



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2019



CITY OF EL CAMPO, TEXAS

CITY OF EL CAMPO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Brittni Nanson
Director of Finance

Courtney Sladek
City Manager

Issued by:
Finance Department

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CITY OF EL CAMPO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

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INTRODUCTORY SECTION

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March 10, 2020

The Honorable Mayor, Members of
the City Council, and Citizens of
the City of El Campo, Texas

The Comprehensive Annual Financial Report of the City of El Campo, Texas, hereinafter referred to as the "City", for the fiscal year ended September 30, 2019, is hereby submitted. It is published to provide to the City Council, to representatives of financial institutions, and to our citizens and other interested persons, detailed information concerning the financial condition of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included.

Generally accepted accounting principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the independent auditors' report.

CITY PROFILE

The City has a home-rule Council-Manager form of government. The elected body is made up of a mayor and six City Council members. The Mayor and City Council members are all elected for staggered two-year terms. The City Manager is appointed by the City Council and is responsible for implementation of City Council policy and all day-to-day operations of the City.

The City Council appoints many residents, who have volunteered their expertise, experience, and time to serve on various boards and commissions. These standing boards and commissions make recommendations relative to special projects.

A full range of municipal services is provided by the City including public safety (police, fire protection, and emergency medical services); water and wastewater services; public improvements; repair and maintenance of infrastructure; recreational and community activities; planning and zoning; and general administrative services. This report includes all funds of the City government. The financial statements of the City Development Corporation of El Campo, Inc. are also reported herein as a discretely presented component unit of the City based upon standards established by the Governmental Accounting Standards Board (see Note 1 to the financial statements).

The Honorable Mayor, Members of
the City Council, and Citizens of
the City of El Campo, Texas

ECONOMIC CONDITION AND OUTLOOK

The City is located in the gulf coast region of southeast Texas and is the largest City in Wharton County with an estimated population of 11,602. It is located on U.S. Highway 59 and State Highway 71, approximately 72 miles southwest of Houston. U.S. Highway 59 is one of the major transportation arteries that ties the United States to Mexico and it is currently being studied for conversion to an interstate highway that would link Canada to Mexico.

One of the economy's mainstays is agriculture. Wharton County has consistently ranked as one of the largest rice producing counties in the state and nation. Several major regional agricultural facilities are located in the City, including operations for product storage, milling, transportation, and marketing as well as two farm cooperatives that provide direct sales, service and marketing assistance to area farmers. Oil and gas production is also an important contributor to the local economy and in recent years the aquaculture industry has become an important factor as well.

El Campo population and economy remains fairly stable. This has a direct impact on the resources available to the City to provide services to the community. Indicators of growth include population increases, building activity, unemployment rate, ad valorem tax revenues, and sales tax revenues.

Revenue growth appears equal to the costs of maintaining the current service levels throughout the City; however, the margin is much smaller than in prior years. Staff continues to monitor various indicators of economic and fiscal health of the community. Monitoring is also done in order to better respond to economic conditions that may indicate a weakening in the local economy. Any such weakening could adversely affect the fiscal health of the City. If the economy does have an adverse effect on the City's fiscal health, choices on revenues and expenditures will have to be made to address the impact. This approach is important to ensure that any slowdown in growth, or change in economic conditions does not adversely affect the financial position of the City.

The City must continue to work with its partners, notably the City Development Corporation, Wharton County, the School District and EC Chamber and Non-Profit Organizations to move the community forward and make the Mission Statement a reality for El Campo. We need to collaborate to ensure that we are providing the best services that we can for the entire community and not duplicating efforts but rather assisting each other where we can make a difference for the greater good of the community.

The City still maintains fund balance reserves at levels that allow for capital projects to be addressed. The City Council has continued the policy that excess Fund Balance above 3 months of operations should be designated for capital.

MAJOR INITIATIVES

In developing the FY18-19 budget, we focused on the goals and objectives for the City of El Campo. Department heads were asked to assess the needs, goals and achievements of each Department.

For the past several years, the City has initiated and completed many public improvements and maintained adequate resources to provide a wide variety of services for the citizens. The challenge of maintaining the quality of life in the City continues to be a top priority as well as focusing on our infrastructure needs now and for the future such as planning for the I-69 Corridor improvements.

The City has made a significant investment in the employees and continues to try to motivate them to provide excellent customer service. As our main expenditure, personnel is what drives our service level and the more that we can do to create a unified team, the more that we can do to provide service at the level that our citizens deserve.

The Honorable Mayor, Members of
the City Council, and Citizens of
the City of El Campo, Texas

As we have reached the later years in the Comprehensive Plan that was prepared as the 2020 Vision, we will begin to look at updating that for the future course that this community should take. The major concern over the next 3-5 years will be our ability or inability to properly fund upkeep and maintenance of our infrastructure and City facilities at a time when limited funds are available, while trying to fund our basic services.

The progress in the community can be seen with the projects that have been taken on such as the West Loop Park and the West Norris Street rebuild. Extreme conservatism has allowed the City to build reserves to be utilized for one-time purchases and that practice is continued. The economy has continued to be in a slow growth mode and that is reflected. Additionally, we are avoiding short-term thinking.

Achievements

This fiscal year saw a number of City Council priorities nearing completion. For instance,

- The City Comprehensive Plan was updated and adopted.
- The first I69/US loop frontage road project is nearly complete.
- The City continued the sealcoating of existing roads and the rehabilitation of water and wastewater main lines.
- The Tres Palacios Drainage Project continued and is nearing completion.
- Plans were completed for the Blue Creek Water Shed and the Town and Country Area.
- Land availability was marketed to developers.
- The City partnered with the CDC and a developer to attempt to bring the SW International Gateway Business Park to a 540 acre tract outside the city limits. The extension of water and sewer and creation of 100 + jobs is anticipated.

Implementation of the Comprehensive Plan is slated for the next five years.

Goals for fiscal year 2020 and beyond:

Listed below are goals and short- and long-term objectives. Also included are budget action items that address these goals and objectives.

Infrastructure

The Council, with input from staff, discussed how the aging infrastructure of the City is a priority. They also discussed the need for additional revenue to keep up with infrastructure needs.

Citywide Revitalization

The Council, with staff input, discussed how to enforce liens and other fines for code enforcement violations. They identified several properties to focus their efforts: 1. Theater, 2. Finkelstein, 3. Foremost, and as an alternative, the Old School. They also determined the need to understand options for mowing private property, including the potential necessity of working with the Legislature.

Public Safety

The Council, with staff input, discussed how all the public safety departments – Fire, EMS, and Police – were above standard and exceeding expectations. They also recognized the new public safety building as a great asset to the workforce and community. Additionally, they discussed how an increase in transfers to the local hospital has affected revenue. Their recommendations for this topic included: 1. creating a Council Committee to aide staff in speaking with the Hospital, 2. meeting with the Hospital's Operating Board, 3. researching a Formal Cadet Program while working with the 100 Club.

The Honorable Mayor, Members of
the City Council, and Citizens of
the City of El Campo, Texas

Inter-local Communication

The Council expressed that relationships with other taxing entities were good. However, they would like to improve their partnership with the El Campo School District. It was expressed that they desired to build upon current efforts to strengthen that relationship for more effective communication between their entities and to the public.

FINANCIAL INFORMATION

The financial statements have been prepared in accordance with GAAP as prescribed by the Governmental Accounting Standards Board.

Internal accounting controls are established by management to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. As well, they are designed to provide reasonable assurance as to the reliability of financial records for preparing financial statements and are employed to help maintain accountability for assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits expected to be derived and the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the General Fund, Debt Service Fund, Municipal Court Technology Fund, Hotel/Motel Tax Fund, Police Seizure Fund, Utility Fund, and EMS Fund are included in this document in their annual appropriated amounts.

INDEPENDENT AUDIT

This report is prepared in compliance with the legal requirements set forth by Article 3.10 of the Charter of the City of El Campo, Texas, as amended. In addition to fulfilling this legal requirement, this report serves to fully disclose financial data on an annual basis to management, the elected City Council and Mayor, the public, investors, and other interested persons. The firm of Pattillo, Brown and Hill L.L.P., Certified Public Accountants, was engaged by the City to satisfy this requirement.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of El Campo, Texas, for its comprehensive annual financial report for the year ended September 30, 2018. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

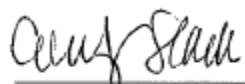
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Honorable Mayor, Members of
the City Council, and Citizens of
the City of El Campo, Texas

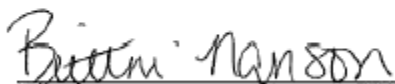
ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the staff of the Finance Department of the City. We would also like to thank the Mayor and Members of City Council for their interest and support in planning and conducting the financial operations of the City in a progressive and responsible manner.

Respectfully,



Courtney Sladek, City Manager



Brittni Nanson, Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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Presented to

**City of El Campo,
Texas**

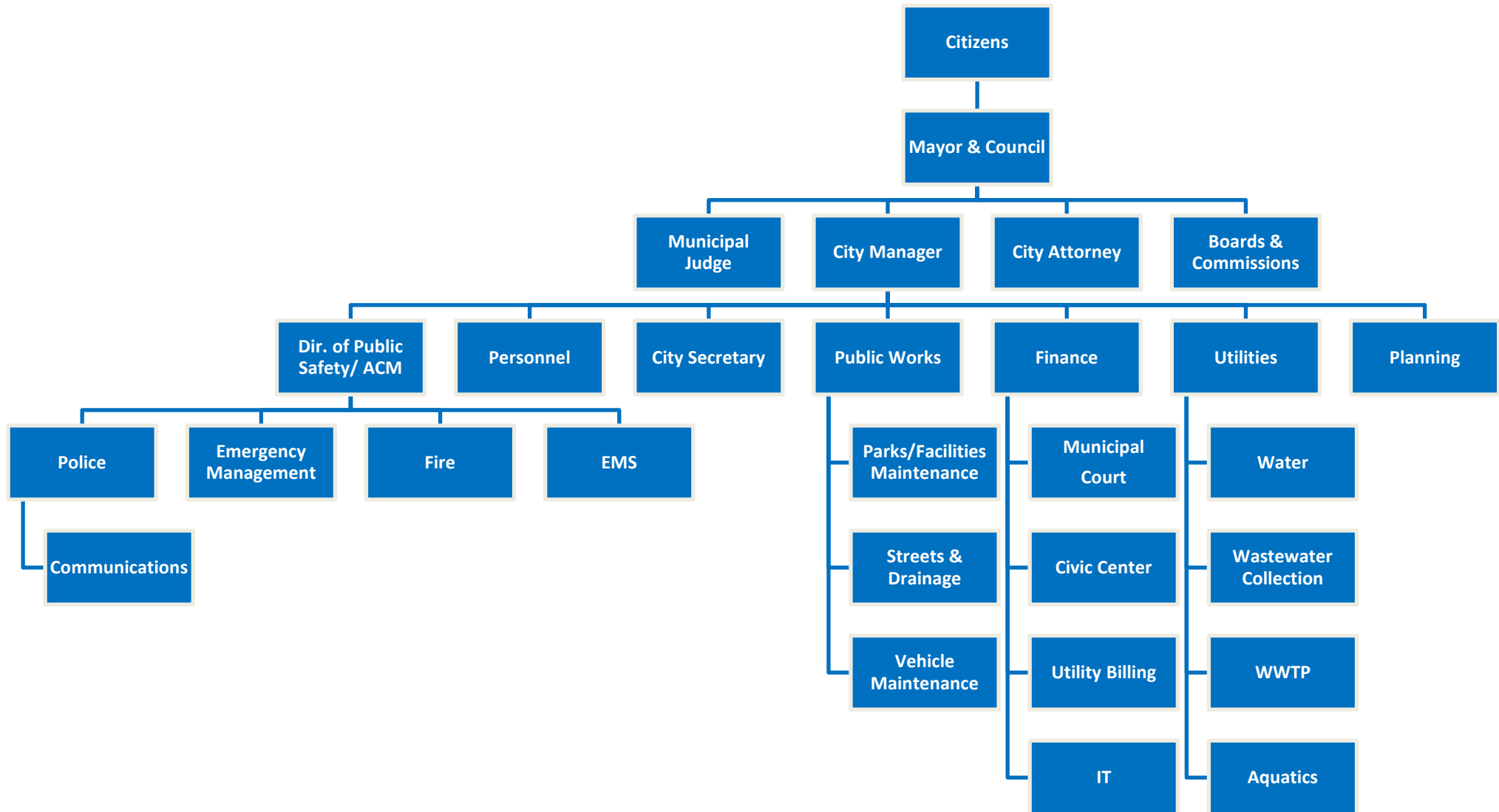
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrell

