and are not reported in the funds.	124,545
Some liabilities, including bonds, leases, interest, net pension liability, total OPEB liability, and vacation payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,043,278)
Net position of governmental activities - statement of net position	<u>\$ 3,579,501</u>

CITY OF EVERMAN, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2019

	General Fund	Economic Development Corporation Fund	Street Improvement Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 2,572,717	\$ 170,912	\$ 85,456	\$ 176,569	\$ -	\$ 75,852	\$ 3,081,506
Licenses, permits, and fees for services	337,643	-	-	-	-	-	337,643
Intergovernmental revenue	291,039	-	-	-	-	60,373	351,412
Donations	185,741	-	-	-	-	-	185,741
Fines and fees	280,483	-	-	-	-	-	280,483
Interest income	24,761	22,015	11,071	461	-	3,124	61,432
Other revenues	50,501	-	-	-	-	-	50,501
Administrative services - other funds	343,000	-	-	-	-	-	343,000
Total revenues	4,085,885	192,927	96,527	177,030	-	139,349	4,691,718
Expenditures							
Administrative services - other funds	-	44,000	29,500	-	-	29,500	103,000
Administrative	830,084	131,640	-	-	-	-	961,724
Streets	653,776	-	21,062	-	-	-	674,838
Parks and building maintenance	99,566	-	-	-	-	-	99,566
Police	1,532,433	-	-	-	-	-	1,532,433
Maintenance garage	195,222	-	-	-	-	-	195,222
Emergency medical services	442,234	-	-	-	-	-	442,234
Fire	89,062	-	-	-	-	-	89,062
Community and activity centers	8,134	-	-	-	-	-	8,134
Municipal court	87,697	-	-	-	-	-	87,697
Code enforcement	74,435	-	-	-	-	-	74,435
Library	142,790	-	-	-	-	-	142,790
Animal control	93,600	-	-	-	-	-	93,600
Capital outlay	119,047	-	7,660	-	105,755	-	232,462
Debt service	2,207	-	-	166,000	-	-	168,207
Total expenditures	4,370,287	175,640	58,222	166,000	105,755	29,500	4,905,404
Excess (deficiency) of revenues over (under) expenditures	(284,402)	17,287	38,305	11,030	(105,755)	109,849	(213,686)
Net change in fund balances	(284,402)	17,287	38,305	11,030	(105,755)	109,849	(213,686)
Fund balances, beginning of year	622,532	921,572	452,230	28,405	225,170	109,259	2,359,168
Fund balances, end of year	\$ 338,130	\$ 938,859	\$ 490,535	\$ 39,435	\$ 119,415	\$ 219,108	\$ 2,145,482

CITY OF EVERMAN, TEXAS
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Change in
Net Position of Governmental Activities in the Statement of Activities
For the Fiscal Year Ended September 30, 2019

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

Net change in fund balances - total governmental funds \$ (213,686)

Governmental funds report all capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.

Capital outlay	\$	232,462	
Depreciation		<u>(481,310)</u>	(248,848)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, transfers, and donations) is to decrease net position. (2,736)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property tax revenue	\$	17,388	
Ambulance revenue		<u>17,926</u>	35,314

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 the funds.

Compensated absences	\$	(1,031)	
Accrued interest		1,483	
Amortization of bond premium		<u>8,643</u>	9,095

Pension expense in the funds is recorded as contributions when made to the TMRS plan. Pension expense in governmental activities is recorded as the TMRS plan's pension expense. This is the net effect between the two statements. (96,017)

OPEB expense in the funds is recorded as contributions when made to the TMRS plan. OPEB expense in governmental activities is recorded as the TMRS plan's OPEB expense. This is the effect between the two statements. (10,169)

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

Principal repayments			
Bonds	\$	<u>105,000</u>	<u>105,000</u>

Change in net position of governmental activities - statement of activities \$ (422,047)

CITY OF EVERMAN, TEXAS
Statement of Net Position
Enterprise Fund
September 30, 2019

	Water and Sewer Fund
Assets	
Current assets	
Receivables	
Accounts, net of allowance of \$3,455	\$ 215,254
Total current assets	215,254
Restricted assets	
Cash and cash equivalents	150,964
Noncurrent assets	
Capital assets	
Land	53,425
Construction in progress	53,945
Buildings and improvements	630,200
Waterworks and sewer system	5,941,609
Machinery and equipment	310,322
Accumulated depreciation	(3,876,994)
Total noncurrent assets	3,112,507
Total assets	3,478,725
Deferred Outflows of Resources	
Deferred outflows of resources - pension	40,494
Liabilities	
Current liabilities	
Payable from current assets	
Accounts payable and accrued expenses	171,214
Due to general fund	209,898
Vacation payable	8,658
Total payable from current assets	389,770
Payable from restricted assets	
Current portion of bonds payable	120,000
Current portion of note payable	65,696
Customer deposits	151,264
Accrued interest	6,700
Total payable from restricted assets	343,660
Total current liabilities	733,430
Noncurrent liabilities	
Net pension liability	90,440
Net OPEB liability	8,342
Note payable	764,983
Total noncurrent liabilities	863,765
Total liabilities	1,597,195
Deferred Inflows of Resources	
Deferred inflows of resources - OPEB	77
Net position	
Net investment in capital assets	2,161,828
Unrestricted	(239,881)
Total net position	\$ 1,921,947

CITY OF EVERMAN, TEXAS
Statement of Revenues, Expenses, and Changes in Net Position
Enterprise Fund
For the Fiscal Year Ended September 30, 2019

	Water and Sewer Fund
Operating revenues	
Water and sewer sales, net of bad debt expense	\$ 1,707,423
Other income	7,278
Total operating revenues	1,714,701
Operating expenses	
Water	566,451
Sewer	593,582
Administrative services - General Fund	240,000
Depreciation	267,079
Total operating expenses	1,667,112
Operating income	47,589
Non-operating revenues (expenses)	
Intergovernmental revenue	159,368
Interest revenue	2,284
Interest expense and fiscal charge	(27,564)
Total non-operating revenues (expenses)	134,088
Change in net position	181,677
Net position, beginning of year	1,747,669
Prior period adjustment	(7,399)
Net position, beginning of year, restated	1,740,270
Net position, end of year	\$ 1,921,947

CITY OF EVERMAN, TEXAS
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended September 30, 2019

	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 1,668,131
Cash paid to suppliers	(768,823)
Cash paid to employees	(326,252)
Cash paid to other funds	(315,644)
	257,412
Net cash provided by operating activities	257,412
Cash flows from capital and related financing activities:	
Purchase of capital assets	(59,640)
Principal payments on long-term debt	(171,971)
Interest payments and fiscal charge	(27,841)
Increase in customer deposits	2,622
	(256,830)
Net cash used in capital and related financing activities	(256,830)
Cash flows from investing activities:	
Interest income	2,284
	2,284
Net cash provided by investing activities	2,284
Net increase in cash and cash equivalents	2,866
Cash and cash equivalents at beginning of year	148,098
Cash and cash equivalents at end of year	\$ 150,964
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM THE STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION	
Restricted cash and cash equivalents	\$ 150,964
Total cash and cash equivalents	\$ 150,964
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 47,589
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation	267,079
(Increase) decrease in:	
Accounts receivable	(53,667)
Deferred outflows of resources	(40,309)
Increase (decrease) in:	
Accounts payable and accrued expenses	55,593
Due to general fund	(75,644)
Net pension liability	52,643
Total OPEB liability	943
Accrued vacation	3,108
Deferred inflows of resources	77
	77
Net cash provided by operating activities	\$ 257,412
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets with - Intergovernmental revenue	\$ 159,368

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note A. Summary of Significant Accounting Policies

The accounting policies of the City of Everman, Texas (the "City") conform to accounting principles generally accepted in the United States of America as applicable to governments, except where specifically noted. The following are the most significant policies.

