

CITY OF EVERMAN, TEXAS

**Annual Financial Report for the Year Ended
September 30, 2021**

**CITY OF EVERMAN, TEXAS
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

Craig Spencer, 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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the City's net pension liability and related ratios, the schedule of employer pension contributions and related ratios, the schedule of changes in the total OPEB liability and related ratios, and the schedule of OPEB contributions and related ratios on pages 5-12 and 46-52 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.

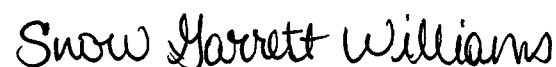
Other Information

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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022, 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

March 28, 2022

CITY OF EVERMAN, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Everman, Texas' management's discussion and analysis (MD&A) provides an overview of the City's financial activities for the fiscal year ended September 30, 2021. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities and deferred inflows at the close of fiscal year 2021 by \$6,276,759 (*net position*). Of this amount, \$1,545,328 is restricted for specific purposes and \$1,087,566 represents unrestricted net position. As required by GASB 34, net position also reflects \$3,643,865 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 \$2,875,613 of which \$3,015,365 represents restricted fund balance, \$1,042 represents assigned fund balance, \$48,087 represents non-spendable fund balance, and unassigned fund balance (deficit) amounted to (\$188,881).
- The City's total debt decreased by \$101,812 during the current fiscal year primarily as a result of the issuance of tax notes offset by scheduled debt service payments, changes in net pension liabilities, changes in OPEB liabilities, and changes in vacation payable.

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 inflows 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 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, fire and emergency medical services, 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, TEXAS
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 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 eight individual governmental funds, which includes four special revenue funds, one debt service fund, two capital project funds, 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, Capital Project Fund, and 2020 CO 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 are also known as Enterprise funds and 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.

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 44 of this report.

CITY OF EVERMAN, TEXAS
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 46 through 52 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 exceeded liabilities and deferred inflows by \$6,276,759 as of September 30, 2021.

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 4,229,906	\$ 4,433,927	\$ 4,118,673	\$ 4,388,320	\$ 8,348,579	\$ 8,822,247
Capital assets, net of depreciation	5,404,912	4,091,924	4,531,641	3,158,378	9,936,553	7,250,302
Total assets	9,634,818	8,525,851	8,650,314	7,546,698	18,285,132	16,072,549
Long-term liabilities	4,683,302	4,530,461	4,885,646	5,140,299	9,568,948	9,670,760
Other liabilities	1,080,204	364,916	1,145,932	248,297	2,226,136	613,213
Total liabilities	5,763,506	4,895,377	6,031,578	5,388,596	11,795,084	10,283,973
Deferred inflows of resources	209,897	237,376	3,392	55,403	213,289	292,779
Net position:						
Net investment in capital assets	2,441,817	2,158,083	1,202,048	2,210,942	3,643,865	4,369,025
Restricted	1,545,328	1,622,236	-	-	1,545,328	1,622,236
Unrestricted	(325,730)	(387,221)	1,413,296	(108,243)	1,087,566	(495,464)
Total net position	\$ 3,661,415	\$ 3,393,098	\$ 2,615,344	\$ 2,102,699	\$ 6,276,759	\$ 5,495,797

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 \$3,643,865. 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 \$1,545,328 (or 21%) 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, for capital projects, and debt service requirements on the City's outstanding debt. The remaining balance of unrestricted net position is \$1,087,566.

The City's net position increased by \$780,962 during the current fiscal year. The City's governmental activities increased net position by \$268,317 which included transfers from the business-type activities of \$294,000. The total cost of all governmental activities this year was \$5,487,222. The amount that taxpayers paid for these activities through property taxes was \$2,745,596 or 50%.

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

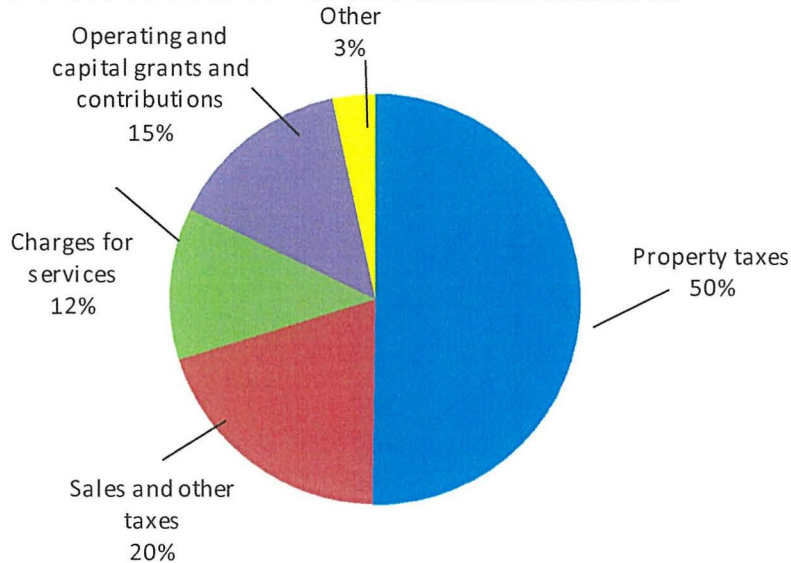
City of Everman's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 653,442	\$ 692,982	\$ 2,158,900	\$ 1,868,396	\$ 2,812,342	\$ 2,561,378
Operating grants and contributions	789,885	789,859	-	-	789,885	789,859
Capital grants and contributions	-	-	140,817	274,544	140,817	274,544
General revenues:						
Property taxes	2,745,596	2,411,529	-	-	2,745,596	2,411,529
Sales and other taxes	1,090,270	1,108,354	-	-	1,090,270	1,108,354
Gain on disposal of assets	112,600	-	15,750	14,150	128,350	14,150
Other	69,746	50,870	1,801	6,213	71,547	57,083
Total revenues	5,461,539	5,053,594	2,317,268	2,163,303	7,778,807	7,216,897
Expenses:						
Administrative	1,205,840	1,043,777	-	-	1,205,840	1,043,777
Streets	789,399	806,635	-	-	789,399	806,635
Parks and building maintenance	204,349	199,539	-	-	204,349	199,539
Police	1,687,590	1,840,154	-	-	1,687,590	1,840,154
Maintenance garage	308,355	190,205	-	-	308,355	190,205
Fire and EMS	778,389	756,471	-	-	778,389	756,471
Community and activity centers	10,081	11,405	-	-	10,081	11,405
Municipal court	101,079	113,537	-	-	101,079	113,537
Code enforcement	57,762	65,811	-	-	57,762	65,811
Library	76,560	127,811	-	-	76,560	127,811
Animal control	100,170	102,643	-	-	100,170	102,643
Interest and fiscal charges	167,648	290,159	-	-	167,648	290,159
Water	-	-	789,921	1,004,420	789,921	1,004,420
Sewer	-	-	720,702	669,981	720,702	669,981
Total expenses	5,487,222	5,548,147	1,510,623	1,674,401	6,997,845	7,222,548
Increase (decrease) in net position before transfers	(25,683)	(494,553)	806,645	488,902	780,962	(5,651)
Transfers	294,000	308,150	(294,000)	(308,150)	-	-
Change in net position	268,317	(186,403)	512,645	180,752	780,962	(5,651)
Net position, beginning of year	3,393,098	3,579,501	2,102,699	1,921,947	5,495,797	5,501,448
Net position, end of year	\$ 3,661,415	\$ 3,393,098	\$ 2,615,344	\$ 2,102,699	\$ 6,276,759	\$ 5,495,797

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

Governmental activities. Governmental activities increased the City's net position by \$268,317.

Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net position by \$512,645. Key elements of this increase are related to increases in water and sewer sales and grant 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 \$2,875,613, a decrease of \$978,017 in comparison with the prior year. The unassigned fund balance is a deficit of \$188,881. 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 (\$1,479,976), economic development (\$573,827), tax increment financing (\$302,591), street improvements (\$486,144), crime control and prevention (\$59,706), debt service (\$59,096), LEOSE training and court related expenditures (\$53,142), and celebration and other donations (\$883).

**CITY OF EVERMAN, TEXAS
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 a deficit of \$85,727. The fund balance of the City's general fund decreased by \$170,239 during the current fiscal year. Key factors in this decrease are as follows:

- Increase in salaries and benefits expenses;
- Increase in services expenses;
- Increase in maintenance expenses;
- Budgeted use of fund reserves for capital outlay expenditures;
- Decrease in grant revenue; and
- Decrease in fines and fees revenue.

The debt service fund has a fund balance of \$59,096. The net increase in fund balance during the current year in the debt service fund was \$9,249.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing budget to actual amounts, the City was under the final budgeted revenue estimate by \$160,727. The primary revenue that came in under the estimated budget amount was fines and fees revenue.

Total expenditures were more than the final budgeted amounts by \$4,225. Actual expenditures were more than budgeted primarily due to higher expenditures than expected in police and maintenance garage.

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, 2021, amounts to \$9,936,553 (net of accumulated depreciation). The investment in capital assets related to governmental activities (\$5,404,912) includes land, infrastructure, buildings and improvements, machinery and equipment, and vehicles. The City's investment in capital assets related to business-type activities (\$4,531,641) 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:

- Memorial Park facility upgrades;
- Water line project;
- Fire Station rebuild; and
- Beginning the City Hall Annex- Civic Center rebuild.