Executive Director/CEO

CITY OF EL CAMPO ORGANIZATIONAL CHART



CITY OF EL CAMPO, TEXAS
DIRECTORY OF PRINCIPAL OFFICIALS
September 30, 2019

City Officials

Randy Collins
Philip Miller
Jeff Allgayer
Gloria Harris
John Hancock
David Hodges
Chris Barbee

Elective Position

Mayor
Mayor Pro-Tem
Council Member
Council Member
Council Member
Council Member
Council Member

Key Staff

Courtney Sladek
Ronald B. Collins
Brittini Nanson

Appointive Positions

City Manager
City Attorney
Director of Finance

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of El Campo, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Campo, Texas (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Campo, Texas, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
March 4, 2020

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of El Campo, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2019, by \$17,290,913.
- The total cost of all City activities was \$18,870,148 for the fiscal year. The net expense of the primary government was (\$7,825,254).
- At September 30, 2019, the City's governmental funds reported combined ending fund balances of \$3,137,042, a net increase of \$717,306 in comparison with the prior year.
- At September 30, 2019, unassigned fund balance for the General Fund was \$3,667,147 or 41% of total General Fund expenditures for the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The statement of net position presents information on all the City's assets, deferred outflows, liabilities, and deferred inflows, 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 the City's net position changed during the most recent fiscal year. 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 only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and interest on long-term debt. The business-type activities of the City include utilities and emergency medical services.

The government-wide financial statements include not only the City itself (known as the primary government) but also the component unit of the City (the City Development Corporation of El Campo, Inc.). This component unit is not considered a part of the primary government.

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 a government's near-term financing requirements.

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

The City maintained twelve individual governmental funds during the 2019 fiscal year. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Debt Service Fund, and 2004 Bonds Fund, which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Hotel/Motel Tax Fund, Municipal Court Technology Fund, Police Seizure Fund, Civic Center Fund, Transportation User Fee Fund, and enterprise funds. Schedules of revenues, expenditures, and changes in fund balances - budget and actual have been provided for each of these funds to demonstrate compliance with the appropriated budgets.

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water/wastewater utility service, solid waste operation, and emergency medical services. The City uses an internal service fund to account for its information technology services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in a more detailed format. The proprietary fund financial statements provide information for the water/wastewater utility service, solid waste operation, and emergency medical service, which are considered to be major funds of the City.

Notes to 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.

Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information (RSI) is included, which presents a budgetary comparison schedule for the City's General Fund, certain pension information, and certain other post-employment benefits (OPEB) information.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the RSI. Budgetary schedules for non-major special revenue funds, the Debt Service Fund and enterprise funds are presented following the RSI along with a second, more detailed General Fund budgetary schedule.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's total net position was \$17,290,913 at the close of fiscal year 2019.

By far, the largest portion of the City's net position reflects its investment in capital assets (i.e., land, buildings, infrastructure, and machinery and equipment). The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of El Campo's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets \$	5,479,659	\$ 4,258,975	\$ 3,103,528	\$ 3,152,350	\$ 8,583,187	\$ 7,411,325
Capital assets	<u>34,545,334</u>	<u>33,336,060</u>	<u>15,977,255</u>	<u>16,161,922</u>	<u>50,522,589</u>	<u>49,497,982</u>
Total assets	<u>40,024,993</u>	<u>37,595,035</u>	<u>19,080,783</u>	<u>19,314,272</u>	<u>59,105,776</u>	<u>56,909,307</u>
Total deferred outflows of resources	<u>1,451,464</u>	<u>527,066</u>	<u>486,263</u>	<u>139,128</u>	<u>1,937,727</u>	<u>666,194</u>
Current liabilities	1,788,972	825,765	883,551	547,264	2,672,523	1,373,029
Long-term liabilities	<u>33,444,693</u>	<u>32,324,772</u>	<u>7,304,001</u>	<u>7,052,296</u>	<u>40,748,694</u>	<u>39,377,068</u>
Total liabilities	<u>35,233,665</u>	<u>33,150,537</u>	<u>8,187,552</u>	<u>7,599,560</u>	<u>43,421,217</u>	<u>40,750,097</u>
Total deferred inflows of resources	<u>241,802</u>	<u>765,534</u>	<u>89,571</u>	<u>285,628</u>	<u>331,373</u>	<u>1,051,162</u>
Net position:						
Net investment in capital assets	13,347,767	11,607,624	10,197,147	10,022,697	23,544,914	21,630,321
Restricted	327,188	167,198	-	-	327,188	167,198
Unrestricted	<u>(7,673,965)</u>	<u>(7,568,792)</u>	<u>1,092,776</u>	<u>1,545,515</u>	<u>(6,581,189)</u>	<u>(6,023,277)</u>
Total net position	<u>\$ 6,000,990</u>	<u>\$ 4,206,030</u>	<u>\$ 11,289,923</u>	<u>\$ 11,568,212</u>	<u>\$ 17,290,913</u>	<u>\$ 15,774,242</u>

An additional portion of the City's net position (\$327,188) represents resources that are subject to external restrictions on how it may be used. The remaining balance of unrestricted net position is a deficit, primarily due to an \$8,000,000 SIB loan that is not capital-related. The proceeds from this loan were used to upgrade US Highway 59 to interstate standards and the related asset is not the City's. This deficit will be reduced as related resources are obtained in the future (e.g. from future tax revenues).

At the end of the current fiscal year, the City is able to report a positive balance in total net position for the primary government as a whole.

Governmental activities. Governmental activities increased the City's net position by \$1,794,960. Key elements of this are as follows:

- Total revenues for governmental activities increased by \$1,840,275 or 18%. The largest increase was a \$2,004,710 increase in capital grants. The City recognized \$2,098,363 for a Texas Water Development Board Grant program during the year.
- Total expenses decreased \$8,135,047. This was largely the result of an \$7,798,770 decrease in public works expenses, which can primarily be attributed to a one-time expense of \$8,000,000 associated with the upgrade of US Highway 59 to interstate standards in the prior year. The City contributed this amount to the Texas Department of Transportation for its share of the costs of this project.

Business-type activities. Business-type activities decreased the City's net position by \$278,289. Key elements of this decrease are as follows:

- Revenues increased \$92,859. The major cause of this increase was an increase in miscellaneous water and sewer revenue.
- Expenses increased 5%, mostly in emergency medical services. The increase was primarily due to an increase in materials and supplies and capital outlays.

City of El Campo's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,107,329	\$ 988,074	\$ 7,487,350	\$ 7,937,525	\$ 8,594,679	\$ 8,925,599
Operating grants	605	75,065	169,452	-	170,057	75,065
Capital grants	2,098,363	93,653	181,795	-	2,280,158	93,653
General revenues:						
Property taxes	4,287,660	4,270,461	-	-	4,287,660	4,270,461
Sales taxes	3,795,391	4,045,900	-	-	3,795,391	4,045,900
Franchise taxes	733,735	713,031	-	-	733,735	713,031
Other taxes	186,304	224,343	-	-	186,304	224,343
Investment earnings	42,963	19,303	39,483	5,941	82,446	25,244
Gain on sale of capital assets	38,313	-	-	-	38,313	-
Miscellaneous	30,582	51,140	187,494	29,249	218,076	80,389
Total revenues	<u>12,321,245</u>	<u>10,480,970</u>	<u>8,065,574</u>	<u>7,972,715</u>	<u>20,386,819</u>	<u>18,453,685</u>
Expenses:						
General government	2,482,306	3,016,842	-	-	2,482,306	3,016,842
Public safety	4,625,059	4,353,355	-	-	4,625,059	4,353,355
Public works	2,340,432	10,139,202	-	-	2,340,432	10,139,202
Parks and recreation	1,187,754	1,152,718	-	-	1,187,754	1,152,718
Interest on long-term debt	707,641	816,122	-	-	707,641	816,122
Utilities	-	-	5,436,091	5,444,712	5,436,091	5,444,712
Emergency medical services	-	-	2,090,865	1,697,378	2,090,865	1,697,378
Total expenses	<u>11,343,192</u>	<u>19,478,239</u>	<u>7,526,956</u>	<u>7,142,090</u>	<u>18,870,148</u>	<u>26,620,329</u>
Change in net position before transfers	978,053	(8,997,269)	538,618	830,625	1,516,671	(8,166,644)
Transfers	816,907	803,617	(816,907)	(803,617)	-	-
Change in net position	1,794,960	(8,193,652)	(278,289)	27,008	1,516,671	(8,166,644)
Net position, beginning	4,206,030	12,595,467	11,568,212	11,614,254	15,774,242	24,209,721
Prior period adjustment	-	(195,785)	-	(73,050)	-	(268,835)
Net position, beginning, restated	<u>4,206,030</u>	<u>12,399,682</u>	<u>11,568,212</u>	<u>11,541,204</u>	<u>15,774,242</u>	<u>23,940,886</u>
Net position, ending	<u>\$ 6,000,990</u>	<u>\$ 4,206,030</u>	<u>\$ 11,289,923</u>	<u>\$ 11,568,212</u>	<u>\$ 17,290,913</u>	<u>\$ 15,774,242</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,137,042, an increase of \$717,306 from the prior year. The increase primarily occurred in the General Fund.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$3,667,147. Unassigned fund balance represents 41% of total General Fund expenditures. The fund balance of the City's General Fund increased by \$515,578 during fiscal year 2019. This increase was more than the budgeted decrease by \$709,488.

The Debt Service Fund had a deficit ending fund balance of \$149,863, a decrease of \$209,309, at the end of the current fiscal year. The decrease is attributable to a decrease in the property tax rate allocated to the Debt Service Fund, which resulted in a decrease in property tax revenue.