Financial Reporting Entity

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The financial statements of the City include all primary government organizations, for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

The following entities were found to be blended component units of the City for financial statement purposes because the component unit's governing body is substantially the same as the City Council or because the component unit exclusively serves the City.

Everman Crime Control and Prevention District – The City created the entity to provide supplemental funding to the police department in order to provide funding for law enforcement. Funding for the Crime Control and Prevention District is generated from .25% of sales tax. The governing body is currently made up of seven temporary Committee members all of whom were appointed by the City Council. The 10-year extension of the Crime Control and Prevention District and the supporting sales tax of 0.25% was approved by a special election held November 8, 2016. The Crime Control and Prevention District provides all of its services to the City, and upon its dissolution, all assets shall be distributed to the City.

Everman Economic Development Corporation (Corporation) – The City created the Corporation for the purpose of projects and improvements that promote economic development within the City. There are seven directors, two of whom are members of the City Council and the remaining five members are residents of the City. All Board members are appointed by the City Council. The Corporation is authorized to sell bonds or other forms of indebtedness. The Corporation provides all of its services to the City, and upon its dissolution, all assets shall be distributed to the City.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note A. Summary of Significant Accounting Policies (Continued)

Everman Tax Increment Financing Reinvestment Zone Number One (TIF) – The City created the TIF for the purpose of dedicating the increase in tax revenue generated within the TIF to provide funds for the necessary public infrastructure to encourage accelerated development in this area of the City. Project costs will be financed through loans advanced by developers or bonds which may be issued and utilize the tax increment funds to support debt service as those funds are available. The revenue sources include the real property taxes captured by the TIF, which account for 100% of revenues to fund project costs or bond debt service. According to the Finance Plan (Plan) approved by the City Council, the City will contribute 75% of its M & O tax rate, Tarrant County will contribute 50% of its tax rate, and Tarrant Hospital District will contribute 50% of its tax rate on the incremental taxable value shown in the Plan. The TIF's board of directors consists of five board members, of which three members are appointed by the City Council, one member is appointed by the Tarrant County Commissioners Court, and one member is appointed by the Tarrant County Hospital District. The TIF was approved to exist for thirty years with the termination set in 2042 or the date when all project costs are paid and any debt is retired, whichever comes first.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report, except for City fiduciary activity, information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues.

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 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 financial statements are provided for governmental and proprietary funds. The General fund, Economic Development Corporation fund, Street Improvement fund, the Debt Service fund, and the Capital Project fund meet criteria as *major governmental funds*. Each major fund is reported in a separate column in the fund financial statements. Non-major funds include the Crime Control and Prevention District and the Tax Increment Financing Zone funds. The combined amounts for these funds are reflected in a single column in the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within Supplemental Information.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants 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, investment earnings, and various other revenues.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note A. Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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. 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 City reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The Economic Development Corporation Fund is reported as a special revenue fund of the City and is utilized to account for the half-penny sales tax which can only be spent on projects and improvements that promote economic development activities within the City.

The Street Improvement Fund is reported as a special revenue fund of the City and is utilized to account for a quarter-penny sales tax which can only be spent on street improvements or maintenance within the City.

The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal, interest, and related costs on long-term obligations paid primarily from taxes levied and collected by the City.

The Capital Project Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for the acquisition, repair, or construction of various projects and acquisition of land, buildings, and equipment.

The City reports the following major proprietary funds:

The Water and Sewer Fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise - where the intent of the City is that the cost (expenses) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

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

1. On or before the first day of September of each year and at least thirty days prior to adoption of a tax rate for the current fiscal year, the City Manager submits to the City Council a balanced budget for the ensuing fiscal year.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note A. Summary of Significant Accounting Policies (Continued)

2. The City Council holds one or more public hearings on the proposed budget prior to the final adoption.
3. The City Council adopts the proposed budget, with or without amendment, after public hearings and before the first day of the ensuing fiscal year.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Enterprise Fund.
5. Annual budgets for the General Fund, Special Revenue Funds, Debt Service Fund, and Enterprise Fund are adopted on a basis consistent with generally accepted accounting principles.
6. Unused appropriations of the above annually budgeted funds lapse at the end of each fiscal year.
7. The City Council may authorize additional appropriations during the year.
8. Provisions are made in the annual budget and in the appropriation ordinance for a contingent reserve in an amount not more than three percent of the total budget, to be used in case of unforeseen items of expenditure. Such contingent reserve is under the control of the City Manager and distributed after approval of the City Council. Expenditures from this reserve are made only in case of established emergencies, and a detailed account of such expenditures is recorded and reported.

Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, sidewalks, curbs, and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$3,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	15 - 30 years
Infrastructure	20 years
Waterworks and sewer lines	20 - 35 years
Heavy machinery	15 years
Transportation vehicles	5 years
Office equipment	5 years

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note A. Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. On new certificates of obligations and bonds payable, premiums and discounts are deferred and amortized over the life of the debt. Certificates of obligation and bonds payable are reported net of the applicable premium or discount. Issuance costs are recognized in the current period.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position or balance sheet will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources related to unavailable revenue from property taxes reported in the governmental fund balance sheet. The City also has deferred inflows of resources related to Other Post Employment Benefits (OPEB) reported in the statement of net position.

Fund Balance

The City adopted a fund balance policy in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Governmental fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws and regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through a resolution. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted or committed. Assignments are made by the City's Finance Director.

For the classification of the governmental fund balances, the City considers an expenditure to be made from the most restrictive classification first when more than one classification is available.

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets—This category consists of all capital assets net of accumulated depreciation and reduced by outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position—This category consists of external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, enabling legislation, and constitutional provisions.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note A. Summary of Significant Accounting Policies (Continued)

Unrestricted net position—This category represents net position, not restricted for any project or other purpose.

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

Concentration of Credit Risk

The City has property taxes receivable from residents and businesses all of whom are located in the City. Also, the City has utility charges receivable from residents and businesses located in the City and surrounding areas.

Pensions

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

Other Post-Employment Benefits (OPEB)

The total OPEB liability has been determined using the economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities, and additions to/deductions from these amounts.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the City's participation in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for liability, property, and workers' compensation insurance. These are self-sustaining risk pools operated on a statewide basis for the benefit of several hundred Texas cities and other public entities. The City pays annual premiums to the TMLIRP, which retains risk of loss up to \$1,000,000 for property and liability insurance and up to \$1,500,000 for workers' compensation and obtains independent coverage for losses in excess of these amounts. The City retains no risk except for deductible amounts ranging from \$500 to \$10,000.

There have been no significant reductions in coverage in the past fiscal year and there have been no settlements exceeding insurance coverage in the current year or the past three fiscal years.

Use of Estimates

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

Note B. Reconciliation of Government-wide and Fund Financial Statements

The following is an explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note B. Reconciliation of Government-wide and Fund Financial Statements (Continued)

The governmental fund balance sheet includes a reconciliation between fund balance for total governmental funds and net position as reported in the government-wide statement of net position. One element of that reconciliation explains "some liabilities, including bonds, leases, interest, net pension liability, and vacation payable, are not due and payable in the current period and, therefore, are not reported in the funds."

The details of this \$3,043,278 difference are as follows:

General obligation bonds	\$ (1,890,000)
Unamortized bond premium	(62,301)
Net pension liability	(901,114)
Total OPEB liability	(83,377)
Vacation payable	<u>(106,486)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (3,043,278)</u>

Note C. Deposits, Securities, and Investments

Chapter 2256 of the Texas Government Code (the "Public Funds Investment Act") authorizes the City to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, availability of liquidity to meet the City's obligations, and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the Investment Policy.