**CITY OF EVERMAN, TEXAS
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	-	1,784,231	1,784,231
Buildings and improvements	2,972,370	-	2,972,370
Infrastructure	1,485,364	-	1,485,364
Water and sewer system	-	2,614,032	2,614,032
Machinery and equipment	412,220	79,953	492,173
Vehicles	269,172	-	269,172
Total	<u>\$ 5,404,912</u>	<u>\$ 4,531,641</u>	<u>\$ 9,936,553</u>

Additional information on the City's capital assets can be found in Note G on pages 30 and 31 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of the following:

City of Everman's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total
Certificates of obligation	\$ 2,090,000	\$ 4,090,000	\$ 6,180,000
General obligation bonds	1,665,000	-	1,665,000
Unamortized bond premium	163,071	84,484	247,555
Note payable	-	695,405	695,405
Tax notes	525,000	-	525,000
Vacation payable	123,846	5,431	129,277
Net pension liability	14,952	242	15,194
Net OPEB liability	101,433	10,084	111,517
Total	<u>\$ 4,683,302</u>	<u>\$ 4,885,646</u>	<u>\$ 9,568,948</u>

The City's total long-term debt decreased by a net amount of \$101,812 during the current fiscal year. Debt related to governmental activities increased by \$152,841 primarily as a result of the issuance of tax notes offset by scheduled debt payments and decrease in net pension liability. Debt related to business-type activities decreased by \$254,653 primarily as a result of scheduled debt payments. The City's bonds are rated "BBB" 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 2020-2021 was \$1.149676 per \$100 assessed valuation, of which \$0.136371 was for annual debt service.

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

Additional information on the City's long-term debt can be found in Note H on pages 32 through 34 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 2022, the City Council and management considered the following factors:

- Increase of \$139,821 (or 5.62%) in property taxes, including taxes on new property development of \$3,295.
- In Fiscal Year 2021, City Administration continually evaluated for potential areas of improvement that would enhance efficiency while reducing budget impact. These efforts were imperative to improving the City's financial position, particularly the unrestricted net position. Through these efforts, the City was able to perform underbudget in most departments enabling us to go from a deficit unrestricted net position last year to an unrestricted net position of \$1,087,566 this year.
- Historically, the City of Everman provided all employees with a 5% annual merit increase. However, this year City Council approved a new city-wide pay scale that more appropriately aligned the compensation of employees, to be both fair and equitable, while providing for an overall compensation increase of less than 5%.
- This budget maintained the employee health insurance benefits at the same rate as the previous year while even providing a few new benefit options.
- Council approved Water and Sewer rate increases that will cover the full cost of producing, treating, storing, and distributing water to customers. The rates were determined following a survey of like-size cities within the region, making them fair and equitable rates. This will allow the City to build an appropriate reserve fund balance while also minimizing the need to levy ad valorem taxes, issue bonds, or take out additional loans. Furthermore, adjustment of these rates limited the need to rely upon the General Fund for enterprise operations.
- The staffing structure within the Utility Billing department has changed to enhance operations, while reducing employee salary and benefit expenses.
- Sales tax revenue in 2021 reflected a slight increase; however, we continued to budget sales tax revenue conservatively due to the uncertainty of the overall economy.
- The City of Everman received approximately \$768,260 in American Rescue Plan Act (ARPA) funds. These funds were primarily allocated toward infrastructure projects with the goal of improving services and safety. In doing so, this has allowed the City to address these infrastructure needs while providing much needed relief to the budget during the ongoing global pandemic.
- City Administration is putting a strong focus on potential grant funded opportunities. City staff will continue to work toward finding additional funding opportunities that are available to municipalities.
- In 2020, Council approved the borrowing of \$2,700,000 through the Texas Water Development Board Financial Assistance Program. These funds were allocated toward much needed water system improvement projects. These projects included an additional water well-site, to handle future development, and water line replacement projects. These projects were initiated in 2021.

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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,734,710	\$ -	\$ 1,734,710
Receivables			
Taxes, net of allowances for uncollectibles	224,113	-	224,113
Accounts, net of allowances for uncollectibles	350,452	354,483	704,935
Prepaid expenses	48,087	-	48,087
Internal balances	367,918	(367,918)	-
Restricted assets			
Cash and cash equivalents	1,504,626	4,132,108	5,636,734
Capital assets			
Land and construction in progress	265,786	1,837,656	2,103,442
Other capital assets, net of depreciation	5,139,126	2,693,985	7,833,111
Total capital assets	5,404,912	4,531,641	9,936,553
Total assets	9,634,818	8,650,314	18,285,132
Liabilities			
Accounts payable and accrued expenses	291,781	96,516	388,297
Due to State	2,094	-	2,094
Unearned revenue - American Rescue Plan Act	768,260	-	768,260
Payable from restricted assets			
Customer deposits	-	157,852	157,852
Accrued interest payable	18,069	11,408	29,477
Construction payable	-	880,156	880,156
Long-term liabilities			
Due within one year	409,317	283,659	692,976
Due in more than one year	4,273,985	4,601,987	8,875,972
Total liabilities	5,763,506	6,031,578	11,795,084
Deferred inflows of resources			
Deferred inflows of resources - OPEB	2,127	35	2,162
Deferred inflows of resources - Pension	207,770	3,357	211,127
Total deferred inflows of resources	209,897	3,392	213,289
Net position			
Net investment in capital assets	2,441,817	1,202,048	3,643,865
Restricted for:			
Debt service	69,035	-	69,035
Economic development	573,827	-	573,827
Street improvement	486,144	-	486,144
Crime control and prevention district	59,706	-	59,706
Tax increment financing zone	302,591	-	302,591
Court security and technology	47,801	-	47,801
LEOSE training	5,341	-	5,341
Celebration and other donations	883	-	883
Unrestricted	(325,730)	1,413,296	1,087,566
Total net position	\$ 3,661,415	\$ 2,615,344	\$ 6,276,759

The accompanying notes are an integral part of these financial statements.

CITY OF EVERMAN, TEXAS
Statement of Activities
For the Fiscal Year Ended September 30, 2021

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	\$ 1,205,840	\$ 16,986	\$ 105,982	\$ -	\$ (1,082,872)	\$ -	\$ (1,082,872)
Streets	789,399	315,153	-	-	(474,246)	-	(474,246)
Parks and building maintenance	204,349	725	-	-	(203,624)	-	(203,624)
Police	1,687,590	-	275,285	-	(1,412,305)	-	(1,412,305)
Maintenance garage	308,355	-	-	-	(308,355)	-	(308,355)
Fire and emergency medical services	778,389	221,106	408,618	-	(148,665)	-	(148,665)
Community and activity centers	10,081	-	-	-	(10,081)	-	(10,081)
Municipal court	101,079	61,996	-	-	(39,083)	-	(39,083)
Code enforcement	57,762	36,596	-	-	(21,166)	-	(21,166)
Library	76,560	676	-	-	(75,884)	-	(75,884)
Animal control	100,170	204	-	-	(99,966)	-	(99,966)
Interest and fiscal charges	167,648	-	-	-	(167,648)	-	(167,648)
Total governmental activities	5,487,222	653,442	789,885	-	(4,043,895)	-	(4,043,895)
Business-type activities							
Water	789,921	1,157,506	-	140,817	-	508,402	508,402
Sewer	720,702	1,001,394	-	-	-	280,692	280,692
Total business-type activities	1,510,623	2,158,900	-	140,817	-	789,094	789,094
Total primary government	\$ 6,997,845	\$ 2,812,342	\$ 789,885	\$ 140,817	(4,043,895)	789,094	(3,254,801)
General revenues:							
Taxes							
Property taxes					2,745,596	-	2,745,596
Sales tax					785,424	-	785,424
Mixed beverage tax					3,670	-	3,670
Franchise taxes					269,844	-	269,844
Bingo tax					31,332	-	31,332
Investment earnings					3,048	681	3,729
Gain on disposal of assets					112,600	15,750	128,350
Miscellaneous					66,698	1,120	67,818
Transfers					294,000	(294,000)	-
Total general revenues and transfers					4,312,212	(276,449)	4,035,763
Change in net position					268,317	512,645	780,962
Net position, beginning of year					3,393,098	2,102,699	5,495,797
Net position, end of year					\$ 3,661,415	\$ 2,615,344	\$ 6,276,759

CITY OF EVERMAN, TEXAS
Balance Sheet
Governmental Funds
September 30, 2021

	General Fund	Economic Development Corporation Fund	Street Improvement Fund	Debt Service Fund	Capital Project Fund	2020 CO Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 290,420	\$ 542,790	\$ 468,761	\$ 59,096	\$ 29,991	\$ 1,504,626	\$ 343,652	\$ 3,239,336
Receivables								
Taxes, net of allowances of \$72,463	143,380	34,766	17,383	9,939	-	-	18,645	224,113
Accounts, net of allowance of \$564	142,082	-	-	-	-	-	-	142,082
Due from other funds	367,918	-	-	-	-	-	-	367,918
Prepaid expenses	48,087	-	-	-	-	-	-	48,087
Total assets	\$ 991,887	\$ 577,556	\$ 486,144	\$ 69,035	\$ 29,991	\$ 1,504,626	\$ 362,297	\$ 4,021,536
Liabilities								
Accounts payable and accrued expenses	\$ 233,411	\$ 3,729	\$ -	\$ -	\$ -	\$ 54,641	\$ -	\$ 291,781
Due to State	2,094	-	-	-	-	-	-	2,094
Unearned revenue - American Rescue Plan Act	768,260	-	-	-	-	-	-	768,260
Total liabilities	1,003,765	3,729	-	-	-	54,641	-	1,062,135
Deferred inflows of resources								
Unavailable revenue - property taxes	73,849	-	-	9,939	-	-	-	83,788
Total deferred inflows of resources	73,849	-	-	9,939	-	-	-	83,788
Fund Balances								
Nonspendable for prepaid expense	48,087	-	-	-	-	-	-	48,087
Restricted for:								
Street improvement	-	-	486,144	-	-	-	-	486,144
Crime control and prevention district	-	-	-	-	-	-	59,706	59,706
Capital projects	-	-	-	-	29,991	1,449,985	-	1,479,976
Economic development	-	573,827	-	-	-	-	-	573,827
Tax increment financing zone	-	-	-	-	-	-	302,591	302,591
Debt service	-	-	-	59,096	-	-	-	59,096
LEOSE training	5,341	-	-	-	-	-	-	5,341
Court security fees	22,809	-	-	-	-	-	-	22,809
Court technology fees	24,992	-	-	-	-	-	-	24,992
Celebration and other donations	883	-	-	-	-	-	-	883
Assigned for employee appreciation fund	1,042	-	-	-	-	-	-	1,042
Unassigned	(188,881)	-	-	-	-	-	-	(188,881)
Total fund balances	(85,727)	573,827	486,144	59,096	29,991	1,449,985	362,297	2,875,613
Total liabilities, deferred inflows of resources, and fund balances	\$ 991,887	\$ 577,556	\$ 486,144	\$ 69,035	\$ 29,991	\$ 1,504,626	\$ 362,297	