The 2004 Bond Fund has an ending deficit fund balance of \$734,844, an increase of \$171,688, at the end of the current fiscal year. The increase is attributable to the receipt and recognition of grant revenues. This deficit will be eliminated when grant revenues are collected in the future.

Proprietary Funds

The City's enterprise funds, the Utility Fund and the Emergency Medical Services Fund, provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility Fund at the end of the current fiscal year amounted to \$1,078,173 and the deficit net position of the Emergency Medical Services Fund at the end of the current fiscal year amounted to (\$14,603), respectively. The total decrease in net position for the funds was \$278,289.

Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

- Actual fiscal year expenditures in the General Fund were \$7,957 less than final budgeted amounts.
- Actual revenues were \$345,669 less than budgeted amounts, which was largely due to tax revenues falling short of budget.
- Budgeted appropriations increased by \$664,840 during the year with budget amendments to account for the increase in employment opportunities for various departments in the City.
- Budgeted revenues were increased by \$841,040 during the year with budget amendments mainly due to an increase in budgeted tax revenues.
- The net change in fund balance was \$709,488 more than the budgeted amount, which can be attributed to conservative budgeting.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities amounts to \$50,522,589 (net of accumulated depreciation) at the end of the current fiscal year. This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, service delivery system, infrastructure, and construction in progress. The additions to capital assets for governmental activities were \$2,844,411.

Additional information on the City's capital assets can be found in Note III in the notes to the financial statements on page 33.

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$24,483,587.

The City maintains a bond rating of "AA-" from Standard & Poor's. As a Home Rule City, the City is not limited by law in the amount of debt it may issue; however, all new local bond issues must be approved by the State Attorney General.

During fiscal year 2019, the City made principal payments on the outstanding capital leases in the amount of \$378,466. The balance of all capital leases at September 30, 2019 was 799,490.

Additional information on the City's long-term debt can be found on Note III on pages 40-43 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following highlights some of the key factors used in the preparation of next year's adopted budget. These include a summary of City's key economic indicators and the financial forecast.

- Building permits and development – Single family residential construction increased, commercial construction also picked up.
- Unemployment rate – Wharton County has maintained an unemployment rate of 3.7%, which is nearly equal to the national and state unemployment rates.
- Sales tax revenues – The sales tax is the largest revenue source for the City's General Fund, accounting for nearly half of General Fund revenues. This is one reason why a fiscally conservative approach is taken to estimate future sales tax revenues. Sales tax revenues are projected to increase slightly from the fiscal year 2020 year-end estimate.
- Total utility revenues – Utility revenues continue to increase from year to year. Changes in revenues has been affected by rate changes and weather conditions. There was a small rate increase in FY20, but there are no proposed rate increases for FY21. Economic and fiscal indicators demonstrate that the local economy has shown moderate and sustained growth.

Revenue growth appears equal to the costs of maintaining the current service levels throughout the City; however, the margin is much smaller than in prior years. Staff continues to monitor various indicators of economic and fiscal health of the community. Monitoring is also done in order to better respond to economic conditions that may indicate a weakening in the local economy. Any such weakening could adversely affect the fiscal health of the City. If the economy does have an adverse effect the City's fiscal health, choices on revenues and expenditures will have to be made to address the impact. This approach is important to ensure that any slowdown in growth, or change in economic conditions, does not adversely affect the financial position of the City.

The tax rate for the 2019 tax roll decreased to \$0.56887 per \$100 valuation; \$0.39314 was allocated for maintenance and operations and \$0.17573 was allocated for interest and sinking (debt service).

As a service-providing organization, salaries and benefits account for the largest percentage of the operating expenses. El Campo is similar to other cities in this respect. Personnel expenditures account for approximately 42% of the total City operating and maintenance expenditures. The fiscal year 2020 budget includes 113 full-time equivalent positions. Highlights of the personnel section of the budget:

- 3% cost of living adjustment, step-pay adjustment, or market rate adjustment effective October 1, 2019, and an additional 1% pay increase across the board on January 1, 2020, to offset the increase in TMRS totaling \$506,607.
- TMRS retirement match was increased from 6% to 7% effective January 1, 2020, totaling \$142,117.
- Additional personnel include a dispatcher, Streets Maintenance Worker and a Parks Maintenance Worker.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer, 315 E. Jackson, El Campo, Texas 77437.

BASIC FINANCIAL STATEMENTS

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CITY OF EL CAMPO, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CDC of El Campo, Inc.
ASSETS				
Cash	\$ 1,067,173	\$ 417,113	\$ 1,484,286	\$ 746,685
Investments	1,233,158	528,607	1,761,765	1,759,494
Accounts receivable (net)	1,321,245	993,754	2,314,999	131,320
Internal balances	(1,114,610)	1,114,610	-	-
Due from other governments	2,877,270	35,535	2,912,805	-
Prepaid expense	72,143	13,909	86,052	-
Inventory	23,280	-	23,280	-
Capital assets not being depreciated	3,714,834	30,498	3,745,332	266,309
Capital assets, net of accumulated depreciation	<u>30,830,500</u>	<u>15,946,757</u>	<u>46,777,257</u>	<u>649,656</u>
Total assets	<u>40,024,993</u>	<u>19,080,783</u>	<u>59,105,776</u>	<u>3,553,464</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,299,191	481,256	1,780,447	47,340
Deferred outflows related to OPEB	13,515	5,007	18,522	491
Deferred charge on refunding	<u>138,758</u>	<u>-</u>	<u>138,758</u>	<u>-</u>
Total deferred outflows of resources	<u>1,451,464</u>	<u>486,263</u>	<u>1,937,727</u>	<u>47,831</u>
LIABILITIES				
Accounts payable and accrued liabilities	1,445,864	633,930	2,079,794	8,790
Deposits	42,191	224,134	266,325	-
Accrued interest payable	287,744	25,487	313,231	-
Due to other governments	13,173	-	13,173	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	1,112,560	720,003	1,832,563	-
Total OPEB liability	1,607	595	2,202	58
Due in more than one year:				
Long-term debt	28,580,085	5,194,136	33,774,221	-
Net pension liability	3,523,822	1,305,321	4,829,143	128,400
Total OPEB liability	<u>226,619</u>	<u>83,946</u>	<u>310,565</u>	<u>8,258</u>
Total liabilities	<u>35,233,665</u>	<u>8,187,552</u>	<u>43,421,217</u>	<u>145,506</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	228,913	84,796	313,709	8,341
Deferred inflows related to OPEB	<u>12,889</u>	<u>4,775</u>	<u>17,664</u>	<u>470</u>
Total deferred inflows of resources	<u>241,802</u>	<u>89,571</u>	<u>331,373</u>	<u>8,811</u>
NET POSITION				
Net investment in capital assets	13,347,767	10,197,147	23,544,914	915,965
Restricted for:				
Police	58,309	-	58,309	-
Tourism	99,885	-	99,885	-
Transportation user fee	20,091	-	20,091	-
Municipal court	34,444	-	34,444	-
Street paving	114,459	-	114,459	-
Unrestricted	<u>(7,673,965)</u>	<u>1,092,776</u>	<u>(6,581,189)</u>	<u>2,531,013</u>
Total net position	<u>\$ 6,000,990</u>	<u>\$ 11,289,923</u>	<u>\$ 17,290,913</u>	<u>\$ 3,446,978</u>

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

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CITY OF EL CAMPO, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 2,482,306	\$ 179,335	\$ -	\$ -
Public safety	4,625,059	540,933	605	-
Public works	2,340,432	69,670	-	2,098,363
Parks and recreation	1,187,754	317,391	-	-
Interest on long-term debt	707,641	-	-	-
Total governmental activities	<u>11,343,192</u>	<u>1,107,329</u>	<u>605</u>	<u>2,098,363</u>
Business-type activities:				
Utilities	5,436,091	5,680,784	-	181,795
Emergency medical services	<u>2,090,865</u>	<u>1,806,566</u>	<u>169,452</u>	<u>-</u>
Total business-type activities	<u>7,526,956</u>	<u>7,487,350</u>	<u>169,452</u>	<u>181,795</u>
Total primary government	<u>18,870,148</u>	<u>8,594,679</u>	<u>170,057</u>	<u>2,280,158</u>
Component Unit:				
City Development Corporation of El Campo, Inc.	\$ <u>548,884</u>	\$ <u>56,600</u>	\$ <u>-</u>	\$ <u>-</u>

General revenues:

Property taxes
 Sales taxes
 Franchise taxes
 Other taxes
 Unrestricted investment earnings
 Gain on sale of capital assets
 Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$(2,302,971)	\$ -	\$(2,302,971)	\$ -
(4,083,521)	-	(4,083,521)	-
(172,399)	-	(172,399)	-
(870,363)	-	(870,363)	-
(707,641)	-	(707,641)	-
(8,136,895)	-	(8,136,895)	-
	426,488	426,488	-
	(114,847)	(114,847)	-
	311,641	311,641	-
	311,641	(7,825,254)	-
			(492,284)
4,287,660	-	4,287,660	-
3,795,391	-	3,795,391	671,438
733,735	-	733,735	-
186,304	-	186,304	-
42,963	39,483	82,446	27,550
38,313	-	38,313	-
30,582	187,494	218,076	800
816,907	(816,907)	-	-
9,931,855	(589,930)	9,341,925	699,788
1,794,960	(278,289)	1,516,671	207,504
4,206,030	11,568,212	15,774,242	3,239,474
\$ 6,000,990	\$ 11,289,923	\$ 17,290,913	\$ 3,446,978

CITY OF EL CAMPO, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<u>General</u>	<u>Debt Service</u>
ASSETS		
Cash	\$ 533,869	\$ -
Investments	1,144,587	61,412
Receivables (net):		
Taxes	875,412	68,831
Accounts	283,953	-
Special assessments	-	-
Due from other funds	1,731,698	-
Due from other governments	-	-
Prepaid items	67,482	-
Inventory	23,280	-
Total assets	\$ <u>4,660,281</u>	\$ <u>130,243</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Accounts payable	\$ 119,794	\$ -
Accrued liabilities	277,654	-
Deposits	11,176	-
Due to other governments	13,173	-
Due to other funds	74,364	215,175
Total liabilities	<u>496,161</u>	<u>215,175</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	206,008	64,931
Unavailable revenue - fines	200,203	-
Unavailable revenue - assessments	-	-
Unavailable revenue - grants	-	-
Total deferred inflows of resources	<u>406,211</u>	<u>64,931</u>
FUND BALANCES		
Fund balances:		
Nonspendable	90,762	-
Restricted	-	-
Unassigned	3,667,147	(149,863)
Total fund balances	<u>3,757,909</u>	<u>(149,863)</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>4,660,281</u>	\$ <u>130,243</u>