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

1. Certificates of Deposit of a single issuer, not to exceed the FDIC insurable amount at any time;
2. Local Government Investment Cooperative is to be used for all invested funds that require a high degree of liquidity; and
3. City's Frost checking account is to be used for un-invested funds within 60 days of receipt.

The Local Government Investment Cooperative (LOGIC) is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. LOGIC's governing body is a five-member board of trustees and is comprised of employees, officers, or elected officials of participant government entities or individuals who do not have a business relationship with LOGIC and are qualified to advise it. A maximum of two advisory board members represent the co-administrators of LOGIC. The co-administrators are Hilltop Securities Inc. and J.P. Morgan Investment Management Inc. LOGIC is rated AAAM by Standard and Poor's.

LOGIC reports its financial statements in accordance with Financial Accounting Standards Boards, follows ASC 820 *Fair Value Measurement and Disclosure Requirements* in reporting its investments, and is categorized as Level 2. For pricing and redeeming shares, LOGIC maintains a stable net asset value of \$1.00 per share using the fair value method.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note C. Deposits, Securities, and Investments (Continued)

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure the assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices include within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

As of September 30, 2019, the City has the following investments included in cash and cash equivalents:

	Weighted Average Maturity	Fair Value Level 2	% of Total
LOGIC investment pool	49 days	\$2,207,331	100.00%

Interest Rate Risk – Investments are exposed to interest rate risk if there are changes in market interest rates that will adversely affect the fair value of an investment. As of September 30, 2019, the City’s investments included investment pools, and therefore were not exposed to interest rate risk.

Credit Risk – State statute requires that investments in Local Government Investment Pools be rated AAA or the equivalent by a nationally recognized credit rating agency. As of September 30, 2019, the LOGIC investment pool was rated AAAM by Standard and Poor’s.

Concentration of Credit Risk – The City’s Investment policy does not place a limit on the amount that may be invested.

As of September 30, 2019, 100.00% of the City’s portfolio was invested in Local Government Investment Pools.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized 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. At September 30, 2019, the City’s cash and cash equivalents were insured or collateralized with securities held by the City or by its agent in the City’s name.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note D. Local Tax Revenues and Receivables

Ad valorem taxes are levied each October 1 from valuations assessed as of the prior January 1 and are recognized as revenue when they become available beginning on the date of levy, October 1. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within sixty days of the fiscal year end are recorded as unearned revenue and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred inflows of resources and recognized as revenue of the period to which they apply.

Note E. Restricted Assets

Restricted assets in the Enterprise Fund of \$150,964 are held for customers' meter deposits.

Note F. Interfund Activity

Interfund transactions for the fiscal year ended September 30, 2019 are as follows:

Administrative overhead reimbursement from Enterprise Fund	\$ 240,000
Administrative overhead reimbursement	
from Street Improvement Fund	29,500
from Economic Development Corporation (EDC) Fund	44,000
from Crime Control and Prevention District Fund	29,500
Total reimbursements to General Fund	343,000
Total interfund transactions	\$ 343,000

The General Fund charges the Enterprise Fund for street repairs provided by the street department. In addition, the General Fund charges the Enterprise Fund, the Economic Development Corporation, Crime Control and Prevention District Fund, and the Street Improvement Fund an administrative fee for certain general and administrative services provided to such funds.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note G. Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

	<u>Balance</u> <u>09/30/2018</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Disposals/</u> <u>Adjustments</u>	<u>Balance</u> <u>09/30/2019</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 265,786	\$ -	\$ -	\$ 265,786
Total capital assets not being depreciated	<u>265,786</u>	<u>-</u>	<u>-</u>	<u>265,786</u>
Other capital assets				
Buildings and improvements	3,874,229	14,260	5,638	3,882,851
Infrastructure	2,483,032	113,414	-	2,596,446
Machinery and equipment	825,701	18,822	-	844,523
Vehicles	1,802,852	85,965	-	1,888,817
Total other capital assets	<u>8,985,814</u>	<u>232,461</u>	<u>5,638</u>	<u>9,212,637</u>
Less accumulated depreciation for:				
Buildings and improvements	2,198,658	158,025	2,904	2,353,779
Infrastructure	830,397	121,238	-	951,635
Machinery and equipment	662,371	30,158	-	692,529
Vehicles	1,481,906	171,889	-	1,653,795
Total accumulated depreciation	<u>5,173,332</u>	<u>481,310</u>	<u>2,904</u>	<u>5,651,738</u>
Other capital assets, net	<u>3,812,482</u>	<u>(248,849)</u>	<u>2,734</u>	<u>3,560,899</u>
Governmental activities capital assets, net	<u>\$ 4,078,268</u>	<u>\$ (248,849)</u>	<u>\$ 2,734</u>	<u>\$ 3,826,685</u>

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note G. Capital Assets (Continued)

	Balance 09/30/2018	Additions/ Adjustments	Disposals/ Adjustments	Balance 09/30/2019
Business-type activities				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 53,945	\$ -	\$ 53,945
Land	53,425	-	-	53,425
Total capital assets not being depreciated	53,425	53,945	-	107,370
Other capital assets				
Buildings and improvements	630,200	-	-	630,200
Water and sewer system	5,776,546	165,063	-	5,941,609
Machinery and equipment	310,322	-	-	310,322
Total other capital assets	6,717,068	165,063	-	6,882,131
Less accumulated depreciation for:				
Building and improvements	630,200	-	-	630,200
Water and sewer system	2,741,319	252,478	-	2,993,797
Machinery and equipment	238,396	14,601	-	252,997
Total accumulated depreciation	3,609,915	267,079	-	3,876,994
Other capital assets, net	3,107,153	(102,016)	-	3,005,137
Business-type activities capital assets, net	<u>\$ 3,160,578</u>	<u>\$ (48,071)</u>	<u>\$ -</u>	<u>\$ 3,112,507</u>

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

Governmental activities:

Administrative	\$ 29,045
Streets	135,360
Parks and building maintenance	71,910
Police	84,421
Maintenance garage	7,327
Emergency medical services	96,223
Fire	38,489
Library	11,100
Animal control	7,435
Total Governmental activities	<u>\$ 481,310</u>

Business-type activities:

Water	\$ 255,163
Sewer	11,916
Total Business-type activities	<u>\$ 267,079</u>

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note H. Long-Term Debt

Long-term debt of the City consists of bonds payable and a note payable from direct borrowing. Retirement of the governmental funds debt is provided from the debt service tax together with interest earned within the Debt Service Fund. Retirement of the enterprise fund debt is provided from the revenue of the system. Long-term debt at September 30, 2019 consists of the following:

Governmental activities

General Obligation Bonds

- Series 2013 General Obligation Bonds.
- To acquire, repair and construct permanent public improvements, including streets and parks.
- Original balance of \$2,475,000.
- Payable in annual installments of \$75,000 to \$165,000, maturing February 1, 2033.
- Interest payable February 1 and August 1 at 2.00% to 3.50%.
- Outstanding balance of \$1,890,000 at September 30, 2019.

Business-type activities

General Obligation Refunding Bonds

- Series 2007 General Obligation Refunding Bonds.
- To refund the 1998 Certificates of Obligation and part of the 2000 Certificates of Obligation.
- Original balance of \$1,010,000.
- Payable in annual installments of \$10,000 to \$120,000, maturing February 1, 2020.
- Interest payable February 1 and August 1 at 3.75%.
- Outstanding balance of \$120,000 at September 30, 2019.