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.	5,404,912
Deferred inflows of resources for pensions are not financial resources and, therefore, are not reported in the funds.	(207,770)
Deferred inflows of resources for OPEB are not financial resources and, therefore, are not reported in the funds.	(2,127)
Property tax receivables, net of allowances are not available to pay for current period expenditures and, therefore, are deferred in the funds.	83,788
Accounts receivable for ambulance services are not measurable and available in the current period and are not reported in the funds.	208,370
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.	(4,701,371)
Net position of governmental activities - statement of net position	\$ 3,661,415

CITY OF EVERMAN, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2021

	General Fund	Economic Development Corporation Fund	Street Improvement Fund	Debt Service Fund	Capital Project Fund	2020 CO Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 3,131,296	\$ 198,495	\$ 99,248	\$ 319,398	\$ -	\$ -	\$ 90,691	\$ 3,839,128
Licenses, permits, and fees for services	346,473	-	-	-	-	-	-	346,473
Intergovernmental revenue	488,195	-	-	-	-	-	105,982	594,177
Donations	195,708	-	-	-	-	-	-	195,708
Fines and fees	230,485	-	-	-	-	-	-	230,485
Interest income	470	657	582	48	-	1,006	285	3,048
Other revenues	74,856	-	-	-	-	-	-	74,856
Administrative services - other funds	397,020	-	-	-	-	-	-	397,020
Total revenues	4,864,503	199,152	99,830	319,446	-	1,006	196,958	5,680,895
Expenditures								
Administrative services - other funds	-	44,004	29,508	-	-	-	29,508	103,020
Administrative	1,093,125	114,884	-	-	-	-	-	1,208,009
Streets	635,151	-	16,755	-	-	-	15,000	666,906
Parks and building maintenance	100,783	-	-	-	-	-	-	100,783
Police	1,712,724	-	-	-	-	-	-	1,712,724
Maintenance garage	304,926	-	-	-	-	-	-	304,926
Fire and emergency medical services	732,323	-	-	-	-	-	-	732,323
Community and activity centers	3,726	-	-	-	-	-	-	3,726
Municipal court	100,809	-	-	-	-	-	-	100,809
Code enforcement	60,998	-	-	-	-	-	-	60,998
Library	68,093	-	-	-	-	-	-	68,093
Animal control	94,209	-	-	-	-	-	-	94,209
Capital outlay	240,475	96,545	126,885	-	30,000	1,256,842	-	1,750,747
Debt service	-	4,042	-	310,197	-	25,000	50,000	389,239
Total expenditures	5,147,342	259,475	173,148	310,197	30,000	1,281,842	94,508	7,296,512
Excess (deficiency) of revenues over (under) expenditures	(282,839)	(60,323)	(73,318)	9,249	(30,000)	(1,280,836)	102,450	(1,615,617)
Other financing sources and uses								
Bond Proceeds	-	-	-	-	-	525,000	-	525,000
Proceeds from sale of assets	112,600	-	-	-	-	-	-	112,600
Total other financing sources and uses	112,600	-	-	-	-	525,000	-	637,600
Net change in fund balances	(170,239)	(60,323)	(73,318)	9,249	(30,000)	(755,836)	102,450	(978,017)
Fund balances, beginning of year	84,512	634,150	559,462	49,847	59,991	2,205,821	259,847	3,853,630
Fund balances, end of year	\$ (85,727)	\$ 573,827	\$ 486,144	\$ 59,096	\$ 29,991	\$ 1,449,985	\$ 362,297	\$ 2,875,613

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, 2021

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

Net change in fund balances - total governmental funds	\$	(978,017)
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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	\$	1,750,747	
Depreciation		<u>(437,759)</u>	
			1,312,988

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

Property tax revenue	\$	(3,262)	
Ambulance revenue		<u>61,971</u>	
			58,709

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.

Vacation payable	\$	6,070	
Amortization of bond premium		<u>21,591</u>	
			27,661

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.	181,842
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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 net effect between the two statements.	(9,866)
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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.

Proceeds from tax notes	\$	(525,000)	
Bond repayments		<u>200,000</u>	
			<u>(325,000)</u>

Change in net position of governmental activities - statement of activities	\$	<u>268,317</u>
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CITY OF EVERMAN, TEXAS
Statement of Net Position
Enterprise Fund
September 30, 2021

	Water and Sewer Fund
Assets	
Current assets	
Receivables	
Accounts, net of allowance of \$3,455	\$ 311,800
Grants	42,683
Total current assets	354,483
Restricted assets	
Cash and cash equivalents	4,132,108
Noncurrent assets	
Capital assets	
Land	53,425
Construction in progress	1,784,231
Buildings and improvements	630,200
Waterworks and sewer system	6,060,556
Machinery and equipment	265,340
Accumulated depreciation	(4,262,111)
Total noncurrent assets	4,531,641
Total assets	9,018,232
Liabilities	
Current liabilities	
Payable from current assets	
Accounts payable and accrued expenses	96,516
Due to general fund	367,918
Vacation payable	5,431
Total payable from current assets	469,865
Payable from restricted assets	
Current portion of long term obligations	204,607
Current portion of note payable	73,621
Customer deposits	157,852
Accrued interest	11,408
Construction payable	880,156
Total payable from restricted assets	1,327,644
Total current liabilities	1,797,509
Noncurrent liabilities	
Net pension liability	242
Net OPEB liability	10,084
Certificates of obligation and unamortized premium	3,969,877
Note payable	621,784
Total noncurrent liabilities	4,601,987
Total liabilities	6,399,496
Deferred Inflows of Resources	
Deferred inflows of resources - OPEB	35
Deferred inflows of resources - Pension	3,357
Total deferred inflows of resources	3,392
Net position	
Net investment in capital assets	1,202,048
Unrestricted	1,413,296
Total net position	\$ 2,615,344

CITY OF EVERMAN, TEXAS
Statement of Revenues, Expenses, and Changes in Net Position
Enterprise Fund
For the Fiscal Year Ended September 30, 2021

	<u>Water and Sewer Fund</u>
Operating revenues	
Water and sewer sales, net of bad debt expense	\$ 2,157,282
Other income	<u>1,618</u>
Total operating revenues	<u>2,158,900</u>
Operating expenses	
Water	557,378
Sewer	684,923
Administrative services - General Fund	294,000
Depreciation	<u>216,672</u>
Total operating expenses	<u>1,752,973</u>
Operating income	<u>405,927</u>
Non-operating revenues (expenses)	
Intergovernmental revenue	140,817
Interest revenue	681
Fines and fees	1,120
Gain on disposal of asset	15,750
Interest expense and fiscal charge	<u>(51,650)</u>
Total non-operating revenues (expenses)	<u>106,718</u>
Change in net position	512,645
Net position, beginning of year	<u>2,102,699</u>
Net position, end of year	<u><u>\$ 2,615,344</u></u>

CITY OF EVERMAN, TEXAS
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended September 30, 2021

	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 2,060,796
Cash paid to suppliers	(928,237)
Cash paid to employees	(332,653)
Cash paid to other funds	(196,204)
	<u>603,702</u>
Net cash provided by operating activities	<u>603,702</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(612,358)
Proceeds from disposal of capital assets	15,750
Proceeds from capital grants	713
Principal payments on long-term debt	(274,635)
Interest payments and fiscal charge	(50,530)
	<u>(921,060)</u>
Net cash used in capital and related financing activities	<u>(921,060)</u>
Cash flows from investing activities:	
Interest income	681
	<u>681</u>
Net cash provided by investing activities	<u>681</u>
Net decrease in cash and cash equivalents	(316,677)
Cash and cash equivalents at beginning of year	<u>4,448,785</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,132,108</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM THE STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION	
Restricted cash and cash equivalents	<u>\$ 4,132,108</u>
Total cash and cash equivalents	<u><u>\$ 4,132,108</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 405,927
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation	216,672
(Increase) decrease in:	
Accounts receivable	(102,143)
Increase (decrease) in:	
Accounts payable and accrued expenses	13,440
Customer deposits	4,039
Due to general fund	97,796
Net pension liability	24,915
Total OPEB liability	139
Accrued vacation	(5,072)
Deferred inflows of resources- Pension	(52,177)
Deferred inflows of resources- OPEB	166
	<u>603,702</u>
Net cash provided by operating activities	<u><u>\$ 603,702</u></u>
Noncash capital and related financing activities:	
Contributions of capital assets	<u><u>\$ 97,421</u></u>

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

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.

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with the data of 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 (the 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.

Everman Tax Increment Financing Reinvestment Zone Number One (the 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 County 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.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note A. Summary of Significant Accounting Policies (Continued)

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, Debt Service Fund, Capital Project Fund, and 2020 CO 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.