<u>2004 Bonds</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 533,304	\$ 1,067,173
-	27,159	1,233,158
-	39,974	984,217
-	-	283,953
-	53,075	53,075
-	25,659	1,757,357
2,877,270	-	2,877,270
-	-	67,482
-	-	23,280
<u>\$ 2,877,270</u>	<u>\$ 679,171</u>	<u>\$ 8,346,965</u>
\$ 944,188	\$ 99,441	\$ 1,163,423
-	-	277,654
-	31,015	42,191
-	-	13,173
<u>1,982,406</u>	<u>234,148</u>	<u>2,506,093</u>
<u>2,926,594</u>	<u>364,604</u>	<u>4,002,534</u>
-	-	270,939
-	-	200,203
-	50,727	50,727
<u>685,520</u>	<u>-</u>	<u>685,520</u>
<u>685,520</u>	<u>50,727</u>	<u>1,207,389</u>
-	-	90,762
-	276,461	276,461
<u>(734,844)</u>	<u>(12,621)</u>	<u>2,769,819</u>
<u>(734,844)</u>	<u>263,840</u>	<u>3,137,042</u>
<u>\$ 2,877,270</u>	<u>\$ 679,171</u>	<u>\$ 8,346,965</u>

CITY OF EL CAMPO, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Total fund balances - governmental funds	\$ 3,137,042
Internal service funds are used by management to charge the cost of information technology services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	(366,000)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,545,334
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(19,814,808)
Capital leases	(519,462)
Premiums on bonds payable	(1,002,055)
Loans payable	(8,000,000)
Net pension liability	(3,523,822)
Total OPEB liability	(228,226)
Accrued interest payable	(287,744)
Accrued compensated absences	(356,320)
Deferred outflows and inflows related to pensions and OPEB are not reported in the funds.	1,070,904
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,207,389
Deferred outflows related to bond refundings are not reported in the funds.	<u>138,758</u>
Net position of governmental activities	\$ <u>6,000,990</u>

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CITY OF EL CAMPO, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General</u>	<u>Debt Service</u>
REVENUES		
Taxes	\$ 7,520,561	\$ 1,221,889
Licenses and permits	142,190	-
Intergovernmental	133,112	-
Charges for services	224,503	-
Fines and forfeitures	389,204	-
Investment earnings	37,780	1,923
Miscellaneous	<u>73,411</u>	<u>-</u>
Total revenues	<u>8,520,761</u>	<u>1,223,812</u>
EXPENDITURES		
Current:		
General government	2,169,781	-
Public safety	3,940,972	-
Public works	1,590,480	-
Parks and recreation	866,708	-
Debt service:		
Principal	88,487	903,066
Interest and fiscal charges	31,717	710,583
Capital outlay	<u>205,488</u>	<u>-</u>
Total expenditures	<u>8,893,633</u>	<u>1,613,649</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(372,872)</u>	<u>(389,837)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	689,091	819,218
Transfers out	(324,680)	(638,690)
Bond issuance	296,400	-
Sale of capital assets	49,766	-
Capital lease	<u>177,873</u>	<u>-</u>
Total other financing sources (uses)	<u>888,450</u>	<u>180,528</u>
Net change in fund balances	515,578	(209,309)
Fund balances - beginning	<u>3,242,331</u>	<u>59,446</u>
Fund balances - ending	\$ <u>3,757,909</u>	\$ <u>(149,863)</u>

<u>2004 Bonds</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 257,555	\$ 9,000,005
-	-	142,190
2,503,202	-	2,636,314
-	145,166	369,669
-	-	389,204
-	3,260	42,963
-	3,772	77,183
<u>2,503,202</u>	<u>409,753</u>	<u>12,657,528</u>
-	49,324	2,219,105
-	4,856	3,945,828
-	-	1,590,480
-	170,014	1,036,722
-	-	991,553
-	-	742,300
<u>2,331,514</u>	<u>218,178</u>	<u>2,755,180</u>
<u>2,331,514</u>	<u>442,372</u>	<u>13,281,168</u>
<u>171,688</u>	<u>(32,619)</u>	<u>(623,640)</u>
-	377,391	1,885,700
-	(105,423)	(1,068,793)
-	-	296,400
-	-	49,766
-	-	177,873
<u>-</u>	<u>271,968</u>	<u>1,340,946</u>
171,688	239,349	717,306
<u>(906,532)</u>	<u>24,491</u>	<u>2,419,736</u>
<u>\$ (734,844)</u>	<u>\$ 263,840</u>	<u>\$ 3,137,042</u>

CITY OF EL CAMPO, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Net change in fund balances - total governmental funds	\$ 717,306
The internal service fund is used by the City to charge the costs of information technology services to individual funds. The net activity of the internal service fund is reported with governmental activities.	(88,121)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciated expense.	
Capital outlay	2,844,411
Depreciation expense	(1,623,684)
The issuance of long-term debt (e.g., bonds, 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of debt	(474,273)
Principal repayments	991,553
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences	(16,412)
Amortization of bond premiums and deferred loss on refunding	31,771
Accrued interest	2,888
Net pension liability	(1,670,087)
Total OPEB liability	2,110
Deferred outflows and inflows related to OPEB	(15,231)
Deferred outflows and inflows related to pensions	1,478,778
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	3,085
Court fines	21,611
Grants	(404,839)
Assessments	5,547
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.	(11,453)
Change in Net Position of Governmental Activities	\$ <u>1,794,960</u>

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CITY OF EL CAMPO, TEXAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2019

	Business-Type Activities Enterprise funds			Governmental Activities
	Utility	Emergency Medical Services	Totals	Internal Service Fund
ASSETS				
Current assets:				
Cash	\$ 350,873	\$ 66,240	\$ 417,113	\$ -
Investments	528,186	421	528,607	-
Accounts receivable (net)	705,837	287,917	993,754	-
Due from other funds	704,317	410,293	1,114,610	-
Due from other governments	-	35,535	35,535	-
Prepaid items	<u>-</u>	<u>13,909</u>	<u>13,909</u>	<u>4,661</u>
Total current assets	<u>2,289,213</u>	<u>814,315</u>	<u>3,103,528</u>	<u>4,661</u>
Noncurrent assets:				
Capital assets:				
Land	30,498	-	30,498	-
Machinery and equipment	3,343,181	775,795	4,118,976	-
Buildings	2,137,274	-	2,137,274	-
Water works system	17,414,952	-	17,414,952	-
Sewer system	11,240,459	-	11,240,459	-
Accumulated depreciation	<u>(18,676,686)</u>	<u>(288,218)</u>	<u>(18,964,904)</u>	<u>-</u>
Total noncurrent assets	<u>15,489,678</u>	<u>487,577</u>	<u>15,977,255</u>	<u>-</u>
Total assets	<u>17,778,891</u>	<u>1,301,892</u>	<u>19,080,783</u>	<u>4,661</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	200,691	280,565	481,256	-
Deferred outflows related to OPEB	<u>2,088</u>	<u>2,919</u>	<u>5,007</u>	<u>-</u>
Total deferred outflows of resources	<u>202,779</u>	<u>283,484</u>	<u>486,263</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	425,783	49,090	474,873	4,787
Accrued liabilities	66,483	92,574	159,057	-
Deposits	224,134	-	224,134	-
Accrued interest payable	25,487	-	25,487	-
Due to other funds	-	-	-	365,874
Bonds payable	534,901	-	534,901	-
Capital leases	117,349	54,350	171,699	-
Compensated absences	5,499	7,904	13,403	-
Total OPEB liability	<u>248</u>	<u>347</u>	<u>595</u>	<u>-</u>
Total current liabilities	<u>1,399,884</u>	<u>204,265</u>	<u>1,604,149</u>	<u>370,661</u>
Noncurrent liabilities:				
Compensated absences	49,488	71,140	120,628	-
Net pension liability	544,338	760,983	1,305,321	-
Total OPEB liability	35,007	48,939	83,946	-
Capital leases	-	108,329	108,329	-
Bonds payable	<u>4,965,179</u>	<u>-</u>	<u>4,965,179</u>	<u>-</u>
Total noncurrent liabilities	<u>5,594,012</u>	<u>989,391</u>	<u>6,583,403</u>	<u>-</u>
Total liabilities	<u>6,993,896</u>	<u>1,193,656</u>	<u>8,187,552</u>	<u>370,661</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	35,361	49,435	84,796	-
Deferred inflows related to OPEB	1,991	2,784	4,775	-
Total deferred inflows of resources	<u>37,352</u>	<u>52,219</u>	<u>89,571</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	9,872,249	324,898	10,197,147	-
Unrestricted	<u>1,078,173</u>	<u>14,603</u>	<u>1,092,776</u>	<u>(366,000)</u>
Total net position	<u>\$ 10,950,422</u>	<u>\$ 339,501</u>	<u>\$ 11,289,923</u>	<u>\$ (366,000)</u>

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

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CITY OF EL CAMPO, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities Enterprise Funds	
	Utility	Emergency Medical Services
Operating revenues:		
Charges for services	\$ 5,680,784	\$ 1,806,566
Miscellaneous	<u>73,203</u>	<u>114,291</u>
Total operating revenues	<u>5,753,987</u>	<u>1,920,857</u>
Operating expenses:		
Personnel	791,747	1,373,857
Materials and supplies	68,309	269,732
Contractual services	3,301,427	239,734
Repairs and maintenance	265,043	53,275
Depreciation	<u>832,443</u>	<u>89,875</u>
Total operating expenses	<u>5,258,969</u>	<u>2,026,473</u>
Operating income (loss)	495,018	(105,616)
Nonoperating revenues (expenses):		
Intergovernmental	181,795	169,452
Investment earnings	37,766	1,717
Interest and fiscal charges	<u>(177,122)</u>	<u>(3,743)</u>
Total non-operating revenues (expenses)	<u>42,439</u>	<u>167,426</u>
Income (loss) before transfers	537,457	61,810
Loss on disposal of property	-	(60,649)
Transfers in	638,690	-
Transfers out	<u>(1,262,819)</u>	<u>(192,778)</u>
Change in net position	(86,672)	(191,617)
Net position (deficit), beginning	<u>11,037,094</u>	<u>531,118</u>
Net position (deficit), ending	\$ <u>10,950,422</u>	\$ <u>339,501</u>

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

Business-Type Activities Enterprise Funds	Governmental Activities
	Internal Service Fund
Totals	
\$ 7,487,350	\$ 234,930
187,494	-
<u>7,674,844</u>	<u>234,930</u>
2,165,604	-
338,041	2,600
3,541,161	140,377
318,318	180,074
922,318	-
<u>7,285,442</u>	<u>323,051</u>
389,402	(88,121)
351,247	-
39,483	-
(180,865)	-
<u>209,865</u>	<u>-</u>
599,267	(88,121)
(60,649)	-
638,690	-
(1,455,597)	-
(278,289)	(88,121)
<u>11,568,212</u>	<u>(277,879)</u>
\$ <u>11,289,923</u>	\$ <u>(366,000)</u>

CITY OF EL CAMPO, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR END SEPTEMBER 30, 2019