Note Payable from Direct Borrowing

Government Capital Corporation

- To finance an energy savings project.
- Principal price of \$1,017,249.
- Payable in annual installments of \$58,000 to \$96,000, maturing July 1, 2029.
- Outstanding balance of \$830,679 at September 30, 2019, bearing interest at 2.35%.
- Source of revenue for debt service- ad valorem taxes.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note H. Long-Term Debt (Continued)

The following is a summary of the changes by type of debt for the year ended September 30, 2019:

	Restated Balance 09/30/2018	Additions	Retirements	Balance 09/30/2019	Due Within One Year
Governmental activities					
General obligation bonds	\$ 1,995,000	\$ -	\$ 105,000	\$ 1,890,000	\$ 110,000
Unamortized bond premium	70,944	-	8,643	62,301	8,196
Vacation payable	105,455	89,546	88,515	106,486	106,486
Net pension liability	387,500	710,913	197,299	901,114	-
Total OPEB liability	80,628	10,730	7,981	83,377	-
Total governmental activities	<u>2,639,527</u>	<u>811,189</u>	<u>407,438</u>	<u>3,043,278</u>	<u>224,682</u>
Business-type activities					
General obligation refunding bonds	230,000	-	110,000	120,000	120,000
Note payable - direct borrowings	892,650	-	61,971	830,679	65,696
Vacation payable	5,550	9,008	5,900	8,658	8,658
Net pension liability	37,797	71,159	18,516	90,440	-
Total OPEB liability	8,070	1,075	803	8,342	-
Total business-type activities	<u>1,174,067</u>	<u>81,242</u>	<u>197,190</u>	<u>1,058,119</u>	<u>194,354</u>
Totals	<u>\$ 3,813,594</u>	<u>\$ 892,431</u>	<u>\$ 604,628</u>	<u>\$ 4,101,397</u>	<u>\$ 419,036</u>

The annual requirements to amortize long-term debt as of September 30, 2019 are as follows:

Governmental Activities

Fiscal Year Ending	General Obligation Bond		Total
	Principal	Interest	
2020	\$ 110,000	\$ 57,900	\$ 167,900
2021	115,000	54,525	169,525
2022	115,000	51,075	166,075
2023	120,000	47,550	167,550
2024	125,000	43,875	168,875
2025-2029	675,000	157,775	832,775
2030-2033	630,000	38,925	668,925
Total	<u>\$ 1,890,000</u>	<u>\$ 451,625</u>	<u>\$ 2,341,625</u>

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note H. Long-Term Debt (Continued)

Business-type Activities

Fiscal Year Ending	General Obligation Refunding Bond		Note Payable From Direct Borrowing		Total
	Principal	Interest	Principal	Interest	
2020	\$ 120,000	\$ 2,250	\$ 65,696	\$ 19,521	\$ 207,467
2021	-	-	69,578	17,977	87,555
2022	-	-	73,621	16,342	89,963
2023	-	-	78,103	14,612	92,715
2024	-	-	82,770	12,777	95,547
2025-2029	-	-	460,911	32,703	493,614
Total	<u>\$ 120,000</u>	<u>\$ 2,250</u>	<u>\$ 830,679</u>	<u>\$ 113,932</u>	<u>\$ 1,066,861</u>

Note I. Accumulated Unpaid Vacation and Sick Leave

If an employee is eligible for retirement under the City's defined benefit pension plan, sick leave is carried forward from one year to the next up to 160 hours and will be paid out upon retirement from the City. However, for the remaining employees, sick leave is recorded when paid and employees are not compensated for unused sick leave. Vacation is earned in varying amounts. Unused vacation leave is carried forward from one year to the next up to certain limits. The City has accrued for the estimated liability for compensated absences in the governmental and business-type activities in the government-wide financial statements and in the proprietary fund financial statements. The City's aggregate liability for accrued vacation payable as of September 30, 2019 was \$115,144.

Note J. Restricted Net Position

The government-wide statement of net position reports \$1,744,195 of restricted net position, of which \$1,648,502 is restricted by enabling legislation for the following:

Economic development	\$ 938,859
Street improvements	490,535
Crime control and prevention district	119,316
Tax increment financing zone	<u>99,792</u>
Total	<u>\$ 1,648,502</u>

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note K. Defined Benefit Pension Plan

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

Employee deposit rate	5.00%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

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

Employees covered by benefit terms.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	48
Active employees	<u>48</u>
Total	<u><u>118</u></u>

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note K. Defined Benefit Pension Plan (Continued)

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 9.28% and 9.56% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$214,256, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The TPL in the December 31, 2018 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, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-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 and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note K. Defined Benefit Pension Plan (Continued)

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, Gabriel Roeder Smith & Company, Consultant & Actuaries, focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
Total	100.00%	

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 EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note K. Defined Benefit Pension Plan (Continued)

Changes in the NPL	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$ 6,423,910	\$ 5,998,608	\$ 425,302
Changes for the year:			
Service cost	266,851	-	266,851
Interest	432,496	-	432,496
Change of benefit terms including substantively automatic status	-	-	-
Difference between expected and actual experience	(12,309)	-	(12,309)
Changes of assumptions	-	-	-
Contributions - employer	-	197,636	(197,636)
Contributions - employee	-	106,485	(106,485)
Net investment income	-	(179,686)	179,686
Benefit payments, including refunds of employee contributions	(299,971)	(299,971)	-
Administrative expense	-	(3,473)	3,473
Other Changes	-	(185)	185
Net Changes	387,067	(179,194)	566,261
Balance at 12/31/2018	\$ 6,810,977	\$ 5,819,414	\$ 991,563

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:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's NPL	\$ 1,919,625	\$ 991,563	\$ 233,903

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note K. Defined Benefit Pension Plan (Continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$323,200.

At September 30, 2019, 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	\$ 25,671	\$ 8,802
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	534,931	226,805
Contributions subsequent to the measurement date	157,677	-
Total	\$ 718,279	\$ 235,607

\$157,677 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2020	\$ 124,943
2021	43,548
2022	39,584
2023	116,920
2024	-
Total	\$ 324,995

Note L. Other Postemployment Benefits

Plan Description

TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. It is considered to be a single-employer plan. 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.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note L. Other Postemployment Benefits (Continued)

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Employees covered by benefit terms.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	3
Active employees	48
Total	65

Contributions

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

The City's contributions to the TMRS SDBF for the year ended September 30, 2019 were \$617, which equaled the required contributions.

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The TOL in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.71%
Retirees' share of benefit-related costs	\$0

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note L. Other Postemployment Benefits (Continued)

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018. All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 through December 31, 2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2017	\$ 88,698
Changes for the year:	
Service cost	8,732
Interest	3,073
Difference between expected and actual experience	(1,598)
Changes of assumptions	(6,761)
Benefit payments	(426)
Net Changes	3,020
Balance at 12/31/2018	\$ 91,718

Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees. Changes in assumptions are a result of the change in municipal bond index rate from the previous year.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
City's Total OPEB Liability	\$ 109,986	\$ 91,718	\$ 77,578

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$11,535.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note L. Other Postemployment Benefits (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,343
Changes in actuarial assumptions	-	1,142
Contributions subsequent to the measurement date	495	-
Total	\$ 495	\$ 2,485

The City reported \$495 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:		
2020	\$	(270)
2021		(270)
2022		(270)
2023		(270)
2024		(1,056)
Thereafter		(349)
Total	\$	(2,485)

Note M. Commitments

The City has a contract with the City of Fort Worth, Texas, for the purchase of treated water and sewage treatment. The contract for water, dated, December 2, 2010 for a 20-year period, is used to supplement the water wells operated by the City. The contract for sewer is dated May 8, 2017 for a 30-year period. Charges are incurred when actual delivery occurs and the rates are adjusted periodically. For the fiscal year ended September 30, 2019, the City's expenses in the Water and Sewer Fund for water and sewer treatment were \$22,450 and \$592,193, respectively.