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.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note A. Summary of Significant Accounting Policies (Continued)

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 and 2020 CO Capital Project Fund account for and report 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 accounts for the provision of regional water, wastewater, and reclaimed water services to residential, commercial, and industrial customers. Activities of the fund include administration, engineering, water and wastewater treatment, billing and collection services, operations and maintenance of the system, and funding for capital improvements to ensure system reliability, comply with regulatory requirements, meet corporate priorities, and serve anticipated growth. Debt is issued for large capital projects. All costs are financed through charges and rates based on the amount of service used, which is billed to customers and collected on a monthly basis. Rates are reviewed regularly and adjusted as necessary to ensure the integrity of the system.

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 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.
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.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note A. Summary of Significant Accounting Policies (Continued)

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
Water and sewer system	20 - 35 years
Heavy machinery	15 years
Transportation vehicles	5 years
Office equipment	5 years

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. 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 no deferred outflows of resources.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note A. Summary of Significant Accounting Policies (Continued)

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 the pension and OPEB plans 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.

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.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note A. Summary of Significant Accounting Policies (Continued)

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 current 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:

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 \$4,701,371 difference are as follows:

Certificates of obligation	\$ (2,090,000)
General obligation bonds	(1,665,000)
Unamortized bond premium	(163,071)
Tax notes	(525,000)
Accrued interest payable	(18,069)
Net pension liability	(14,952)
Total OPEB liability	(101,433)
Vacation payable	<u>(123,846)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (4,701,371)</u></u>

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

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 uses amortized cost to value portfolio assets and follow the criteria established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The stated objective of the pool is to maintain a stable average of \$1.00 per unit net asset value. There are no limitations or restrictions on withdrawals.

Interest Rate Risk – Investments are exposed to interest rate risk if there are changes in market interest rates that will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity (WAM) of its portfolio. The City has no specific limitations with respect to this metric. At September 30, 2021, the WAM of the City's investment in LOGIC was 55 days.

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, 2021, 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 in any one issuer. As of September 30, 2021, 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, 2021, 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, 2021

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. In the governmental fund financial statements, taxes not expected to be collected within sixty days of the fiscal year end are recorded as deferred inflows 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 \$4,132,108 are held for customers' meter deposits, to repay principal and interest on certificates of obligation and notes, and to fund capital projects (unspent debt proceeds).

The following is a summary of restricted assets:

Customer deposits	\$ 157,852
Debt service cash	34,841
TWDB cash	2,420,452
2020 CO cash	<u>1,518,963</u>
Total	<u><u>\$ 4,132,108</u></u>

Note F. Interfund Activity and Balances

Interfund transactions for the fiscal year ended September 30, 2021 are as follows:

Administrative overhead reimbursement from Enterprise Fund	\$ 294,000
Administrative overhead reimbursement	
from Street Improvement Fund	29,508
from Economic Development Corporation (EDC) Fund	44,004
from Crime Control and Prevention District Fund	<u>29,508</u>
Total reimbursements to General Fund	<u>397,020</u>
Total interfund transactions	<u><u>\$ 397,020</u></u>

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

A payable in the Enterprise Fund to the General Fund in the amount of \$367,918 is the result of loans made to cover operating cash deficits.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note G. Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance 09/30/2020	Additions/ Adjustments	Disposals/ Adjustments	Balance 09/30/2021
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 265,786	\$ -	\$ -	\$ 265,786
Total capital assets not being depreciated	265,786	-	-	265,786
Other capital assets				
Buildings and improvements	4,298,731	1,382,437	-	5,681,168
Infrastructure	2,655,882	30,000	-	2,685,882
Machinery and equipment	976,015	218,434	57,814	1,136,635
Vehicles	1,888,064	119,876	186,935	1,821,005
Total other capital assets	9,818,692	1,750,747	244,749	11,324,690
Less accumulated depreciation for:				
Buildings and improvements	2,513,991	194,807	-	2,708,798
Infrastructure	1,076,595	123,923	-	1,200,518
Machinery and equipment	728,875	53,354	57,814	724,415
Vehicles	1,673,093	65,675	186,935	1,551,833
Total accumulated depreciation	5,992,554	437,759	244,749	6,185,564
Other capital assets, net	3,826,138	1,312,988	-	5,139,126
Governmental activities capital assets, net	\$ 4,091,924	\$ 1,312,988	\$ -	\$ 5,404,912

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note G. Capital Assets (Continued)

	Balance 09/30/2020	Additions/ Adjustments	Disposals/ Adjustments	Balance 09/30/2021
Business-type activities				
Capital assets not being depreciated:				
Construction in progress	\$ 308,533	\$ 1,475,698	\$ -	\$ 1,784,231
Land	53,425	-	-	53,425
Total capital assets not being depreciated	361,958	1,475,698	-	1,837,656
Other capital assets				
Buildings and improvements	630,200	-	-	630,200
Water and sewer system	5,954,539	106,017	-	6,060,556
Machinery and equipment	278,556	8,220	21,436	265,340
Total other capital assets	6,863,295	114,237	21,436	6,956,096
Less accumulated depreciation for:				
Building and improvements	630,200	-	-	630,200
Water and sewer system	3,240,544	205,980	-	3,446,524
Machinery and equipment	196,131	10,692	21,436	185,387
Total accumulated depreciation	4,066,875	216,672	21,436	4,262,111
Other capital assets, net	2,796,420	(102,435)	-	2,693,985
Business-type activities capital assets, net	<u>\$ 3,158,378</u>	<u>\$ 1,373,263</u>	<u>\$ -</u>	<u>\$ 4,531,641</u>

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

Governmental activities:

Administrative	\$ 35,682
Streets	136,724
Parks and building maintenance	105,500
Police	68,507
Maintenance garage	3,429
Emergency medical services	10,883
Fire	55,541
Municipal court	2,244
Library	11,467
Animal control	7,782
Total Governmental activities	<u>\$ 437,759</u>

Business-type activities:

Water	\$ 206,718
Sewer	9,954
Total Business-type activities	<u>\$ 216,672</u>

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note H. Long-Term Debt

Long-term debt of the City consists of bonds payable, tax notes, 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, 2021 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 \$1,665,000 at September 30, 2021.

Certificates of Obligation

Series 2020 Combination Tax and Limited Pledge Revenue Certificates of Obligation

- To construct street, City Hall, and fire station improvements.
- Original balance of \$2,175,000.
- Payable in annual installments of \$85,000 to \$135,000, maturing September 30, 2040.
- Interest payable February 1 and August 1 at 2.00% to 4.00%.
- Outstanding balance of \$2,090,000 at September 30, 2021.

Tax Notes

Series 2021 Tax Notes

- To construct City Hall and related parking improvements.
- Original balance of \$525,000.
- Payable in annual installments of \$70,000 to \$80,000, maturing September 30, 2028.
- Interest payable February 1 and August 1 at 1.69%.
- Outstanding balance of \$525,000 at September 30, 2021.

Business-type activities

Certificates of Obligation

Series 2020 Combination Tax and Limited Pledge Revenue Certificates of Obligation

- To construct utility system improvements.
- Original balance of \$1,585,000.
- Payable in annual installments of \$60,000 to \$100,000, maturing September 30, 2040.
- Interest payable February 1 and August 1 at 2.00% to 4.00%.
- Outstanding balance of \$1,525,000, at September 30, 2021.

Series 2020 Combination Tax and Subordinate Lien Revenue Certificates of Obligation (TWDB DWSRF)

- To construct utility system improvements.
- Original balance of \$2,700,000.
- Payable in annual installments of \$135,000, maturing September 30, 2040.
- Interest payable February 1 and August 1 at 0.00% to 0.33%.
- Outstanding balance of \$2,565,000 at September 30, 2021.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note H. Long-Term Debt (Continued)

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 \$695,405 at September 30, 2021, bearing interest at 2.35%.

The following is a summary of the changes by type of debt for the year ended September 30, 2021:

	Balance 09/30/2020	Additions	Retirements	Balance 09/30/2021	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 1,780,000	\$ -	\$ 115,000	\$ 1,665,000	\$ 115,000
Certificates of obligation	2,175,000	-	85,000	2,090,000	80,000
Unamortized bond premium	184,662	-	21,591	163,071	20,471
Tax notes	-	525,000	-	525,000	70,000
Vacation payable	129,916	88,285	94,355	123,846	123,846
Net pension liability	168,071	163,246	316,365	14,952	-
Total OPEB liability	92,812	26,617	17,996	101,433	-
Total governmental activities	<u>4,530,461</u>	<u>803,148</u>	<u>650,307</u>	<u>4,683,302</u>	<u>409,317</u>
<u>Business-type activities</u>					
Certificates of obligation	4,285,000	-	195,000	4,090,000	195,000
Unamortized bond premium	94,541	-	10,057	84,484	9,607
Note payable - direct borrowings	764,983	-	69,578	695,405	73,621
Vacation payable	10,503	4,174	9,246	5,431	5,431
Net pension liability / (asset)	(24,673)	29,591	4,676	242	-
Total OPEB liability	9,945	430	291	10,084	-
Total business-type activities	<u>5,140,299</u>	<u>34,195</u>	<u>288,848</u>	<u>4,885,646</u>	<u>283,659</u>
Totals	<u>\$ 9,670,760</u>	<u>\$ 837,343</u>	<u>\$ 939,155</u>	<u>\$ 9,568,948</u>	<u>\$ 692,976</u>

The annual requirements to amortize long-term debt as of September 30, 2021 are as follows:

Governmental Activities

Fiscal Year Ending	General Obligation Bonds		Certificates of Obligation		Tax Notes		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 115,000	\$ 51,075	\$ 80,000	\$ 54,200	\$ 70,000	\$ 8,281	\$ 378,556
2023	120,000	47,550	85,000	50,900	70,000	7,098	380,548
2024	125,000	43,875	90,000	47,400	75,000	5,873	387,148
2025	125,000	40,125	90,000	43,800	75,000	4,606	378,531
2026	130,000	36,300	95,000	40,100	75,000	3,338	379,738
2027-2031	725,000	110,450	535,000	145,650	160,000	2,704	1,678,804
2032-2036	325,000	9,825	595,000	82,250	-	-	1,012,075
2037-2040	-	-	520,000	21,100	-	-	541,100
Total	<u>\$ 1,665,000</u>	<u>\$ 339,200</u>	<u>\$ 2,090,000</u>	<u>\$ 485,400</u>	<u>\$ 525,000</u>	<u>\$ 31,900</u>	<u>\$ 5,136,500</u>

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note H. Long-Term Debt (Continued)

Business-type Activities

Fiscal Year Ending	Certificates of Obligation		Note Payable From Direct Borrowing		Total
	Principal	Interest	Principal	Interest	
2022	\$ 195,000	\$ 41,579	\$ 73,621	\$ 16,342	\$ 326,542
2023	195,000	39,179	78,103	14,612	326,894
2024	200,000	36,679	82,770	12,777	332,226
2025	200,000	34,079	89,172	10,831	334,082
2026	205,000	31,379	91,267	8,736	336,382
2027-2031	1,065,000	116,695	280,472	13,136	1,475,303
2032-2036	1,110,000	68,534	-	-	1,178,534
2037-2040	920,000	18,719	-	-	938,719
Total	<u>\$ 4,090,000</u>	<u>\$ 386,843</u>	<u>\$ 695,405</u>	<u>\$ 76,434</u>	<u>\$ 5,248,682</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, 2021 was \$129,277.