	Business-Type Activities	
	Utility	Emergency Medical Services
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 5,690,820	\$ 1,881,539
Cash paid for goods and services	(3,747,499)	(527,560)
Cash paid to employees for services	(786,357)	(1,306,810)
Net cash provided (used) by operating activities	<u>1,156,964</u>	<u>47,169</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash paid to other funds	(1,262,819)	(192,778)
Cash received from other governments	181,795	133,917
Cash received from other funds	<u>638,690</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(442,334)</u>	<u>(58,861)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from tax anticipation notes	273,600	-
Acquisition & construction of capital assets	(525,830)	(192,660)
Principal paid on debt	(646,853)	(65,674)
Interest paid on debt	<u>(177,122)</u>	<u>(3,743)</u>
Net cash used by capital and related financing activities	<u>(1,076,205)</u>	<u>(262,077)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	429,182	-
Investment income	<u>37,766</u>	<u>1,706</u>
Net cash provided (used) by investing activities	<u>466,948</u>	<u>1,706</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	105,373	(272,063)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>245,500</u>	<u>338,303</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 350,873</u>	<u>\$ 66,240</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	495,018	(105,616)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	832,443	89,875
(Increase) decrease in accounts receivable	(77,062)	(39,318)
(Increase) decrease in prepaid items	4,690	(13,909)
Increase (decrease) in accounts payable	268,495	49,090
Increase (decrease) in accrued liabilities	(15,414)	18,768
Increase (decrease) in due to other funds	(385,905)	-
Increase (decrease) in customer deposits	13,895	-
Increase (decrease) in net pension liability	249,921	363,754
Increase (decrease) in total OPEB liability	(1,328)	(72)
(Increase) decrease in deferred outflows related to OPEB	430	479
Increase (decrease) in deferred inflows related to OPEB	1,991	2,784
Increase (decrease) in deferred inflows related to pensions	(86,224)	(114,608)
(Increase) decrease in deferred outflows related to pensions	<u>(143,986)</u>	<u>(204,058)</u>
Net cash provided (used) by operating activities	<u>\$ 1,156,964</u>	<u>\$ 47,169</u>
Schedule of non-cash capital and related financing activities:		
Purchase of capital assets with capital lease	\$ -	\$ 79,810

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

Business-Type Activities	Governmental Activities
Total Proprietary Funds	Internal Service Fund
\$ 7,572,359	\$ 234,930
(4,275,059)	(326,867)
(2,093,167)	-
<u>1,204,133</u>	<u>(91,937)</u>
(1,455,597)	-
315,712	-
<u>638,690</u>	<u>91,937</u>
(501,195)	<u>91,937</u>
273,600	-
(718,490)	-
(712,527)	-
(180,865)	-
<u>(1,338,282)</u>	<u>-</u>
429,182	-
<u>39,472</u>	<u>-</u>
<u>468,654</u>	<u>-</u>
(166,690)	-
<u>583,803</u>	<u>-</u>
\$ <u>417,113</u>	\$ <u>-</u>
389,402	(88,121)
922,318	-
(116,380)	-
(9,219)	-
317,585	(3,816)
3,354	-
(385,905)	-
13,895	-
613,675	-
(1,400)	-
909	-
4,775	-
(200,832)	-
(348,044)	-
\$ <u>1,204,133</u>	\$ <u>(91,937)</u>
\$ 79,810	\$ -

CITY OF EL CAMPO, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City of El Campo, Texas (the "City") was incorporated in 1905 and has adopted a Home Rule Charter. The City now operates under a council-manager form of government. The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the City Council for the administration of all the affairs of the City. The City Manager is responsible for law enforcement, appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget. The Mayor presides at meetings of the City Council and is allowed to vote on all matters. The City provides the following services: public safety to include police, fire, and emergency medical services, highways and streets, water and wastewater, sanitation, recreation, public improvements, planning and zoning, and general administration.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The City does not have any component units that meet the criteria to be blended. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely Presented Component Unit. The City Development Corporation of El Campo, Inc. (the "CDC") was created for the purpose of benefiting and accomplishing public purposes of the City by promoting, encouraging, and enhancing the creation of jobs in the City. This is to be achieved through assistance in the retention of existing businesses and industries and the attraction of new businesses and industries and aid in their development and growth. The CDC was incorporated under the Texas Development Corporation Act of 1979, as amended, and qualifies as a tax-exempt organization under Code Section 501(c)(4) of the Internal Revenue Code. All powers of the CDC are vested in the Board of Directors appointed by the City Council. The City is also able to impose its will on the CDC, including approving its operating budget. A separately issued financial report is available for the CDC. This report may be obtained by contacting the CDC.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the City has one discretely presented component unit that is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are eliminations of charges that would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The 2004 Bond Fund accounts for the use of the proceeds from the City's 2004 Certificates of Obligation and certain grant proceeds used in capital projects.

The City reports the following major proprietary funds:

The Utility Fund accounts for the activities of the City related to its sewage treatment plant, water distribution system, and garbage collection.

The Emergency Medical Services Fund accounts for activities of the City related to providing emergency medical services to the residents and visitors of the City. This fund utilizes ambulance revenues, interest and contributions from the Wharton County Emergency Services District #4 to fund this service.

Additionally, the City reports the following fund types:

Special revenue funds account and report specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Capital project funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets, excluding those types of capital-related outflows financed by proprietary funds.

The internal service fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, hotel occupancy taxes, mixed beverage taxes, fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

F. Budgetary Information

1. The annual budget must specify appropriations for capital expenditures and for expenditures directed by the City Council for services and for the operation of the City. It must comply with funding requirements of bond covenants. City department directors and officers shall submit budget requests for the next fiscal year to, and as directed by, the City Manager for review and consolidation. The City Manager shall submit a proposed annual budget to the City Council at least 45 days prior to the end of each fiscal year. Before taxes are levied, but after a public hearing or hearings, the City Council shall adopt an annual budget. The budget shall be adopted by a majority of all members of the City Council not later than 15 days prior to the beginning of the fiscal year.
2. At any time during the fiscal year, the City Manager is authorized to transfer unencumbered budgeted amounts between line items within a department; however, any revisions that alter the total budgeted expenditures of any department must be approved by the City Council.
3. Formal budgetary integration is employed as a management control device by expenditure category during the year for the City's General Fund, Debt Service Fund, Municipal Court Technology Fund, Hotel/Motel Tax Fund, Police Seizure Fund, Civic Center Fund, Transportation User Fee Fund and proprietary funds.
4. Legally adopted annual budgets for the General Fund, Debt Service Fund, Municipal Court Technology Fund, Hotel/Motel Tax Fund Police Seizure Fund, Civic Center Fund and Transportation User Fee Fund are prepared on a basis consistent with generally accepted accounting principles (GAAP) at the departmental level (i.e., administration, municipal court, etc.), the legal level of budgetary control. An annual budget is also adopted for the enterprise funds on a non-GAAP budgetary basis. The legal level of budgetary control for the enterprise funds is at the fund level.

5. Unencumbered budget appropriations lapse at year-end and do not carry forward to future periods.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Amounts encumbered for a specific purpose for which amounts have not been previously restricted, committed, or assigned, are reported as committed or assigned fund balance at year-end. There are no outstanding encumbrances at September 30, 2019.

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The City may invest its excess funds in any instruments authorized by the Public Funds Investment Act of Texas. Investments authorized under this Act include, but are not limited to, the following obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; certificates of deposit issued by a state or financial institution domiciled in the State of Texas which is guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or otherwise secured; and certain repurchase agreements.

The City Council has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995. The investments of the City are in compliance with the City Council's investment policies.

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in certain investment pools. The City's investment pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Texas Class and Logic have a redemption notice periods of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 40
Water works	5 - 40
Sewer system	5 - 40
Infrastructure	20 - 50
Machinery and equipment	4 - 15

Deferred Outflows of Resources

In addition to assets, the statement of financial position and/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 has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions and other inputs for pension and OPEB – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in expected and actual OPEB experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following types of items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Changes in actuarial assumptions and other inputs for pension and OPEB – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

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's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-Employment Benefits Other Than Pensions

Supplemental Death Benefit. For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

Long-Term Obligations

In the government-wide financial statements, and in proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to be reported as restricted net position in the government-wide and proprietary financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The General fund is the only fund that reports a positive unassigned fund balance amount.

Fund Balance Policies

Fund balances of governmental funds classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or 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. Once the resolution is passed, the commitment remains in place until another resolution is passed to remove or revise the commitment.

Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. The City Council has by resolution authorized the City Manager or his/her designee to assign fund balance. The assignments can be made by the City Council of any amount and by the City Manager or his/her designee in an amount not to exceed \$500,000. Unlike commitments, assignments generally only exist temporarily and a formal action by the City Council does not have to occur in order to remove the assignment.

I. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

The City's property taxes are levied annually on October 1st on the basis of the Appraisal District's assessed values as of January 1st of that calendar year. Appraised values are established by the Appraisal District at market value and assessed at 100% of appraised value. The City's property taxes are billed and collected by the Wharton County Tax Assessor-Collector and are due and payable on January 31st. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on the property on February 1st of the subsequent calendar year.

The City provides a senior tax freeze exemption from property taxes of \$10,000 of the assessed value of residential homesteads for persons 65 years of age or older. An exemption from \$1,500 to \$3,000 is allowed to disabled veterans on anyone piece of property. Additionally, the market value of agricultural land is reduced to agricultural value for purposes of the City's tax levy calculation.

The City, under Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population and by City Home Rule Charter, is limited to levy ad valorem tax at a rate up to \$2.50 per \$100 assessed valuation for general government services. Within the \$2.50 maximum levy, there is no legal limit on the amount of property taxes that can be levied for debt service.

Property taxes are prorated between operations and debt service based on rates adopted for the year of the levy. For the current year, the City levied property taxes of \$0.63218 per \$100 of assessed valuation, which were prorated between operations and debt service in the amounts of \$0.44718 and \$0.18500, respectively. The resulting adjusted total tax levy was \$4,256,157 on the total adjusted taxable valuation of \$708,214,976 for the 2018 tax year.

Compensated Absences

All full-time employees accumulate personal benefits in varying annual amounts up to a maximum allowable accumulation based on years of service. In the event of termination, an employee is reimbursed for all accumulated personal days up to the maximum accrued time. Sick leave benefits are earned by all full-time employees at a rate of 12 days per year and may be accumulated to a maximum of 960 hours. City personnel policies state that unused sick leave benefits will be paid to employees upon termination at a rate of \$5 per hour up to a maximum of 960 hours.

All compensated absences pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Compliance

For the year ended September 30, 2019, expenditures exceeded appropriations in the following funds:

- General Fund – Public Safety – Inspection by \$1,370
- General Fund – Public Safety – Communications by \$36,454
- General Fund – Public Works – Streets by \$275,177
- General Fund – Public Works – Administration/Engineering by \$13,405
- General Fund – Debt service by \$120,204
- General Fund – Capital outlay by \$205,488
- Hotel/Motel Tax Fund – General government by \$2,402
- Civic Center Fund – Parks and recreation by \$16,184
- Police Seizure Fund – Public safety by \$206
- Utility Fund – Materials and supplies by \$1,709
- Utility Fund – Contractual services by \$379,797
- Utility Fund – Repairs and maintenance by \$24,793
- Emergency Medical Services – Personnel by \$91,737
- Emergency Medical Services – Materials and supplies by \$144,232
- Emergency Medical Services – Contractual services by \$60,374
- Emergency Medical Services – Capital outlay by \$144,197

These excess expenditures were funded by greater than anticipated revenues and/or available fund balance.

B. Deficit Fund Equity

As of September 30, 2019, the following funds had deficit equity balances:

Fund	Deficit Fund Balance/ Net Position
Debt Service	\$ 149,863
Capital Projects Fund - 2004 Bonds	734,844
Nonmajor Governmental Funds:	
Civic Center	10,813
Capital Projects	39,845
Internal Service Fund:	
Information Technology	366,000

The Capital Projects Fund – 2004 Bonds Fund deficit will be eliminated by reimbursements from a FEMA grant. The other deficits will be eliminated as resources are obtained (e.g., from future revenues, long-term debt issuances, and transfers in).