Note N. Economic Development Program Agreement

The City negotiated an Economic Development Program Agreement with Advanced Capital Resources, Inc. (Company) that purchased property from the City for the purpose of renovating the shopping center on the property and leasing the center to commercial retail businesses. The Company is also planning to construct a building on the property which will serve as a grocery store. This agreement is structured in accordance with Chapter 380 of the Texas Local Government Code. Under this agreement, the City is to provide incentives to the Company to make the improvements and renovations to the property and the shopping center. Provided that the Company is in full compliance with the terms and conditions of this agreement, the City will waive several permit and related fees for renovation work to the shopping center and construction of the grocery store.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note N. Economic Development Program Agreement (Continued)

The City will also make program grant payments to the Company as follows:

- For a period of three years beginning on the ad valorem tax effective date, the following percentages of the incremental ad valorem revenues for the corresponding tax year will become due and payable to the Company. According to the agreement, "incremental" means the increase in the ad valorem tax revenues over the ad valorem tax revenues that would be due on the value of the property and any improvements as of the effective date of the agreement.

Tax Year 1	60% of incremental Ad Valorem Revenues
Tax Year 2	40% of incremental Ad Valorem Revenues
Tax Year 3	20% of incremental Ad Valorem Revenues

- The City will make the program grant payments to the Company on an annual basis on or before the first day of March following the applicable tax year for which ad valorem taxes on the property were paid.

The Company had completed the renovation phase as of September 30, 2018, and obtained a certificate of occupancy for the shopping center during fiscal year 2019. The ad valorem tax effective date will be the first January 1st following the issuance of a certificate of occupancy for the shopping center.

Note O. Everman Economic Development Corporation

In October 1999, the Everman Economic Development Corporation was created, upon approval of the voters of a half-penny sales and use tax, pursuant to Section 4B of the Development Corporation Act of 1979, as amended, Article 5190.6, Vernon's Texas Civil Statutes. The City maintains all accounting records for the Corporation. The Corporation is considered to be a component unit of the City and is treated as a special revenue fund of the City. The expenditures of the half-penny sales tax can only be spent on projects and improvements that promote economic development activities within the City.

Note P. Everman Crime Control and Prevention District

In May 2002, the Everman Crime Control and Prevention District was created, upon approval of the voters of a quarter-penny sales and use tax. The City maintains all accounting records for the District. The District is considered to be a component unit of the City and is treated as a special revenue fund of the City. The expenditures of the quarter-penny sales tax can only be used to provide supplemental funding to the police department in order to provide funding for law enforcement.

Note Q. Everman Tax Increment Financing Reinvestment Zone Number One (TIF)

In January 2014, the Everman Tax Increment Financing Reinvestment Zone Number One (TIF) was created, upon approval by City Council with the creation of a reinvestment zone, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, Vernon's Texas Codes Annotated. The City maintains all accounting records for the TIF. The TIF is considered to be a component unit of the City and is treated as a special revenue fund of the City. The revenue from the real property taxes captured by the TIF are to be used to fund public improvement project costs within the TIF as specified in the Financing Plan.

Note R. Subsequent Events

The City evaluated subsequent events through February 7, 2020, the date the financial statements were available to be issued, and nothing significant requiring disclosure was noted.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2019

Note S. Prior Period Adjustment

During fiscal year 2019, the City adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. With GASB 75, the District must assume their Total OPEB liability of the OPEB plan administered by TCDRS. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment in the government-wide fund totaled (\$75,117) which resulted in a restated beginning net position balance of \$4,001,548. The prior period adjustment in the Water and Sewer Enterprise Fund totaled (\$7,399) which resulted in a restated beginning net position balance of \$1,740,270.

	<u>Governmental Activities</u>	<u>Water and Sewer</u>
Beginning net position	\$ 4,076,665	\$ 1,747,669
Prior period adjustment - implementation of GASB No. 75:		
Total OPEB liability (measurement date as of December 31, 2017)	(80,628)	(8,070)
Deferred inflows - changes in actuarial assumptions	5,241	638
Deferred outflows - City contributions made during fiscal year 2018	270	33
Total prior period adjustment	<u>(75,117)</u>	<u>(7,399)</u>
Beginning net position, as restated	<u>\$ 4,001,548</u>	<u>\$ 1,740,270</u>

**REQUIRED SUPPLEMENTAL
INFORMATION**

CITY OF EVERMAN, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
General Fund
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 2,614,150	\$ 2,614,150	\$ 2,572,717	\$ (41,433)
Licenses, permits, and fees for services	367,834	367,835	337,643	(30,192)
Intergovernmental revenue	262,000	349,358	291,039	(58,319)
Donations	154,000	163,000	185,741	22,741
Fines and fees	325,970	337,750	280,483	(57,267)
Interest income	25,000	25,000	24,761	(239)
Other revenues	10,500	10,500	50,501	40,001
Administrative services - other funds	343,000	343,000	343,000	-
Total revenues	4,102,454	4,210,593	4,085,885	(124,708)
Expenditures				
Administrative	812,200	860,305	830,084	30,221
Streets	625,977	654,977	653,776	1,201
Parks and building maintenance	99,794	107,794	106,366	1,428
Police	1,459,302	1,543,452	1,534,640	8,812
Maintenance garage	170,204	196,204	195,222	982
Emergency medical services	474,864	556,179	523,549	32,630
Fire	54,000	94,508	93,712	796
Community and activity centers	5,500	9,000	8,134	866
Municipal court	91,139	110,139	106,519	3,620
Code enforcement	72,116	83,897	74,435	9,462
Library	146,459	150,259	146,600	3,659
Animal control	99,022	99,022	97,250	1,772
Total expenditures	4,110,577	4,465,736	4,370,287	95,449
Net change in fund balance	(8,123)	(255,143)	(284,402)	\$ (29,259)
Fund balance, beginning of year	622,532	622,532	622,532	
Fund balance, end of year	\$ 614,409	\$ 367,389	\$ 338,130	

CITY OF EVERMAN, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Economic Development Corporation Fund
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Variance with Final Budget Favorable (Unfavorable)
	Original and Final	Actual Amounts	
Revenues			
Sales tax	\$ 179,687	\$ 170,912	\$ (8,775)
Interest income	18,342	22,015	3,673
Total revenues	198,029	192,927	(5,102)
Expenditures			
Administrative	234,365	131,640	102,725
Administrative services- other funds	44,000	44,000	-
Total expenditures	278,365	175,640	102,725
Excess (deficiency) of revenues over (under) expenditures	(80,336)	17,287	97,623
Net change in fund balance	(80,336)	17,287	\$ 97,623
Fund balance, beginning of year	921,572	921,572	
Fund balance, end of year	\$ 841,236	\$ 938,859	

CITY OF EVERMAN, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Street Improvement Fund
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 89,843	\$ 89,843	\$ 85,456	\$ (4,387)
Interest income	6,665	6,665	11,071	4,406
Total revenues	96,508	96,508	96,527	19
Expenditures				
Administrative services- other funds	29,500	29,500	29,500	-
Maintenance	40,000	40,000	21,062	18,938
Capital outlay	-	7,660	7,660	-
Total expenditures	69,500	77,160	58,222	18,938
Net change in fund balance	27,008	19,348	38,305	\$ 18,957
Fund balance, beginning of year	452,230	452,230	452,230	
Fund balance, end of year	\$ 479,238	\$ 471,578	\$ 490,535	

CITY OF EVERMAN
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Five Fiscal Years **