Note J. Restricted Net Position

The government-wide statement of net position reports \$1,545,328 of restricted net position, of which \$1,422,268 is restricted by enabling legislation for the following:

Economic development	\$ 573,827
Street improvements	486,144
Crime control and prevention district	59,706
Tax increment financing zone	302,591
Total	<u>\$ 1,422,268</u>

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note K. Defined Benefit Pension Plan

Plan Description

The City participates as one of 895 plans in defined benefit pension cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 of participating Texas cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.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.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the City-financed monetary credits with interest. The retiring Member may select one of seven payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

Plan provisions for the City are as follows:

Employee deposit rate	5.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
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

Employees covered by benefit terms.

At the December 31, 2020 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>49</u>
Total	<u><u>119</u></u>

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note K. Defined Benefit Pension Plan (Continued)

Contributions

The contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, 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 city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Everman were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.39% and 7.98% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$211,388, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

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

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

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 in fiscal year 2021 are summarized in the following table:

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

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 Member 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 Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

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 12/31/2019	\$ 6,876,792	\$ 6,733,394	\$ 143,398
Changes for the year:			
Service cost	295,506	-	295,506
Interest	462,578	-	462,578
Difference between expected and actual experience	(25,243)	-	(25,243)
Contributions - employer	-	230,453	(230,453)
Contributions - employee	-	122,719	(122,719)
Net investment income	-	511,317	(511,317)
Benefit payments, including refunds of employee contributions	(343,078)	(343,078)	-
Administrative expense	-	(3,307)	3,307
Other changes	-	(137)	137
Net changes	389,763	517,967	(128,204)
Balance at 12/31/2020	<u>\$ 7,266,555</u>	<u>\$ 7,251,361</u>	<u>\$ 15,194</u>

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%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 1,028,989	\$ 15,194	\$ (810,526)

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

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 the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tnrs.com.

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

For the year ended September 30, 2021, the City recognized pension expense of \$2,454.

At September 30, 2021, 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 experience	\$ -	\$ 183,411
Changes of assumptions	17,818	-
Net difference between projected and actual earnings	-	191,540
Contributions made subsequent to measurement date	146,006	-
Total	\$ 163,824	\$ 374,951

\$146,006 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 fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Calendar year ended
December 31:

2022	\$ (185,807)
2023	(43,050)
2024	(116,914)
2025	(11,362)
2026	-
Thereafter	-
Total	\$ (357,133)

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note L. Other Postemployment Benefits

Plan Description

The City participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The City has elected, by ordinance, to participate in this program and provide group-term life insurance coverage for both active and retired employees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be a single-employer unfunded other postemployment benefit (OPEB) plan. Since only the retiree participants qualifies as an OPEB, the SDBF is administered through a non-qualifying trust per paragraph 4, item (b), of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

The death benefit for active members 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.

Employees covered by benefit terms.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>49</u>
Total	<u><u>63</u></u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. 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. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis.

The City's contributions to the TMRS SDBF for the year ended September 30, 2021 were \$1,307, which equaled the required contributions.

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.00%
Retirees' share of benefit-related costs	\$0

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

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, 2020. All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for disabled retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 through December 31, 2018.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2019	\$ 102,757
Changes for the year:	
Service cost	9,081
Interest	2,941
Difference between expected and actual experience	(17,551)
Changes of assumptions	15,025
Benefit payments	<u>(736)</u>
Net changes	<u>8,760</u>
Balance at 12/31/2020	<u>\$ 111,517</u>

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 2.00%, 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 (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	<u>1% Decrease in Discount Rate (1.00%)</u>	<u>Current Discount Rate (2.00%)</u>	<u>1% Increase in Discount Rate (3.00%)</u>
Total OPEB liability	\$ 136,734	\$ 111,517	\$ 92,039

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$11,550.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note L. Other Postemployment Benefits (Continued)

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 27,113
Changes of assumptions	23,854	-
Contributions made subsequent to measurement date	1,097	-
Total	\$ 24,951	\$ 27,113

The City reported \$1,097 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Calendar year ended December 31:	
2022	\$ (472)
2023	(472)
2024	(1,258)
2025	(551)
2026	(368)
Thereafter	(138)
Total	\$ (3,259)

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 20-year period. Charges are incurred when actual delivery occurs and the rates are adjusted periodically. For the fiscal year ended September 30, 2021, the City's expenses in the Water and Sewer Fund for water and sewer treatment were \$27,329 and \$681,975, respectively.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

Note M. Commitments (Continued)

In fiscal year 2021, the City maintained operating lease contracts for two copiers and with Enterprise Leasing for vehicles used by the Police and Public Works departments. For the fiscal year ended September 30, 2021, the City's expenses related to these operating leases were \$187,547. Lease commitments for the next five years are as follows:

2022	\$ 166,257
2023	133,381
2024	122,882
2025	74,719
2026	9,602
	<u>\$ 506,841</u>

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.

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 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. The tax abatement for fiscal year 2021 was \$0 due to the company not paying their property taxes.

CITY OF EVERMAN, TEXAS
Notes to Financial Statements
September 30, 2021

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 March 28, 2022, the date the financial statements were available to be issued, noting no events requiring disclosure.

**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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 3,133,071	\$ 3,144,071	\$ 3,131,296	\$ (12,775)
Licenses, permits, and fees for services	348,600	348,600	346,473	(2,127)
Intergovernmental revenue	286,500	488,477	488,195	(282)
Donations	157,000	160,625	195,708	35,083
Fines and fees	364,410	378,362	230,485	(147,877)
Interest income	12,500	12,500	470	(12,030)
Other revenues	77,500	208,195	74,856	(133,339)
Administrative services - other funds	397,000	397,000	397,020	20
Total revenues	4,776,581	5,137,830	4,864,503	(273,327)
Expenditures				
Administrative	864,153	1,118,612	1,111,976	6,636
Streets	645,040	645,102	635,151	9,951
Parks and building maintenance	149,272	135,322	130,583	4,739
Police	1,732,177	1,714,366	1,732,204	(17,838)
Maintenance garage	154,649	238,164	304,926	(66,762)
Fire	694,008	861,655	875,099	(13,444)
Community and activity centers	8,500	4,000	3,726	274
Municipal court	110,359	139,927	130,377	9,550
Code enforcement	79,180	63,280	60,998	2,282
Library	129,871	125,221	68,093	57,128
Animal control	97,469	97,469	94,209	3,260
Total expenditures	4,664,678	5,143,117	5,147,342	(4,225)
Other financing sources				
Proceeds from sale of assets	-	-	112,600	(112,600)
	-	-	112,600	(112,600)
Net change in fund balance	\$ 111,903	\$ (5,287)	(170,239)	\$ (164,952)
Fund balance, beginning of year			84,512	
Fund balance, end of year			\$ (85,727)	

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, 2021

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Sales tax	\$ 175,000	\$ 198,495	\$ 23,495
Interest income	9,000	657	(8,343)
Total revenues	184,000	199,152	15,152
Expenditures			
Administrative	133,177	114,884	18,293
Administrative services- other funds	44,000	44,004	(4)
Debt service	-	4,042	(4,042)
Capital outlay	109,150	96,545	12,605
Total expenditures	286,327	259,475	26,852
Excess (deficiency) of revenues over (under) expenditures	(102,327)	(60,323)	42,004
Net change in fund balance	\$ (102,327)	(60,323)	\$ 42,004
Fund balance, beginning of year		634,150	
Fund balance, end of year		\$ 573,827	

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, 2021

	Budgeted Amounts		Variance with Final Budget Favorable (Unfavorable)
	Original and Final	Actual Amounts	
Revenues			
Sales tax	\$ 85,000	\$ 99,248	\$ 14,248
Interest income	3,600	582	(3,018)
Total revenues	88,600	99,830	11,230
Expenditures			
Administrative services- other funds	29,500	29,508	8
Maintenance	35,000	16,755	(16,755)
Capital outlay	157,660	126,885	30,775
Total expenditures	222,160	173,148	14,028
Net change in fund balance	\$ (133,560)	(73,318)	\$ 25,258
Fund balance, beginning of year		559,462	
Fund balance, end of year		\$ 486,144	

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

Texas Municipal Retirement System (TMRS)