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the City by the depository in an amount equal to at least 102% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the City was not exposed to custodial credit risk.

B. Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of September 30, 2019, the City had the following fair value measurements:

		Fair Value Measurement Using			Percent of Total Portfolio	Weighted Average Maturity (Days)
	9/30/2019	(Level 1)	(Level 2)	(Level 3)		
<u>Primary government</u>						
Investments measured at net asset value per share:						
Investment pools:						
TexasCLASS	\$ 130,742				7.42%	41
Certificates of Deposits	204,538				11.61%	28
LOGIC	532,590				30.23%	49
Investments by fair value level:						
Debt securities:						
Municipal bonds	744,015	-	744,015	-	42.23%	284
Federal Farm Credit Bonds	149,880	-	149,880	-	8.51%	8
Total investments	\$ 1,761,765	\$ -	\$ 893,895	\$ -		

U.S. agency bonds of \$149,880 were valued using a documented trade history in exact security pricing model (Level 2 input). Municipal bonds of \$744,015 were valued using a present value of expected future cash flow pricing model (Level 2 input). During the year ended September 30, 2019, the City did not own any type of securities other than those permitted by statute. Investments for the City are reported at fair value, except for its position in qualifying external investment pools that measure for financial reporting purposes all of their investment at amortized cost.

Interest Rate Risk

In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments in non-operating funds to less than five years from the time of purchase. The weighted average maturity of investments of the City's operating funds cannot exceed one year from the time of purchase.

Credit Risk

It is the City's policy to limit its investments to those with ratings of not less than A or its equivalent. The City's investments in the public funds investment pools include those with the LOGIC and TexasCLASS investment pools. These pools operate in full compliance with the Public Funds Investment Act. The LOGIC and TexasCLASS investment pools are rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The City's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from concentration of assets in a specific class of investments, specific maturity, or specific user.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held in the name of the City or held on behalf of the City and that all securities are purchased using the delivery versus payment method.

C. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Utility</u>	<u>Emergency Medical Services</u>	<u>Totals</u>
Receivables:						
Accounts	\$ 87,080	\$ -	\$ 2,349	\$ 722,310	\$ 464,051	\$ 1,275,790
Taxes:						
Property taxes	374,565	124,637	-	-	-	374,565
Sales taxes	656,598	-	-	-	-	656,598
Hotel occupancy taxes	-	-	39,974	-	-	39,974
Fines	2,002,029	-	-	-	-	2,002,029
Special assessments	-	-	507,267	-	-	507,267
Allowance for uncollectibles	(1,960,907)	(55,806)	(456,541)	(16,473)	(176,134)	(2,665,861)
Totals	\$ 1,159,365	\$ 68,831	\$ 93,049	\$ 705,837	\$ 287,917	\$ 2,190,362

D. Capital Assets

The City's capital asset activity for the year ended, September 30, 2019, was as follows:

	Balances Oct. 1, 2018	Increases	(Decreases)/ Reclassification	Balances Sept. 30, 2019
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,383,320	\$ -	\$ -	\$ 1,383,320
Construction in progress	-	2,331,514	-	2,331,514
Total capital assets not being depreciated	1,383,320	2,331,514	-	3,714,834
Capital assets being depreciated:				
Machinery and equipment	6,650,604	512,897	(154,177)	7,009,324
Buildings	26,076,741	-	-	26,076,741
Infrastructure	26,605,345	-	-	26,605,345
Total capital assets being depreciated	59,332,690	512,897	(154,177)	59,691,410
Less accumulated depreciation for:				
Machinery and equipment	4,293,077	484,459	(142,724)	4,634,812
Buildings	4,804,401	520,958	-	5,325,359
Infrastructure	18,282,472	618,267	-	18,900,739
Total accumulated depreciation	27,379,950	1,623,684	(142,724)	28,860,910
Total capital assets being depreciated, net	31,952,740	(1,110,787)	(11,453)	30,830,500
Governmental activities capital assets, net	\$ 33,336,060	\$ 1,220,727	\$ (11,453)	\$ 34,545,334
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 30,498	\$ -	\$ -	\$ 30,498
Construction in progress	700,406	525,830	(1,226,236)	-
Total capital assets not being depreciated	730,904	525,830	(1,226,236)	30,498
Capital assets being depreciated:				
Machinery and equipment	3,981,282	272,469	(134,775)	4,118,976
Buildings	2,137,274	-	-	2,137,274
Water works system	16,188,716	1,226,236	-	17,414,952
Sewer system	11,240,459	-	-	11,240,459
Total capital assets being depreciated	33,547,731	1,498,705	(134,775)	34,911,661
Less accumulated depreciation for:				
Machinery and equipment	3,359,678	152,321	(74,126)	3,437,873
Buildings	1,730,313	43,048	-	1,773,361
Water works system	7,323,063	461,959	-	7,785,022
Sewer system	5,703,658	264,990	-	5,968,648
Total accumulated depreciation	18,116,712	922,318	(74,126)	18,964,904
Total capital assets being depreciated, net	15,431,019	576,387	(60,649)	15,946,757
Business-type activities capital assets, net	\$ 16,161,923	\$ 1,102,217	\$ (1,286,885)	\$ 15,977,255

Depreciation was charged to governmental activities as follows:

General government	\$ 112,043
Public safety	592,150
Public works	768,810
Parks and recreation	150,681
Total governmental activities depreciation expense	\$ 1,623,684

Depreciation was charged to business-type activities as follows:

Utilities	\$ 832,443
Emergency medical services	89,875
Total business-type activities depreciation expense	\$ 922,318

E. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

At times during the fiscal year the various funds of the City were involved in transactions that created interfund receivable and payable balances. The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivable and payable balances as of September 30, 2019, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Funds	\$ 12,195
General Fund	Debt Service Fund	189,516
General Fund	2004 Bonds Fund	1,323,963
General Fund	Nonmajor Funds	5,393
General Fund	Internal Service Fund	200,631
Nonmajor funds	Debt Service Fund	25,659
Utility Fund	2004 Bond Fund	658,443
Utility Fund	General Fund	45,874
Emergency Medical Services	General Fund	28,490
Emergency Medical Services	Nonmajor Funds	216,560
Emergency Medical Services	Internal Service Fund	165,243
	Total	<u>\$ 2,871,967</u>

Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2019, is as follows:

Transfers In					
Transfers Out	General Fund	Debt Service	Utility	Nonmajor Governmental	Totals
Utility	\$ 532,729	\$ 730,090	\$ -	\$ -	\$ 1,262,819
Nonmajor Special Revenue	52,712	-	-	52,711	105,423
Emergency Medical Services	103,650	89,128	-	-	192,778
Debt Service	-	-	638,690	-	638,690
General	-	-	-	324,680	324,680
Totals	<u>\$ 689,091</u>	<u>\$ 819,218</u>	<u>\$ 638,690</u>	<u>\$ 377,391</u>	<u>\$ 2,524,390</u>

During the year, transfers were used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) transfer resources previously reported in the Debt Service Fund to the Utility Fund for debt service principal and interest payments, 3) move unrestricted resources to other funds as a subsidy.

F. Defined Benefit Pension Plan

Plan Description. The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.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 benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

A summary of plan provisions for the City are as follows:

Employee deposit rate	6%
Matching ratio (City to employee)	1.5 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% Repeating Transfers
Annuity increase to retirees	70% of CPI repeating

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	73
Inactive employees entitled to but not yet receiving benefits	69
Active employees	<u>109</u>
Total	<u><u>251</u></u>

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.10% and 10.60% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$633,807, and were equal to the required contributions.

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

Actuarial assumptions:

The Total Pension Liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions:

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/17	\$ 28,605,117	\$ 26,008,849	\$ 2,596,268
Changes for the year:			
Service cost	699,915	-	699,915
Interest	1,913,653	-	1,913,653
Difference between expected and actual experience	(63,589)	-	(63,589)
Contributions - employer	-	638,377	(638,377)
Contributions - employee	-	345,069	(345,069)
Net investment income	-	(778,898)	778,898
Benefit payments, including refunds of employee contributions	(1,209,328)	(1,209,328)	-
Administrative expense	-	(15,057)	15,057
Other changes	-	(787)	787
Net changes	<u>1,340,651</u>	<u>(1,020,624)</u>	<u>2,361,275</u>
Balance at 12/31/18	<u>\$ 29,945,768</u>	<u>\$ 24,988,225</u>	<u>\$ 4,957,543</u>

Of the net pension liability, \$4,829,143 and \$128,400 are reported in the primary government and the City Development Corporation of El Campo, Inc., respectively.

The net pension liability is generally liquidated by the General Fund for governmental activities and by both the Utility Fund and EMS Fund for business-type activities.

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-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ <u>8,970,224</u>	\$ <u>4,957,543</u>	\$ <u>1,652,969</u>

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the pension expense of \$917,216 was reported in the primary government and the City Development Corporation of El Campo, Inc for \$873,501 and \$43,715, respectively. At September 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 322,050
Changes in actuarial assumptions	6,555	-
Difference between projected and actual investment earnings	1,343,420	-
Contributions subsequent to the measurement date	<u>477,812</u>	<u>-</u>
Totals	<u>\$ 1,827,787</u>	<u>\$ 322,050</u>

\$477,812 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ending September 30,	
2020	\$ 353,229
2021	64,349
2022	108,295
2023	502,052

Of the deferred outflows of resources related to pensions, \$1,780,447 are reported in the primary government and \$47,340 are reported in the City Development Corporation of El Campo, Inc. Of the deferred inflows of resources related to pensions, \$313,709 are reported in the primary government and \$8,341 are reported in the City Development Corporation of El Campo, Inc.

G. Post-Employment Benefit Plans Other Than Pensions (OPEB) – TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	15
Active employees	109
Total	172

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.19% for 2019 and 0.20% for 2018, of which 0.05% and 0.05%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2019 and 2018 were \$2,963 and \$2,974, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50% per annum
Discount rate	3.71%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 10.5% including inflation

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Salary increases were based on a service-related table.

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.71% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2018.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.71%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability \$	379,315	\$ 321,083	\$ 275,192

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs.

At September 30, 2019, the City reported a liability of \$321,083 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2018. For the year ended September 30, 2019, the OPEB expense of \$22,775 was reported in the primary government and the City Development Corporation of El Campo, Inc for \$20,293 and \$2,482, respectively. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2017	\$ 322,600
Changes for the year:	
Service cost	11,502
Interest	10,821
Difference between expected and actual experience	591
Changes of assumptions	(21,555)
Benefit payments	(2,876)
Net changes	(1,517)
Balance at 12/31/2018	\$ <u>321,083</u>

Of the total OPEB liability, \$312,767 and \$8,316 are reported in the primary government and the City Development Corporation of El Campo, Inc., respectively.