Measurement Date - December 31st: *	2018	2017	2016	2015	2014
Total Pension Liability (a)					
Beginning Balance	\$ 6,423,910	\$ 6,053,758	\$ 5,570,609	\$ 5,386,034	\$ 5,212,243
Service cost	266,851	253,345	224,202	202,453	149,731
Interest	432,496	406,077	377,178	375,761	359,272
Change in benefit terms including substantively automatic status	-	-	4,947	-	-
Difference between expected and actual experience	(12,309)	39,684	76,486	(213,513)	(25,895)
Changes of assumptions	-	-	-	58,374	-
Benefit payments, including refunds of employee contributions	(299,971)	(328,954)	(199,664)	(238,500)	(309,317)
End of Year Balance	<u>\$ 6,810,977</u>	<u>\$ 6,423,910</u>	<u>\$ 6,053,758</u>	<u>\$ 5,570,609</u>	<u>\$ 5,386,034</u>
Plan Fiduciary Net Position (b)					
Beginning Balance	\$ 5,998,608	\$ 5,309,975	\$ 4,921,878	\$ 4,907,644	\$ 4,716,010
Contributions - employer	197,636	182,543	162,758	158,097	150,131
Contributions - employee	106,485	102,902	96,307	92,024	84,060
Net investment income	(179,686)	736,149	332,651	7,242	269,809
Benefit payments, including refunds of employee contributions	(299,971)	(328,954)	(199,664)	(238,500)	(309,317)
Administrative expense	(3,473)	(3,814)	(3,757)	(4,411)	(2,817)
Other changes	(185)	(193)	(198)	(218)	(232)
End of Year Balance	<u>\$ 5,819,414</u>	<u>\$ 5,998,608</u>	<u>\$ 5,309,975</u>	<u>\$ 4,921,878</u>	<u>\$ 4,907,644</u>
Net Pension Liability (a) - (b)					
Beginning Balance	\$ 425,302	\$ 743,783	\$ 648,731	\$ 478,390	\$ 496,233
Service cost	266,851	253,345	224,202	202,453	149,731
Interest	432,496	406,077	377,178	375,761	359,272
Change in benefit terms including substantively automatic status	-	-	4,947	-	-
Difference between expected and actual experience	(12,309)	39,684	76,486	(213,513)	(25,895)
Changes of assumptions	-	-	-	58,374	-
Contributions - employer	(197,636)	(182,543)	(162,758)	(158,097)	(150,131)
Contributions - employee	(106,485)	(102,902)	(96,307)	(92,024)	(84,060)
Net investment income	179,686	(736,149)	(332,651)	(7,242)	(269,809)
Administrative expense	3,473	3,814	3,757	4,411	2,817
Other changes	185	193	198	218	232
End of Year Balance	<u>\$ 991,563</u>	<u>\$ 425,302</u>	<u>\$ 743,783</u>	<u>\$ 648,731</u>	<u>\$ 478,390</u>
Plan's fiduciary net position as a percentage of the total pension liability	85.44%	93.38%	87.71%	88.35%	91.12%
Covered payroll	\$ 2,129,700	\$ 2,058,042	\$ 1,926,134	\$ 1,840,484	\$ 1,681,201
Net pension liability as a percentage of covered payroll	46.56%	20.67%	38.62%	35.25%	28.46%

* The amounts presented above are as of the measurement date of the collective net pension asset (liability).

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF EVERMAN
Schedule of Employer Contributions and Related Ratios
Last Five Fiscal Years**

<u>Year Ended September 30th: *</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The City's actuarially determined contribution	\$ 214,256	\$ 190,994	\$ 178,759	\$ 158,902	\$ 151,299
The amount of contributions recognized by the plan in relation to the actuarially determined contribution	<u>214,256</u>	<u>190,994</u>	<u>178,759</u>	<u>158,902</u>	<u>151,299</u>
The difference between the City's actuarially determined contribution and the amount of contributions recognized by the plan in relation to the City's actuarially determined contribution	<u>\$ -</u>				
Covered payroll	\$ 2,259,031	\$ 2,083,289	\$ 2,041,511	\$ 1,872,220	\$ 1,745,348
The amount of contributions recognized by the plan in relation to the City's actuarially determined contribution as a percentage of covered payroll	9.48%	9.17%	8.76%	8.49%	8.67%

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Calculate the Actuarially Determined Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Benefit Changes There were no benefit changes during the year

* The amounts presented above are as of the City's applicable fiscal year-end.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF EVERMAN
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Measurement Year**

Texas Municipal Retirement System (TMRS)

Measurement Date - December 31st: *	2018
Total OPEB Liability - beginning of year	\$ 88,698
Service cost	8,732
Interest	3,073
Change in benefit terms	-
Difference between expected and actual experience	(1,598)
Changes of assumptions or other inputs	(6,761)
Benefit payments***	(426)
Net changes	3,020
Total OPEB Liability - end of year	<u>\$ 91,718</u>
Covered payroll	\$ 2,129,700
Total OPEB liability as a percentage of covered payroll	4.31%

* The amounts presented above are as of the measurement date of the collective total OPEB (asset) liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

***Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

CITY OF EVERMAN
Schedule of OPEB Contributions and Related Ratios
Last Measurement Year**

Texas Municipal Retirement System (TMRS)

Year Ended September 30th: *	2019
The City's actuarially determined contribution	\$ 617
The amount of contributions recognized by the plan in relation to the actuarially determined contribution	<u>617</u>
The difference between the City's actuarially determined contribution and the amount of contributions recognized by the plan in relation to the City's actuarially determined contribution	<u>\$ -</u>
Covered payroll	\$ 2,259,031
The amount of contributions recognized by the plan in relation to the City's actuarially determined contribution as a percentage of covered payroll	0.03%

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Calculate the Actuarially Determined Contribution Rates:

Asset Valuation Method	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***	3.71%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The amounts presented above are as of the City's applicable fiscal year-end.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

***The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

SUPPLEMENTAL INFORMATION

CITY OF EVERMAN, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Crime Control and Prevention District	Tax Increment Financing Zone	
Assets			
Cash and cash equivalents	\$ 113,816	\$ 97,428	\$ 211,244
Taxes receivable	5,500	2,364	7,864
Total assets	<u>\$ 119,316</u>	<u>\$ 99,792</u>	<u>\$ 219,108</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted for:			
Crime control and prevention district	\$ 119,316	\$ -	\$ 119,316
Tax increment financing zone	<u>-</u>	<u>99,792</u>	<u>99,792</u>
Total fund balances	<u>119,316</u>	<u>99,792</u>	<u>219,108</u>
Total fund balances	<u>\$ 119,316</u>	<u>\$ 99,792</u>	<u>\$ 219,108</u>

CITY OF EVERMAN, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2019

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Crime Control and Prevention District	Tax Increment Financing Zone	
Revenues			
Sales tax	\$ 75,852	\$ -	\$ 75,852
Intergovernmental revenue	-	60,373	60,373
Interest income	1,966	1,158	3,124
Total revenues	<u>77,818</u>	<u>61,531</u>	<u>139,349</u>
Expenditures			
Administrative services- other funds	<u>29,500</u>	-	<u>29,500</u>
Total expenditures	<u>29,500</u>	-	<u>29,500</u>
Net change in fund balances	<u>48,318</u>	<u>61,531</u>	<u>109,849</u>
Fund balances, beginning of year	<u>70,998</u>	<u>38,261</u>	<u>109,259</u>
Fund balances, end of year	<u>\$ 119,316</u>	<u>\$ 99,792</u>	<u>\$ 219,108</u>

CITY OF EVERMAN, TEXAS
Statement of Revenues - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2019
(With Comparative Totals For the Fiscal Year Ending September 30, 2018)