Measurement Date - December 31st:*	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 295,506	\$ 285,141	\$ 266,851	\$ 253,345	\$ 224,202	\$ 202,453	\$ 149,731
Interest	462,578	458,524	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	(25,243)	(400,287)	(12,309)	39,684	76,486	(213,513)	(25,895)
Change in assumptions	-	43,640	-	-	-	58,374	-
Benefit payments, including refunds of employee contributions	(343,078)	(321,203)	(299,971)	(328,954)	(199,664)	(238,500)	(309,317)
Net change in total pension liability	389,763	65,815	387,067	370,152	483,149	184,575	173,791
Total pension liability, beginning	<u>6,876,792</u>	<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>	<u>5,212,243</u>
Total pension liability, ending (a)	<u>\$ 7,266,555</u>	<u>\$ 6,876,792</u>	<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							
Employer contributions	\$ 230,453	\$ 223,439	\$ 197,636	\$ 182,543	\$ 162,758	\$ 158,097	\$ 150,131
Employee contributions	122,719	116,861	106,485	102,902	96,307	92,024	84,060
Net investment income	511,317	900,112	(179,686)	736,149	332,651	7,242	269,809
Benefit payments, including refunds of employee contributions	(343,078)	(321,203)	(299,971)	(328,954)	(199,664)	(238,500)	(309,317)
Administrative expenses	(3,307)	(5,084)	(3,473)	(3,814)	(3,757)	(4,411)	(2,817)
Other	(137)	(145)	(185)	(193)	(198)	(218)	(232)
Net change in plan fiduciary net position	517,967	913,980	(179,194)	688,633	388,097	14,234	191,634
Plan fiduciary net position, beginning	<u>6,733,394</u>	<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>	<u>4,716,010</u>
Plan fiduciary net position, ending (b)	<u>\$ 7,251,361</u>	<u>\$ 6,733,394</u>	<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/(asset), ending (a) - (b)	<u>\$ 15,194</u>	<u>\$ 143,398</u>	<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 total pension liability	99.79%	97.91%	85.44%	93.38%	87.71%	88.35%	91.12%
Covered payroll	\$ 2,454,372	\$ 2,337,225	\$ 2,129,700	\$ 2,058,042	\$ 1,926,134	\$ 1,840,484	\$ 1,681,201
Net pension liability as a % of covered payroll	0.62%	6.14%	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 Pension Contributions and Related Ratios
Last Seven Fiscal Years**

Fiscal Year Ended September 30th: *	2021	2020	2019	2018	2017	2016	2015
The City's actuarially determined contribution	\$ 211,388	\$ 230,653	\$ 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	211,388	230,653	214,256	190,994	178,759	158,902	151,299
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,525,947	\$ 2,443,918	\$ 2,259,031	\$ 2,083,289	\$ 2,041,511	\$ 1,872,220	\$ 1,745,348
Contributions as a percentage of covered payroll	8.4%	9.4%	9.5%	9.2%	8.8%	8.5%	8.7%

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 determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirements: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other informaton:

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 Three Fiscal Years**

Texas Municipal Retirement System (TMRS)

Measurement Date - December 31st:*	2020	2019	2018
Total OPEB Liability - beginning of year	\$ 102,757	\$ 91,718	\$ 88,698
Service cost	9,081	7,012	8,732
Interest	2,941	3,520	3,073
Change in benefit terms	-	-	-
Difference between expected and actual experience	(17,551)	(17,045)	(1,598)
Changes of assumptions or other inputs	15,025	18,251	(6,761)
Benefit payments	(736)	(699)	(426)
Net changes	8,760	11,039	3,020
Total OPEB Liability - end of year	<u>\$ 111,517</u>	<u>\$ 102,757</u>	<u>\$ 91,718</u>
Covered payroll	\$ 2,454,372	\$ 2,337,225	\$ 2,129,700
Total OPEB liability as a percentage of covered payroll	4.54%	4.40%	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.

CITY OF EVERMAN
Schedule of OPEB Contributions and Related Ratios
Last Three Fiscal Years**

Texas Municipal Retirement System (TMRS)			
Fiscal Year Ended September 30th: *	2021	2020	2019
The City's actuarially determined contribution	\$ 1,307	\$ 733	\$ 617
The amount of contributions recognized by the plan in relation to the actuarially determined contribution	1,307	733	617
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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,525,947	\$ 2,443,918	\$ 2,259,031
Contributions as a percentage of covered payroll	0.05%	0.03%	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 determine contribution rates:

Asset Valuation Method	For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount Rate***	2.00%
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The amounts presented above are as of the City's 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, 2020.

SUPPLEMENTAL INFORMATION

CITY OF EVERMAN, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2021

	Special Revenue Funds		
	Crime Control and Prevention District	Tax Increment Financing Zone	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ 44,308	\$ 299,344	\$ 343,652
Taxes receivable	15,398	3,247	18,645
Total assets	<u>\$ 59,706</u>	<u>\$ 302,591</u>	<u>\$ 362,297</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	59,706	-	59,706
Tax increment financing zone	-	302,591	302,591
Total fund balances	<u>\$ 59,706</u>	<u>\$ 302,591</u>	<u>\$ 362,297</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, 2021

	Special Revenue Funds		
	Crime Control and Prevention District	Tax Increment Financing Zone	Total Nonmajor Governmental Funds
Revenues			
Sales tax	\$ 90,691	\$ -	\$ 90,691
Intergovernmental revenue	-	105,982	105,982
Interest income	80	205	285
Total revenues	90,771	106,187	196,958
Expenditures			
Administrative services- other funds	29,508	-	29,508
Maintenance	15,000	-	15,000
Equipment lease payment	50,000	-	50,000
Total expenditures	94,508	-	94,508
Net change in fund balances	(3,737)	106,187	102,450
Fund balances, beginning of year	63,443	196,404	259,847
Fund balances, end of year	\$ 59,706	\$ 302,591	\$ 362,297

CITY OF EVERMAN, TEXAS
Statement of Revenues - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2021
(With Comparative Totals For the Fiscal Year Ending September 30, 2020)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)	2020 Actual
	Original	Final	2021 Actual		
Taxes					
General property taxes					
Current	\$ 2,377,971	\$ 2,377,971	\$ 2,344,274	\$ (33,697)	\$ 2,148,744
Delinquent	31,000	31,000	48,193	17,193	41,916
Penalty and interest	25,100	25,100	36,993	11,893	41,091
Sales tax	349,000	349,000	396,990	47,990	405,835
Mixed beverage tax	10,000	10,000	3,670	(6,330)	9,396
Franchise tax	320,000	320,000	269,844	(50,156)	277,657
Bingo tax	20,000	31,000	31,332	332	22,073
Totals	3,133,071	3,144,071	3,131,296	(12,775)	2,946,712
Licenses, permits, and fees for services					
Sanitation fees	305,000	305,000	315,153	10,153	305,649
Animal adoption fees	1,000	1,000	-	(1,000)	625
Animal control fees	1,050	1,050	204	(846)	264
Building permits	10,000	10,000	20,479	10,479	13,946
Amusement machine permits	1,000	1,000	150	(850)	390
Other licenses and permits	30,550	30,550	10,487	(20,063)	15,798
Totals	348,600	348,600	346,473	(2,127)	336,672
Intergovernmental revenue					
Local grant	286,500	488,477	488,195	(282)	522,100
Totals	286,500	488,477	488,195	(282)	522,100
Donations					
County runs - fire	84,000	84,000	97,020	13,020	94,815
County runs - EMS	70,000	70,000	91,700	21,700	59,851
County runs - police	3,000	3,000	2,250	(750)	6,341
Other donations	-	3,625	4,738	1,113	3,035
Totals	157,000	160,625	195,708	35,083	164,042
Fines and fees					
Court fines	145,630	159,582	61,996	(97,586)	173,359
Ambulance fees - insurance	200,000	200,000	159,135	(40,865)	133,222
Parks	-	-	-	-	100
Security alarm fee	4,000	4,000	5,149	1,149	4,720
County lab fee restitution	-	-	-	-	80
Seizure forfeiture	-	-	1,347	1,347	-
Labor liens recovery	14,780	14,780	2,182	(12,598)	16,504
Library fines and fees	-	-	676	676	350
Totals	364,410	378,362	230,485	(147,877)	328,335
Interest income	12,500	12,500	470	(12,030)	8,376
Other revenues					
Vending commissions	-	-	343	343	338
Garage sale permits	2,500	2,500	2,200	(300)	1,210
Oil and gas royalties	5,000	5,000	5,615	615	4,573
Miscellaneous	70,000	200,695	66,698	(133,997)	17,657
Totals	77,500	208,195	74,856	(133,339)	23,778
Administrative services - other funds	397,000	397,000	397,020	20	411,170
Total revenues	<u>\$ 4,776,581</u>	<u>\$ 5,137,830</u>	<u>\$ 4,864,503</u>	<u>\$ (273,327)</u>	<u>\$ 4,741,185</u>

CITY OF EVERMAN, TEXAS
Statement of Expenditures - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2021
(With Comparative Totals For the Fiscal Year Ending September 30, 2020)

	Budgeted Amounts		2021 Actual	Variance with Final Budget Favorable (Unfavorable)	2020 Actual
	Original	Final			
Administrative					
Salaries	\$ 452,773	\$ 622,273	\$ 566,757	\$ 55,516	\$ 484,579
Supplies	28,400	28,765	53,928	(25,163)	45,119
Services	346,880	401,549	415,008	(13,459)	312,114
Maintenance	36,100	45,625	54,184	(8,559)	54,922
Capital outlay	-	18,000	18,851	(851)	70,462
Lease payments	-	2,400	3,248	(848)	-
Totals	864,153	1,118,612	1,111,976	6,636	967,196
Streets					
Salaries	259,740	259,740	246,471	13,269	250,397
Supplies	6,200	6,262	7,657	(1,395)	9,797
Services	377,100	377,100	378,440	(1,340)	400,888
Maintenance	2,000	2,000	2,583	(583)	-
Totals	645,040	645,102	635,151	9,951	661,082
Parks and building maintenance					
Salaries	61,035	53,885	50,541	3,344	53,920
Supplies	35,600	28,800	28,997	(197)	38,386
Services	22,637	22,637	21,245	1,392	31,297
Capital outlay	30,000	30,000	29,800	200	17,319
Totals	149,272	135,322	130,583	4,739	140,922
Police					
Salaries	1,590,862	1,496,439	1,554,592	(58,153)	1,591,651
Supplies	38,550	48,454	37,159	11,295	50,581
Services	73,965	94,965	72,190	22,775	69,414
Maintenance	26,500	52,728	47,793	4,935	65,391
Capital outlay	-	19,480	19,480	-	-
Lease payments	2,300	2,300	990	1,310	2,194
Totals	1,732,177	1,714,366	1,732,204	(17,838)	1,779,231
Maintenance garage					
Supplies	50,000	76,000	76,751	(751)	62,730
Services	-	-	3,188	(3,188)	3,122
Maintenance	104,649	162,164	224,987	(62,823)	120,904
Totals	154,649	238,164	304,926	(66,762)	186,756