The total OPEB liability is generally liquidated by the General Fund for governmental activities and by both the Utility Fund and EMS Fund for business-type activities.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic exper	\$ 497	\$ -
Changes in actuarial assumptions	16,256	18,134
Contributions subsequent to the measurement date	<u>2,260</u>	<u>-</u>
Totals	<u>\$ 19,013</u>	<u>\$ 18,134</u>

\$2,260 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2020. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2020	\$ 453
2021	453
2022	453
2023	1,587
2024	(3,328)
Thereafter	(999)

Of the deferred outflows of resources related to OPEB, \$18,522 are reported in the primary government and \$491 are reported in the City Development Corporation of El Campo, Inc. Of the deferred inflows of resources related to OPEB, \$17,664 are reported in the primary government and \$470 are reported in the City Development Corporation of El Campo, Inc.

H. Risk Management

The City is exposed to various risks of loss encompassed in the areas of general liabilities and workers compensation claims. The City has purchased commercial insurance to cover potential losses in those areas. The City has entered into interlocal agreements with the Texas Municipal League Intergovernmental Risk Pool. Through the payment of contributions to the Texas Municipal League Intergovernmental Risk Pool, the City has transferred these risks to the pool. The City has not retained any risks other than the deductibles and is covered up to the limits of coverage after the deductible. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Long-term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Balances Oct. 1, 2018	Additions	Reductions	Balances Sept. 30, 2019	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 13,879,487	\$ -	\$ 556,738	\$ 13,322,749	\$ 580,430
Certificates of obligation	6,472,011	296,400	276,351	6,492,060	331,671
State Infrastructure Bank Loan	8,000,000	-	-	8,000,000	-
Premiums	1,049,243	-	47,189	1,002,054	-
Capital leases	500,052	177,873	158,463	519,462	164,827
Compensated absences	<u>339,908</u>	<u>326,109</u>	<u>309,697</u>	<u>356,320</u>	<u>35,632</u>
Total governmental activities	<u>\$ 30,240,701</u>	<u>\$ 800,382</u>	<u>\$ 1,348,438</u>	<u>\$ 29,692,645</u>	<u>\$ 1,112,560</u>
Business-type Activities:					
General obligation bonds	\$ 990,513	\$ -	\$ 148,262	\$ 842,251	\$ 154,571
Certificates of obligation	4,653,987	273,600	330,647	4,596,940	380,330
Premiums	74,504	-	13,615	60,889	-
Capital leases	420,221	79,810	220,003	280,028	171,699
Compensated absences	<u>135,484</u>	<u>108,060</u>	<u>109,513</u>	<u>134,031</u>	<u>13,403</u>
Total business-type activities	<u>\$ 6,274,709</u>	<u>\$ 461,470</u>	<u>\$ 822,040</u>	<u>\$ 5,914,139</u>	<u>\$ 720,003</u>

Compensated absences are generally liquidated by the General Fund for governmental activities and by both the Utility Fund and EMS Fund for business-type activities.

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The bonds have been issued for both governmental and business-type activities.

General obligation bonds outstanding as of September 30, 2019, are as follows:

Series	Term	Interest Rate (%)	Original Amount	Debt Outstanding
Refunding 2012A	2/13-2/21	2.00-3.00	\$ 2,540,000	\$ 842,251
Refunding 2012B	2/13-2/15	2.00	350,000	492,749
Refunding 2013	2/13-2/27	2.00-2.25	1,345,000	855,000
Series 2015	2/16-2/45	3.00-4.00	5,000,000	4,710,000
Series 2016	2/17-2/46	3.00-5.00	7,640,000	7,265,000
				<u>\$ 14,165,000</u>

Annual debt service requirements to maturity for the general obligation bonds, including interest, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Totals
	Principal	Interest	Principal	Interest	
2020	\$ 580,430	\$ 455,795	\$ 154,571	\$ 22,949	\$ 1,213,745
2021	599,121	427,542	160,880	10,315	1,197,858
2022	622,812	407,536	167,189	13,296	1,210,833
2023	651,500	381,793	173,498	8,186	1,214,977
2024	698,886	354,384	186,113	2,792	1,242,175
2025-2029	3,020,000	1,434,553	-	-	4,454,553
2030-2034	1,750,000	1,078,258	-	-	2,828,258
2035-2039	2,090,000	761,350	-	-	2,851,350
2040-2044	2,485,000	362,450	-	-	2,847,450
2045-2046	825,000	22,050	-	-	847,050
Totals	<u>\$ 13,322,749</u>	<u>\$ 5,685,711</u>	<u>\$ 842,251</u>	<u>\$ 57,538</u>	<u>\$ 19,908,249</u>

Combination Tax and Revenue Certificates of Obligation

The City also issues combination tax and revenue certificates of obligation ("C.O.'s") to provide funds for the acquisition and construction of major capital facilities payable from the proceeds of an annual ad valorem tax and further payable from a junior and subordinate pledge of the net revenues of the City's water and sewer system. The C.O.'s have been issued for both governmental and business-type activities.

Certificates of obligation outstanding as of September 30, 2019, are as follows:

Series	Term	Interest Rate (%)	Outstanding Amount
Series 2010	3/10-2/30	3.25-4.50	\$ 1,195,000
Series 2013	2/13-2/32	2.00-2.75	2,125,000
Series 2013A	10/13-10/33	2.90-4.00	2,020,000
Series 2014A	9/14-9/24	0.25-1.07	189,000
2014 Tax Note	2/15-2/21	0.60-2.25	150,000
Series 2014	9/14-9/39	2.00-4.00	2,455,000
Series 2015A	9/15-9/35	2.00-4.00	2,295,000
Series 2015	2/16-2/25	0.13-1.21	90,000
2019 Tax Note	9/19-2/26	1.9	570,000
			<u>\$ 11,089,000</u>

Annual debt service requirements to maturity for the certificates of obligation, including interest, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Totals
	Principal	Interest	Principal	Interest	
2020	\$ 331,671	\$ 220,316	\$ 380,330	\$ 252,327	\$ 1,184,644
2021	335,561	213,811	382,441	132,161	1,063,974
2022	344,818	205,035	313,182	125,447	988,482
2023	357,663	194,551	315,338	118,127	985,679
2024	366,921	182,978	321,080	111,032	982,011
2025-2029	1,881,601	708,082	1,838,404	434,240	4,862,327
2030-2034	1,984,996	338,000	939,990	153,255	3,416,241
2035-2039	888,829	70,490	106,175	19,373	1,084,867
Totals	<u>\$ 6,492,060</u>	<u>\$ 2,133,263</u>	<u>\$ 4,596,940</u>	<u>\$ 1,345,962</u>	<u>\$ 14,568,225</u>

Capital Leases

Capital leases outstanding as of September 30, 2019, are as follows:

Lease purchase agreement on a motorgrader. The original amount of the lease, entered into in 2012, was \$167,470. The lease is payable in monthly installments of \$1,637 and bears interest at 3.25%.	\$ 44,072
Lease purchase agreement on a water meter. The original amount of the lease, entered into in 2004, was \$1,784,239. The lease is payable in quarterly installments of \$40,859 and bears interest at 4.25%.	117,349
Lease purchase agreement with Enterprise vehicles used in multiple departments. The original amount of the leases, entered into in multiple years, was \$533,248. The leases are payable in monthly installments and bear 48-60 month payment plans.	358,511
Lease purchase agreement for 2017 Ford F-350 Ambulance. The original amount of the lease, entered into in 2018, was \$122,425. The lease is payable in annual installments of \$43,105 and bears interest at 2.90%.	82,869
Lease purchase agreement for a John Deere Tractor. The original amount of the lease, entered into in 2018, was \$82,017. The lease is payable in monthly installments of \$1,475 and bears interest at 2.99%.	61,425
Lease purchase agreement for a Dump Truck. The original amount of the lease, entered into in 2018, was \$75,950. The lease is payable in monthly installments of \$1,366 and bears interest at 2.99%.	55,454
Lease purchase agreement for ambulance monitors. The original amount of the lease, entered into in 2019, was \$79,810. The lease is payable in annual installments and bears interest at 2.90%.	<u>79,810</u>
	<u>\$ 799,490</u>

Annual debt service requirements to maturity for the capital leases, including interest, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Totals
	Principal	Interest	Principal	Interest	
2020	\$ 164,827	\$ 8,970	\$ 171,699	\$ 7,191	\$ 352,687
2021	168,095	5,703	56,212	3,142	233,152
2022	130,941	2,678	14,451	1,511	149,581
2023	48,687	765	14,870	1,092	65,414
2024	<u>6,912</u>	<u>50</u>	<u>22,796</u>	<u>661</u>	<u>30,419</u>
Totals	<u>\$ 519,462</u>	<u>\$ 18,166</u>	<u>\$ 280,028</u>	<u>\$ 13,597</u>	<u>\$ 831,253</u>

State Infrastructure Bank Loan

During fiscal year 2016, the City borrowed \$8,000,000 from the State Infrastructure Bank. State Infrastructure Banks (SIB) were authorized in 1995 as a part of the National Highway Designation Act to help accelerate needed mobility improvements through a variety of financial assistance options made to local entities through state transportation departments. The Texas legislature authorized the Texas Department of Transportation to administer its SIB program in 1997.

Under the loan agreement, the City borrowed \$8,000,000 from the SIB to finance its portion of the cost of a project to upgrade US Highway 59 to interstate standards by adding frontage roads and improving mainland alignment or grades when necessary. The City also entered into an Advance Funding Agreement with the Texas Department of Transportation (TXDOT), under which the City contributed the \$8,000,000 to TXDOT for its share of the cost of the construction project.

The SIB Loan is payable over a period of no more than 24 years, with a final maturity date of October 26, 2039. The loan bears interest at a rate of 2.08% and is secured by Transportation Reinvestment Zone (TRZ) revenues and, if necessary, ad valorem taxes. The City expects to make payments on the loan from the TRZ revenues. In addition, the City has entered into a contract with the City Development Corporation of El Campo, Inc. (a discretely presented component unit), under which the CDC has pledged \$500,000 to be available to pay debt service on the SIB loan.

Annual debt service requirements to maturity for the SIB Loan, including interest, are as follows:

Year Ending September 30,	Governmental Activities		Totals
	Principal	Interest	
2020	\$ -	\$ 93,895	\$ 93,895
2021	-	120,289	120,289
2022	-	155,112	155,112
2023	-	177,702	177,702
2024	-	177,442	177,442
2025-2029	223,604	852,933	1,076,537
2030-2034	1,778,735	713,874	2,492,609
2035-2039	3,196,005	445,126	3,641,131
2040-2043	<u>2,801,656</u>	<u>63,135</u>	<u>2,864,791</u>
Totals	<u>\$ 8,000,000</u>	<u>\$ 2,799,508</u>	<u>\$ 10,799,508</u>

J. Commitments and Contingencies

Grant Programs

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2019, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Construction Commitments

As of September 30, 2019, the City had entered into contractual commitments with contractors for various City projects. The commitments with contractors were as follows:

Project	Budget	Spent	Remaining Commitment
Tres Palacios	\$ 6,018,380	\$ 3,020,385	\$ 2,997,995
CDBG - Sewer Lines Downtown	366,094	-	366,094
Water/Sewer Extension 71S	591,331	-	591,331

The commitments are being funded by federal grants, bond proceeds, and service revenues.