	Budgeted Amounts		2019 Actual	Variance with Final Budget Favorable (Unfavorable)	2018 Actual
	Original	Final			
Taxes					
General property taxes					
Current	\$ 1,731,200	\$ 1,731,200	\$ 1,841,367	\$ 110,167	\$ 1,558,111
Delinquent	46,200	46,200	28,500	(17,700)	46,557
Penalty and interest	48,000	48,000	31,159	(16,841)	39,947
Sales tax	425,750	425,750	341,822	(83,928)	382,385
Mixed beverage tax	14,000	14,000	7,929	(6,071)	11,446
Franchise tax	325,000	325,000	310,613	(14,387)	290,785
Bingo tax	24,000	24,000	11,327	(12,673)	20,000
Totals	2,614,150	2,614,150	2,572,717	(41,433)	2,349,231
Licenses, permits, and fees for services					
Sanitation fees	305,000	305,000	302,890	(2,110)	304,914
Animal adoption fees	734	735	1,040	305	900
Animal control fees	1,050	1,050	589	(461)	887
Building permits	30,000	30,000	9,195	(20,805)	14,578
Amusement machine permits	1,000	1,000	420	(580)	525
Other licenses and permits	30,050	30,050	23,509	(6,541)	26,040
Totals	367,834	367,835	337,643	(30,192)	347,844
Intergovernmental revenue					
Local grant	262,000	349,358	291,039	(58,319)	199,220
Totals	262,000	349,358	291,039	(58,319)	199,220
Donations					
County runs - fire	84,000	84,000	87,150	3,150	84,000
County runs - EMS	70,000	70,000	88,768	18,768	69,889
County runs - police	-	9,000	9,018	18	5,812
Animal control	-	-	105	105	-
Other donations	-	-	700	700	3,104
Totals	154,000	163,000	185,741	22,741	162,805
Fines and fees					
Court fines	116,970	116,970	117,166	196	108,950
Ambulance fees - insurance	200,000	200,000	147,202	(52,798)	147,789
Parks	-	-	100	100	30
Security alarm fee	6,000	6,000	3,223	(2,777)	3,585
Labor liens recovery	3,000	14,780	12,792	(1,988)	4,471
Library fines and fees	-	-	-	-	50
Totals	325,970	337,750	280,483	(57,267)	264,875
Interest income	25,000	25,000	24,761	(239)	21,085
Other revenues					
Vending commissions	-	-	209	209	129
Garage sale permits	2,500	2,500	2,200	(300)	2,484
Oil and gas royalties	8,000	8,000	8,841	841	5,451
Miscellaneous	-	-	39,251	39,251	5,332
Totals	10,500	10,500	50,501	40,001	13,396
Administrative services - other funds	343,000	343,000	343,000	-	303,600
Total revenues	\$ 4,102,454	\$ 4,210,593	\$ 4,085,885	\$ (124,708)	\$ 3,662,056

CITY OF EVERMAN, TEXAS
Statement of Expenditures - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2019
(With Comparative Totals For the Fiscal Year Ending September 30, 2018)

	Budgeted Amounts		2019 Actual	Variance with Final Budget Favorable (Unfavorable)	2018 Actual
	Original	Final			
Administrative					
Salaries	\$ 418,700	\$ 438,700	\$ 426,801	\$ 11,899	\$ 386,500
Supplies	84,550	76,050	72,007	4,043	100,216
Services	274,450	311,055	299,083	11,972	243,559
Maintenance	34,500	34,500	32,193	2,307	30,513
Capital outlay	-	-	-	-	7,419
Totals	812,200	860,305	830,084	30,221	768,207
Streets					
Salaries	247,277	247,277	235,337	11,940	230,562
Supplies	6,000	6,000	7,731	(1,731)	8,910
Services	372,700	401,700	405,422	(3,722)	393,754
Maintenance	-	-	5,286	(5,286)	-
Totals	625,977	654,977	653,776	1,201	633,226
Parks and building maintenance					
Salaries	66,694	66,694	51,527	15,167	49,629
Supplies	9,100	17,100	24,494	(7,394)	11,695
Services	24,000	24,000	23,545	455	29,059
Capital outlay	-	-	6,800	(6,800)	-
Totals	99,794	107,794	106,366	1,428	90,383
Police					
Salaries	1,360,337	1,430,337	1,388,932	41,405	1,299,328
Supplies	23,500	29,500	38,913	(9,413)	36,087
Services	51,965	57,115	68,359	(11,244)	86,077
Maintenance	21,500	24,500	36,229	(11,729)	21,326
Debt service	2,000	2,000	2,207	(207)	2,107
Totals	1,459,302	1,543,452	1,534,640	8,812	1,444,925
Maintenance garage					
Salaries	79,204	91,204	77,910	13,294	73,505
Supplies	52,500	66,500	62,519	3,981	72,681
Services	4,000	4,000	3,428	572	3,524
Maintenance	34,500	34,500	51,365	(16,865)	44,060
Totals	170,204	196,204	195,222	982	193,770
Emergency medical service					
Salaries	430,664	430,664	408,749	21,915	388,361
Supplies	17,250	17,250	18,303	(1,053)	22,647
Services	22,950	22,950	10,504	12,446	6,718
Maintenance	4,000	4,000	4,678	(678)	4,348
Capital outlay	-	81,315	81,315	-	-
Totals	\$ 474,864	\$ 556,179	\$ 523,549	\$ 32,630	\$ 422,074

CITY OF EVERMAN, TEXAS
Statement of Expenditures - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2019
(With Comparative Totals For the Fiscal Year Ending September 30, 2018)

	Budgeted Amounts		2019 Actual	Variance with Final Budget Favorable (Unfavorable)	2018 Actual
	Original	Final			
Fire					
Volunteer benefits	\$ 10,500	\$ 10,500	\$ 8,626	\$ 1,874	\$ 6,534
Supplies	19,000	59,508	53,220	6,288	33,932
Services	13,000	13,000	13,963	(963)	14,529
Maintenance	11,500	11,500	13,253	(1,753)	12,058
Capital outlay	-	-	4,650	(4,650)	9,513
Totals	54,000	94,508	93,712	796	76,566
Community and activity centers					
Supplies	-	-	857	(857)	230
Services	3,500	7,000	6,629	371	4,030
Maintenance	2,000	2,000	648	1,352	1,512
Totals	5,500	9,000	8,134	866	5,772
Municipal court					
Salaries	60,939	60,939	58,262	2,677	51,915
Supplies	2,500	2,500	3,045	(545)	2,761
Services	27,700	27,700	26,390	1,310	28,500
Maintenance	-	-	-	-	1,888
Capital outlay	-	19,000	18,822	178	-
Totals	91,139	110,139	106,519	3,620	85,064
Code enforcement					
Salaries	56,816	56,817	54,307	2,510	52,268
Supplies	3,200	3,200	1,384	1,816	1,326
Services	8,100	19,880	13,974	5,906	15,550
Maintenance	4,000	4,000	4,770	(770)	4,320
Totals	72,116	83,897	74,435	9,462	73,464
Library					
Salaries	129,659	129,659	121,623	8,036	112,031
Supplies	5,000	5,000	5,255	(255)	5,887
Services	10,800	10,800	13,645	(2,845)	17,150
Maintenance	1,000	1,000	2,267	(1,267)	5,531
Capital outlay	-	3,800	3,810	(10)	-
Totals	146,459	150,259	146,600	3,659	140,599
Animal control					
Salaries	89,022	89,022	82,168	6,854	81,615
Supplies	4,250	4,250	4,510	(260)	2,829
Services	2,750	2,750	3,065	(315)	1,359
Maintenance	3,000	3,000	3,857	(857)	3,824
Capital outlay	-	-	3,650	(3,650)	-
Totals	99,022	99,022	97,250	1,772	89,627
Total Expenditures	\$ 4,110,577	\$ 4,465,736	\$ 4,370,287	\$ 95,449	\$ 4,023,677