CITY OF EVERMAN, TEXAS
Statement of Expenditures - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2021
(With Comparative Totals For the Fiscal Year Ending September 30, 2020)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)	2020 Actual
	Original	Final	2021 Actual		
Fire and emergency medical service					
Volunteer benefits	\$ 529,608	\$ 529,608	\$ 548,122	\$ (18,514)	\$ 515,662
Supplies	66,250	157,900	81,320	76,580	57,154
Services	76,150	81,296	64,703	16,593	65,560
Maintenance	22,000	22,000	38,178	(16,178)	74,873
Capital outlay	-	70,851	142,776	(71,925)	140,472
Totals	694,008	861,655	875,099	(13,444)	853,721
Community and activity centers					
Services	6,500	6,500	3,652	2,848	7,249
Maintenance	2,000	(2,500)	74	(2,574)	4,156
Totals	8,500	4,000	3,726	274	11,405
Municipal court					
Salaries	67,659	67,659	64,050	3,609	62,234
Supplies	3,100	3,100	1,982	1,118	5,916
Services	39,600	39,600	32,552	7,048	42,781
Maintenance	-	-	2,225	(2,225)	1,888
Capital outlay	-	29,568	29,568	-	-
Totals	110,359	139,927	130,377	9,550	112,819
Code enforcement					
Salaries	59,580	59,580	59,088	492	57,013
Supplies	1,000	1,000	313	687	2,418
Services	13,900	2,200	1,187	1,013	1,718
Maintenance	4,700	500	410	90	4,640
Totals	79,180	63,280	60,998	2,282	65,789
Library					
Salaries	112,321	112,321	46,832	65,489	101,604
Supplies	5,050	6,050	8,005	(1,955)	2,915
Services	9,900	4,250	4,200	50	9,114
Maintenance	2,600	2,600	9,056	(6,456)	5,576
Totals	129,871	125,221	68,093	57,128	119,209
Animal control					
Salaries	86,869	86,869	92,643	(5,774)	88,458
Supplies	5,700	5,700	445	5,255	5,683
Services	1,900	1,900	740	1,160	1,717
Maintenance	3,000	3,000	381	2,619	815
Totals	97,469	97,469	94,209	3,260	96,673
Total Expenditures	\$ 4,664,678	\$ 5,143,117	\$ 5,147,342	\$ (4,225)	\$ 4,994,803

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, 2021
(With Comparative Totals For the Fiscal Year Ending September 30, 2020)

	Budgeted Amounts Original and Final	2021 Actual	Variance with Final Budget Favorable (Unfavorable)	2020 Actual
Revenues				
Sales tax	\$ 75,000	\$ 90,691	\$ 15,691	\$ 89,016
Interest income	500	80	(420)	1,399
Total revenues	75,500	90,771	15,271	90,415
Expenditures				
Administrative	4,500	-	4,500	1,668
Administrative services- other funds	29,500	29,508	(8)	29,508
Maintenance	-	15,000	(15,000)	-
Equipment lease payment	46,809	50,000	(3,191)	115,112
Capital outlay	65,047	-	65,047	-
Total expenditures	145,856	94,508	51,348	146,288
Net change in fund balance	\$ (70,356)	(3,737)	\$ 66,619	(55,873)
Fund balance, beginning of year		63,443		119,316
Fund balance, end of year		\$ 59,706		\$ 63,443

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, 2021
(With Comparative Totals For the Fiscal Year Ending September 30, 2020)

	Budgeted Amounts		Variance with Final Budget Favorable (Unfavorable)	2020 Actual
	Original and Final	2021 Actual		
Revenues				
Property taxes	\$ 320,030	\$ 319,398	\$ (632)	\$ 178,527
Interest Income	300	48	(252)	185
Total revenues	320,330	319,446	(884)	178,712
Expenditures				
Debt and capitalized lease debt service:				
Principal retirement	202,763	200,000	2,763	110,000
Interest and fiscal charges	117,267	110,197	7,070	58,300
Total expenditures	320,030	310,197	9,833	168,300
Net change in fund balance	\$ 300	9,249	\$ 8,949	10,412
Fund balance, beginning of year		49,847		39,435
Fund balance, end of year		\$ 59,096		\$ 49,847

CITY OF EVERMAN, TEXAS
Statement of Operating Expenses
- Budget and Actual -
Enterprise Fund
For the Fiscal Year Ended September 30, 2021
(With Comparative Totals For the Fiscal Year Ending September 30, 2020)

	Budgeted Amounts		2021 Actual	Variance with Final Budget Favorable (Unfavorable)	2020 Actual
	Original	Final			
Water					
Salaries	\$ 371,690	\$ 371,690	\$ 300,624	\$ 71,066	\$ 335,641
Supplies	51,000	51,458	61,533	(10,075)	67,237
Services	130,600	124,025	168,155	(44,130)	209,425
Maintenance	18,900	34,330	24,970	9,360	22,718
Equipment	11,200	2,100	2,096	4	-
Totals	<u>583,390</u>	<u>583,603</u>	<u>557,378</u>	<u>26,225</u>	<u>635,021</u>
Sewer					
Supplies	6,200	6,200	2,948	3,252	-
Services	684,800	684,800	681,975	2,825	537,562
Maintenance	2,000	2,000	-	2,000	510
Totals	<u>693,000</u>	<u>693,000</u>	<u>684,923</u>	<u>8,077</u>	<u>538,072</u>
Administrative services - General fund	<u>294,000</u>	<u>294,000</u>	<u>294,000</u>	<u>-</u>	<u>308,150</u>
Depreciation	<u>268,400</u>	<u>268,400</u>	<u>216,672</u>	<u>51,728</u>	<u>259,101</u>
Total operating expenses	<u>\$ 1,838,790</u>	<u>\$ 1,839,003</u>	<u>\$ 1,752,973</u>	<u>\$ 86,030</u>	<u>\$ 1,740,344</u>

CITY OF EVERMAN, TEXAS
Governmental Activities
Schedule of 2013 General Obligation Bonds Payable
Debt Service Requirement in Future Years
September 30, 2021

	Total Principal	Total Interest	Total Requirements
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>\$ 1,665,000</u>	<u>\$ 339,200</u>	<u>\$ 2,004,200</u>

CITY OF EVERMAN, TEXAS
Governmental Activities
Schedule of 2020 Certificates of Obligation
Debt Service Requirement in Future Years
September 30, 2021

	Total Principal	Total Interest	Total Requirements
2022	\$ 80,000	\$ 54,200	\$ 134,200
2023	85,000	50,900	135,900
2024	90,000	47,400	137,400
2025	90,000	43,800	133,800
2026	95,000	40,100	135,100
2027	100,000	36,200	136,200
2028	105,000	32,100	137,100
2029	110,000	28,350	138,350
2030	110,000	25,600	135,600
2031	110,000	23,400	133,400
2032	115,000	21,150	136,150
2033	115,000	18,850	133,850
2034	120,000	16,500	136,500
2035	120,000	14,100	134,100
2036	125,000	11,650	136,650
2037	125,000	9,150	134,150
2038	130,000	6,600	136,600
2039	130,000	4,000	134,000
2040	135,000	1,350	136,350
	<u>\$ 2,090,000</u>	<u>\$ 485,400</u>	<u>\$ 2,575,400</u>

CITY OF EVERMAN, TEXAS
Governmental Activities
Schedule of 2021 Tax Notes
Debt Service Requirement in Future Years
September 30, 2021

	Total Principal	Total Interest	Total Requirements
2022	\$ 70,000	\$ 8,281	\$ 78,281
2023	70,000	7,098	77,098
2024	75,000	5,873	80,873
2025	75,000	4,606	79,606
2026	75,000	3,338	78,338
2027	80,000	2,028	82,028
2028	80,000	676	80,676
	<u>\$ 525,000</u>	<u>\$ 31,900</u>	<u>\$ 556,900</u>

CITY OF EVERMAN, TEXAS
Business-Type Activities
Schedule of 2020 Certificates of Obligation
Debt Service Requirement in Future Years
September 30, 2021

	Total Principal	Total Interest	Total Requirements
2022	\$ 60,000	\$ 39,500	\$ 99,500
2023	60,000	37,100	97,100
2024	65,000	34,600	99,600
2025	65,000	32,000	97,000
2026	70,000	29,300	99,300
2027	75,000	26,400	101,400
2028	75,000	23,400	98,400
2029	80,000	20,700	100,700
2030	80,000	18,700	98,700
2031	80,000	17,100	97,100
2032	85,000	14,450	99,450
2033	85,000	13,750	98,750
2034	85,000	12,050	97,050
2035	90,000	10,300	100,300
2036	90,000	8,500	98,500
2037	90,000	6,700	96,700
2038	95,000	4,850	99,850
2039	95,000	2,950	97,950
2040	100,000	1,000	101,000
	\$ 1,525,000	\$ 353,350	\$ 1,878,350

CITY OF EVERMAN, TEXAS
Business-Type Activities
Schedule of Note Payable
Debt Service Requirement in Future Years
September 30, 2021

	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Requirements</u>
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>\$ 695,405</u>	<u>\$ 76,434</u>	<u>\$ 771,839</u>

CITY OF EVERMAN, TEXAS
Business-Type Activities
Schedule of 2020 Certificates of Obligation (TWDB - DWSRF)
Debt Service Requirement in Future Years
September 30, 2021

	Total Principal	Total Interest	Total Requirements
2022	\$ 135,000	\$ 2,079	\$ 137,079
2023	135,000	2,079	137,079
2024	135,000	2,079	137,079
2025	135,000	2,079	137,079
2026	135,000	2,079	137,079
2027	135,000	2,079	137,079
2028	135,000	2,079	137,079
2029	135,000	2,079	137,079
2030	135,000	2,079	137,079
2031	135,000	2,079	137,079
2032	135,000	2,079	137,079
2033	135,000	2,045	137,045
2034	135,000	1,958	136,958
2035	135,000	1,809	136,809
2036	135,000	1,593	136,593
2037	135,000	1,330	136,330
2038	135,000	1,019	136,019
2039	135,000	648	135,648
2040	135,000	222	135,222
	<u>\$ 2,565,000</u>	<u>\$ 33,493</u>	<u>\$ 2,598,493</u>

CITY OF EVERMAN, TEXAS
Schedule of Insurance Coverage
September 30, 2021

Type of Coverage	Effective Dates		Premium	Policy #	Amount of Coverage	Insurer
	From	To				
General Liability	10/1/2020	10/1/2021	\$ 2,106	3663	\$ 1,000,000	Texas Municipal League Intergovernmental Risk Pool
Real and Personal Property	10/1/2020	10/1/2021	12,290	3663	9,793,691	Texas Municipal League Intergovernmental Risk Pool
Mobile Equipment	10/1/2020	10/1/2021	1,074	3663	234,768	Texas Municipal League Intergovernmental Risk Pool
Boiler & Machinery	10/1/2020	10/1/2021	Included	3663	500,000	Texas Municipal League Intergovernmental Risk Pool
Cyber Liability Info Security and Privacy	10/1/2020	10/1/2021	Included	3663	1,000,000	Texas Municipal League Intergovernmental Risk Pool
Cyber Liability Breach Response	10/1/2020	10/1/2021	Included	3663	50,000	Texas Municipal League Intergovernmental Risk Pool
Law Enforcement Liability	10/1/2020	10/1/2021	8,117	3663	1,000,000	Texas Municipal League Intergovernmental Risk Pool
Errors & Omissions Liability	10/1/2020	10/1/2021	3,594	3663	1,000,000	Texas Municipal League Intergovernmental Risk Pool
Automobile Liability	10/1/2020	10/1/2021	25,556	3663	1,000,000	Texas Municipal League Intergovernmental Risk Pool
Auto Physical Damage	10/1/2020	10/1/2021	15,970	3663	ACV	Texas Municipal League Intergovernmental Risk Pool
Public Employee Dishonesty	10/1/2020	10/1/2021	594	3663	100,000	Texas Municipal League Intergovernmental Risk Pool
Workers Compensation	10/1/2020	10/1/2021	<u>48,430</u>	3663	Statutory Limits	Texas Municipal League Intergovernmental Risk Pool
Total Premiums			<u>\$ 117,731</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, 2021, 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 March 28, 2022.

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) as a basis for designing 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

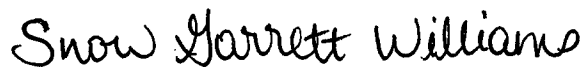
As part of obtaining reasonable assurance about whether the City of Everman, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

City of Everman, Texas' Response to Findings

City of Everman, Texas' response to the findings identified in our audit is described in the accompanying corrective action plan. City of Everman, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "Snow Garrett Williams". The script is cursive and fluid.

Snow Garrett Williams

March 28, 2022

CITY OF EVERMAN, TEXAS
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ yes	<u> X </u> no	
Significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u> yes	_____ none reported	
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ yes	<u> X </u> no	
Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	<u> X </u> none reported	
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>		
Any audit findings disclosed that are required to be Reported in accordance with section 2 CFR Section 200.416(a)?	_____ yes	<u> X </u> no	

Identification of Major Programs:

<u>ALN</u>	<u>Name of Federal Program</u>
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B federal programs:	<u>\$ 750,000</u>
Auditee qualified as a low-risk auditee?	_____ yes <u> X </u> no

Section II – Financial Statement Findings

Findings required to be reported in accordance with
Government Auditing Standards

Finding 2021-001 – Internal Controls Over Financial Reporting – Significant Deficiency

Condition:	Adjusting journal entries were necessary to correct and adjust some account balances at year-end.
Effect:	The financial statements were misstated prior to the City recording entries to adjust worker's compensation payable and related expenditures and to adjust capital asset balances at year-end. As a result, financial reports prepared throughout the fiscal year may have been relied upon in error.
Cause:	Several factors attributed to the condition above including STW system-generated entries related to worker's compensation insurance and capital asset transactions that were not updated or reconciled during the year. As a result, benefit expenses and the related worker's compensation liability were overstated prior to the adjustment and some capital asset accounts required adjustments to reconcile to the STW fixed asset detail.
Criteria:	Timely and accurate financial reports are essential to perform analysis of financial condition, review data for accuracy and completeness, monitor compliance with budgeted amounts, prepare long-range financial plans, and to safeguard assets.

CITY OF EVERMAN, TEXAS
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Auditor's Recommendation: We commend the City on developing and adopting the Comprehensive Financial Management Policy in fiscal year 2021. We recommend that the City continue implementing those policies and procedures to maintain strong internal controls related to financial reporting and monitoring, including the preparation of reconciliations and recording of financial transactions (including capital asset activity) to produce more useful and accurate reports. We also recommend that the City review the audit adjustments in order to understand the purpose of the adjustments, reclassifications, or corrections and incorporate these entries into the City's monthly or year-end accounting transactions.

Views of Responsible Officials: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

Findings/Noncompliance	Program	Questioned Costs
None Noted		

City of Everman, Texas
Summary Schedule of Prior Audit Findings
September 30, 2021

Finding 2020-001

Internal Controls Over Financial Reporting – Material Weakness- The financial statements were materially misstated prior to the City recording adjusting entries to reclassify cash and accounts payable as well as to correctly record bond proceeds, adjust sales taxes receivable, and reclassify capital asset additions and disposals at year end.

Current Status

The City developed and adopted a Comprehensive Financial Management Policy in fiscal year 2021. The City will continue implementing those policies and procedures to maintain strong internal controls related to financial reporting and monitoring.

Management's Explanation if Not Implemented

See Corrective Action Plan.



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CITY OF EVERMAN

212 N. Race St.
Everman, TX 76140

Management's Response and Corrective Action Plan

FY 2021 was another challenging year for the City of Everman with its own unique set of circumstances. The City was faced with many new and ongoing challenges including: the global pandemic, severe restrictions, lockdowns, supply issues, natural disasters, and staffing shortages. This year we performed numerous internal audits and process reviews that lead to many account code corrections, reclassifications, and adjustments, as well as, policy and procedural changes that will help prevent similar instances from happening again in the future. We will continue to implement new policies and procedures as necessary to maintain strong internal controls related to our financial reporting and monitoring. Many of the adjusting journal entries were a result of extraordinary situations that are not expected to occur again in the near future; however, the City will continue to work closely with the auditors to reduce the number of adjusting journal entries in the future.

FEDERAL AWARDS SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Everman, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

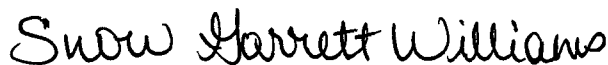
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Snow Garrett Williams
March 28, 2022

CITY OF EVERMAN, TEXAS
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
CDBG Entitlement Grants Cluster:			
<u>Department of Housing and Urban Development</u>			
Community Development Block Grants/ Entitlement Grants	14.218		\$ 97,421
Total Department of Housing and Urban Development			97,421
Total CDBG Entitlement Grants Cluster			97,421
Drinking Water State Revolving Fund Cluster:			
<u>United States Environmental Protection Agency</u>			
Passed through Texas Water Development Board			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	L1001051	1,212,479
Capitalization Grants for Drinking Water State Revolving Funds	66.468	LF001052	42,683
Total ALN 66.468			1,255,162
Total Passed Through Texas Water Development Board			1,255,162
Total United States Environmental Protection Agency			1,255,162
Total Drinking Water State Revolving Fund Cluster			1,255,162
Other Programs:			
<u>Department of the Treasury</u>			
Passed through Tarrant County			
COVID-19 Coronavirus Relief Fund	21.019	107048134	101,822
Total Passed Through Tarrant County			101,822
Total Department of the Treasury			101,822
Total Expenditures of Federal Awards			\$ 1,454,405

CITY OF EVERMAN, TEXAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Everman, Texas under programs of the federal government for the fiscal year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Everman, Texas, it is not intended to and does not present the financial position or changes in net position or cash flows of the City of Everman, Texas.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The City of Everman, Texas has elected not to use the 10% de minimis cost rate as permitted in the Uniform Guidance, section 200.414.

Note 3: Reconciliation of Federal Expenditures:

Per Statement of Activities:

Operating Grants and Contributions	\$ 789,885
Capital Grants and Contributions	<u>140,817</u>

Total Grant and Contribution Revenue per Statement of Activities	<u>930,702</u>
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Reconciling Items:

Add: Texas Water Development Board Revenue Bond funding expended in the current year	1,212,479
Less: State and local grants and contributions included above	<u>(688,776)</u>

Total Expenditures of Federal Awards	<u><u>\$ 1,454,405</u></u>
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