CITY OF EVERMAN, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Crime Control and Prevention District Fund
For the Fiscal Year Ended September 30, 2019
(With Comparative Totals For the Fiscal Year Ending September 30, 2018)

	Budgeted Amounts	2019 Actual	Variance with Final Budget Favorable (Unfavorable)	2018 Actual
	Original and Final			
Revenues				
Sales tax	\$ 69,174	\$ 75,852	\$ 6,678	\$ 80,873
Interest income	250	1,966	1,716	572
Total revenues	<u>69,424</u>	<u>77,818</u>	<u>8,394</u>	<u>81,445</u>
Expenditures				
Administrative	4,500	-	4,500	1,668
Administrative services- other funds	29,500	29,500		27,600
Capital outlay	-	-	-	36,363
Total expenditures	<u>34,000</u>	<u>29,500</u>	<u>4,500</u>	<u>65,631</u>
Net change in fund balance	<u>35,424</u>	<u>48,318</u>	<u>\$ 12,894</u>	<u>15,814</u>
Fund balance, beginning of year	<u>70,998</u>	<u>70,998</u>		<u>55,184</u>
Fund balance, end of year	<u>\$ 106,422</u>	<u>\$ 119,316</u>		<u>\$ 70,998</u>

CITY OF EVERMAN, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
Debt Service Fund
For the Fiscal Year Ended September 30, 2019
(With Comparative Totals For the Fiscal Year Ending September 30, 2018)

	Budgeted Amounts		Variance with Final Budget Favorable (Unfavorable)	2018 Actual
	Original and Final	2019 Actual		
Revenues				
Property taxes	\$ 166,000	\$ 176,569	\$ 10,569	\$ 324,803
Interest Income	150	461	311	398
Total revenues	166,150	177,030	10,880	325,201
Expenditures				
Debt and capitalized lease debt service:				
Principal retirement	105,000	105,000	-	285,000
Interest and fiscal charges	61,000	61,000	-	66,475
Total expenditures	166,000	166,000	-	351,475
Net change in fund balance	150	11,030	\$ 10,880	(26,274)
Fund balance, beginning of year	28,405	28,405		54,679
Fund balance, end of year	\$ 28,555	\$ 39,435		\$ 28,405

CITY OF EVERMAN, TEXAS
Statement of Operating Expenses
- Budget and Actual -
Enterprise Fund
For the Fiscal Year Ended September 30, 2019
(With Comparative Totals For the Fiscal Year Ending September 30, 2018)

	Budgeted Amounts		2019 Actual	Variance with Final Budget Favorable (Unfavorable)	2018 Actual
	Original	Final			
Water					
Salaries	\$ 344,421	\$ 344,421	\$ 342,714	\$ 1,707	\$ 287,156
Supplies	48,100	50,400	49,662	738	76,170
Services	160,000	160,000	146,197	13,803	234,923
Maintenance	35,800	35,800	22,328	13,472	39,556
Equipment	10,000	10,000	5,550	4,450	4,625
Totals	598,321	600,621	566,451	34,170	642,430
Sewer					
Supplies	7,000	7,000	775	6,225	207
Services	651,000	651,000	592,193	58,807	604,907
Maintenance	2,000	2,000	614	1,386	3,160
Totals	660,000	660,000	593,582	66,418	608,274
Administrative services - General fund	240,000	240,000	240,000	-	207,000
Depreciation	204,500	234,500	267,079	(32,579)	235,569
Total operating expenses	\$ 1,702,821	\$ 1,735,121	\$ 1,667,112	\$ 68,009	\$ 1,693,273

CITY OF EVERMAN, TEXAS
Governmental Activities
Schedule of 2013 General Obligation Bonds Payable
Debt Service Requirement in Future Years
September 30, 2019

	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Requirements</u>
2020	\$ 110,000	\$ 57,900	\$ 167,900
2021	115,000	54,525	169,525
2022	115,000	51,075	166,075
2023	120,000	47,550	167,550
2024	125,000	43,875	168,875
2025	125,000	40,125	165,125
2026	130,000	36,300	166,300
2027	135,000	31,988	166,988
2028	140,000	27,175	167,175
2029	145,000	22,187	167,187
2030	150,000	17,025	167,025
2031	155,000	12,075	167,075
2032	160,000	7,350	167,350
2033	165,000	2,475	167,475
	<u>\$ 1,890,000</u>	<u>\$ 451,625</u>	<u>\$ 2,341,625</u>

CITY OF EVERMAN, TEXAS
Business-Type Activities
Schedule of 2007 General Obligation Refunding Bonds Payable
Debt Service Requirement in Future Years
September 30, 2019

	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Requirements</u>
2020	<u>\$ 120,000</u>	<u>\$ 2,250</u>	<u>\$ 122,250</u>

CITY OF EVERMAN, TEXAS
Business-Type Activities
Schedule of Note Payable
Debt Service Requirement in Future Years
September 30, 2019

	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Requirements</u>
2020	\$ 65,696	\$ 19,521	\$ 85,217
2021	69,578	17,977	87,555
2022	73,621	16,342	89,963
2023	78,103	14,612	92,715
2024	82,770	12,777	95,547
2025	89,172	10,831	100,003
2026	91,267	8,736	100,003
2027	93,412	6,591	100,003
2028	95,607	4,396	100,003
2029	91,453	2,149	93,602
	<u>\$ 830,679</u>	<u>\$ 113,932</u>	<u>\$ 944,611</u>

CITY OF EVERMAN, TEXAS
Schedule of Insurance Coverage
September 30, 2019

Type of Coverage	Effective Dates		Premium	Policy #	Amount of Coverage	Insurer
	From	To				
General Liability	10/1/2018	10/1/2019	\$ 2,340	3663	\$ 1,000,000	Texas Municipal League Intergovernmental Risk Pool
Real and Personal Property	10/1/2018	10/1/2019	11,827	3663	9,793,693	Texas Municipal League Intergovernmental Risk Pool
Mobile Equipment	10/1/2018	10/1/2019	1,011	3663	234,768	Texas Municipal League Intergovernmental Risk Pool
Boiler & Machinery	10/1/2018	10/1/2019	Included	3663	500,000	Texas Municipal League Intergovernmental Risk Pool
Cyber Liability Info Security and Privacy	10/1/2018	10/1/2019	Included	3663	1,000,000	Texas Municipal League Intergovernmental Risk Pool
Cyber Liability Breach Response	10/1/2018	10/1/2019	Included	3663	50,000	Texas Municipal League Intergovernmental Risk Pool
Law Enforcement Liability	10/1/2018	10/1/2019	7,202	3663	1,000,000	Texas Municipal League Intergovernmental Risk Pool
Errors & Omissions Liability	10/1/2018	10/1/2019	3,635	3663	1,000,000	Texas Municipal League Intergovernmental Risk Pool
Automobile Liability	10/1/2018	10/1/2019	21,250	3663	1,000,000	Texas Municipal League Intergovernmental Risk Pool
Auto Physical Damage	10/1/2018	10/1/2019	14,672	3663	ACV	Texas Municipal League Intergovernmental Risk Pool
Public Employee Dishonesty	10/1/2018	10/1/2019	600	3663	100,000	Texas Municipal League Intergovernmental Risk Pool
Workers Compensation	10/1/2018	10/1/2019	<u>55,039</u>	3663	Statutory Limits	Texas Municipal League Intergovernmental Risk Pool
Total Premiums			<u>\$ 117,576</u>			

Note: This statement is presented for information only and is not intended as an expression as to adequacy of coverage.

**OVERALL COMPLIANCE AND
INTERNAL CONTROL SECTION**



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Everman, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Everman, Texas' basic financial statements and have issued our report thereon dated February 7, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



Snow Garrett Williams

February 7, 2020