Tax Abatements

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with two entities as of September 30, 2019:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Developer will construct a cabinet manufacturing facility that will create 75 full time employment positions	50%	\$ 26,094
Developer will repair an existing building and add new retail space. Upon completion multiple full time employment positions will be available.	100%	1,800

K. Fund Balances

The composition of governmental fund balances as of September 30, 2019, was as follows:

	General	Debt Service	2004 Bonds	Nonmajor Governmental	Totals
Nonspendable:					
Prepaid items	\$ 67,482	\$ -	\$ -	\$ -	\$ 67,482
Inventory	23,280	-	-	-	23,280
Subtotal	<u>90,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,762</u>
Restricted for:					
Municipal court	-	-	-	34,444	34,444
Public safety	-	-	-	58,309	58,309
Public works	-	-	-	20,091	20,091
Tourism	-	-	-	99,885	99,885
Capital projects	-	-	-	63,732	63,732
Subtotal	-	-	-	276,461	276,461
Unassigned	<u>3,729,169</u>	<u>(124,204)</u>	<u>(734,844)</u>	<u>(100,302)</u>	<u>2,769,819</u>
Totals	<u>\$ 3,819,931</u>	<u>\$ (124,204)</u>	<u>\$ (734,844)</u>	<u>\$ 176,159</u>	<u>\$ 3,137,042</u>

L. Subsequent Event

On November 1, 2019, the City issued \$1,035,000 in General Obligation Refunding Bonds. The debt carries an interest rate of 4-5% and will mature in 2030.

M. Discretely Presented Component Unit

As described in Note 1, the City Development Corporation of El Campo, Inc. is a discretely presented component unit of the City. It is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Organization

The City Development Corporation of El Campo, Inc. ("CDC") was formed as a non-profit corporation governed by the Texas Development Corporation Act of 1979, as amended. The purpose of the CDC was to promote, assist, and enhance economic development in the City. CDC directors are appointed and can be removed by the City Council.

Investments

As of September 30, 2019, the CDC's investments consisted entirely of nonnegotiable certificates of deposit with redemption terms that do not consider market rates. Accordingly, these investments are carried at amortized cost.

Interest Rate Risk

In accordance with the CDC's investment policy, the CDC manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 60 months or less. The CDC has obtained a waiver from its depository for any early withdrawal penalty; therefore, the CDC's certificates of deposits are not exposed to interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The CDC was not exposed to credit risk.

Concentration of Credit Risk

The CDC's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the CDC was not exposed to concentration of credit risk.

Custodial Credit Risk – Deposits

The CDC's custodial credit risk refers to the risk that in the event of a bank failure, the CDC's deposits may not be returned to it. The CDC's investment policies require that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the CDC by the depository in an amount equal to at least 102% of the carrying value of deposits held.

As of September 30, 2019, the CDC had deposits in financial institutions and the deposits were FDIC insured at each institution up to \$250,000. As of September 30, 2019, all of the CDC's bank balance was entirely insured by the FDIC or covered by pledged collateral held in the CDC's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the CDC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The CDC was not exposed to custodial credit risk.

Sales Taxes

The CDC receives one-sixth of the sales tax earned by the City and paid monthly to the City by the State of Texas. The CDC's outstanding receivable for sales taxes as of September 30, 2019, was \$131,320.

Capital Assets

The CDC's capital asset activity for the year ended September 30, 2019, was as follows:

	Balances Oct. 1, 2018	Increases	Decreases	Balances Sept. 30, 2019
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 266,309	\$ -	\$ -	\$ 266,309
Total Capital assets not being depreciated	266,309	-	-	266,309
Capital assets being depreciated:				
Buildings	941,081	-	-	941,081
Office Equipment	16,840	-	-	16,840
Total capital assets being depreciated	957,921	-	-	957,921
Less accumulated depreciation for:				
Buildings	(269,373)	(22,052)	-	(291,425)
Office equipment	(16,840)	-	-	(16,840)
Total accumulated depreciation	(286,213)	(22,052)	-	(308,265)
Total capital assets being depreciated, net	671,708	(22,052)	-	649,656
Governmental activities capital assets, net	\$ 938,017	\$(22,052)	\$ -	\$ 915,965

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF EL CAMPO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance from Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 7,047,500	\$ 7,885,040	\$ 7,520,561	\$(364,479)
Licenses and permits	116,330	116,330	142,190	25,860
Intergovernmental	129,470	129,470	133,112	3,642
Charges for services	226,930	220,430	224,503	4,073
Fines and forfeitures	404,560	404,560	389,204	(15,356)
Investment earnings	35,000	35,000	37,780	2,780
Miscellaneous	65,600	75,600	73,411	(2,189)
Total revenues	<u>8,025,390</u>	<u>8,866,430</u>	<u>8,520,761</u>	<u>(345,669)</u>
EXPENDITURES				
Current:				
General government	1,960,140	2,573,040	2,169,781	403,259
Public safety	4,057,660	4,109,600	3,940,972	168,628
Public works	1,322,160	1,324,160	1,590,480	(266,320)
Parks and recreation	894,790	894,790	866,708	28,082
Debt service:				
Principal	-	-	88,487	(88,487)
Interest and fiscal charges	-	-	31,717	(31,717)
Capital outlay	<u>2,000</u>	<u>-</u>	<u>205,488</u>	<u>(205,488)</u>
Total expenditures	<u>8,236,750</u>	<u>8,901,590</u>	<u>8,893,633</u>	<u>7,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(211,360)</u>	<u>(35,160)</u>	<u>(372,872)</u>	<u>(337,712)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	10,000	10,000	49,766	39,766
Transfers in	694,740	499,010	689,091	190,081
Transfers out	(667,760)	(667,760)	(324,680)	343,080
Bond issuance	-	-	296,400	296,400
Capital lease	<u>-</u>	<u>-</u>	<u>177,873</u>	<u>177,873</u>
Total other financing sources (uses)	<u>36,980</u>	<u>(158,750)</u>	<u>888,450</u>	<u>1,047,200</u>
Net change in fund balance	<u>(174,380)</u>	<u>(193,910)</u>	<u>515,578</u>	<u>709,488</u>
Fund balance- beginning	<u>3,242,331</u>	<u>3,242,331</u>	<u>3,242,331</u>	<u>-</u>
Fund balance- ending	<u>\$ 3,067,951</u>	<u>\$ 3,048,421</u>	<u>\$ 3,757,909</u>	<u>\$ 709,488</u>

The accompanying notes are an integral
part of this schedule.

CITY OF EL CAMPO, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – GENERAL FUND BUDGETARY SCHEDULE

SEPTEMBER 30, 2019

Budgetary Basis of Accounting

Legally adopted annual budgets for the General Fund, Debt Service Fund, Municipal Court Technology Fund, Hotel/Motel Tax Fund, Transportation User Fee Fund, Civic Center Fund and the Police Seizure Fund and are prepared on a basis consistent with generally accepted accounting principles (GAAP) at the departmental level (i.e., administration, municipal court, etc.), the legal level of budgetary control. An annual budget is also adopted for the enterprise funds on a non-GAAP budgetary basis. The legal level of budgetary control for the enterprise funds is at the fund level.

Budgetary Information

The annual budget must specify appropriations for capital expenditures and for expenditures directed by the City Council for services and for the operation of the City. City department directors and officers shall submit budget requests for the next fiscal year to, and as directed by, the City Manager for review and consolidation. The City Manager shall submit a proposed annual budget to the City Council at least 45 days prior to the end of each fiscal year. Before taxes are levied, but after a public hearing or hearings, the City Council shall adopt an annual budget. The budget shall be adopted by a majority of all members of the City Council not later than 15 days prior to the beginning of the fiscal year.

At any time during the fiscal year, the City Manager is authorized to transfer unencumbered budgeted amounts between line items within a department; however, any revisions that alter the total budgeted expenditures of any department must be approved by the City Council.

Unencumbered budget appropriations lapse at year-end and do not carry forward to future periods.

CITY OF EL CAMPO, TEXAS

TEXAS MUNICIPAL RETIREMENT SYSTEM - SCHEDULE OF CHANGES
IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Measurement Period December 31,	2018	2017
Total Pension Liability		
Service cost	\$ 699,915	\$ 662,928
Interest (on the total pension liability)	1,913,653	1,852,927
Difference between expected and actual experience	(63,589)	(418,703)
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	(1,209,328)	(1,222,674)
Net change in total pension liability	1,340,651	874,478
Total pension liability - beginning	28,605,117	27,730,639
Total pension liability - ending (a)	\$ 29,945,768	\$ 28,605,117
Plan Fiduciary Net Position		
Contributions - employer	\$ 638,377	\$ 610,134
Contributions - employee	345,069	326,566
Net investment income	(778,898)	3,202,487
Benefit payments, including refunds of employee contributions	(1,209,328)	(1,222,674)
Administrative expense	(15,057)	(16,599)
Other	(787)	(841)
Net change in plan fiduciary net position	(1,020,624)	2,899,073
Plan fiduciary net position - beginning	26,008,849	23,109,776
Plan fiduciary net position - ending (b)	24,988,225	26,008,849
Net pension liability - ending (a) - (b)	\$ 4,957,543	\$ 2,596,268
Plan fiduciary net position as a percentage of total pension liability	83%	91%
Covered payroll	\$ 5,751,149	\$ 5,442,758
Net pension liability as a percentage of covered payroll	86%	48%

Note: This schedule is required to have ten years of information, but the information prior to 2014 is not available.

2016	2015	2014
\$ 659,018	\$ 639,319	\$ 574,183
1,776,064	1,754,661	1,671,854
(81,324)	(74,642)	(117,116)
-	50,996	-
(1,211,352)	(1,058,047)	(899,035)
1,142,406	1,312,287	1,229,886
<u>26,588,233</u>	<u>25,275,946</u>	<u>24,046,060</u>
\$ <u>27,730,639</u>	\$ <u>26,588,233</u>	\$ <u>25,275,946</u>
\$ 608,631	\$ 621,185	\$ 642,038
323,454	316,668	308,429
1,481,452	32,511	1,190,068
(1,211,352)	(1,058,047)	(899,035)
(16,734)	(19,803)	(12,426)
(902)	(978)	(1,022)
1,184,549	(108,464)	1,228,052
<u>21,925,227</u>	<u>22,033,691</u>	<u>20,805,639</u>
<u>23,109,776</u>	<u>21,925,227</u>	<u>22,033,691</u>
\$ <u>4,620,863</u>	\$ <u>4,663,006</u>	\$ <u>3,242,255</u>
83%	82%	87%
\$ 5,384,134	\$ 5,279,268	\$ 5,140,488
86%	88%	63%

CITY OF EL CAMPO, TEXAS

**TEXAS MUNICIPAL RETIREMENT SYSTEM - SCHEDULE OF
EMPLOYER CONTRIBUTIONS**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fiscal Year Ended September 30,	<u>2019</u>	<u>2018</u>
Actuarially Determined Contributions	\$ 633,807	\$ 631,978
Contributions in Relation to the Actuarially Determined Contributions	633,807	631,978
Contribution Deficiency (Excess)	-	-
Covered Payroll	5,926,162	5,680,267
Contributions as a Percentage of Covered Payroll	10.7%	11.1%

Note: This schedule is required to have ten years of information, but the information prior to 2015 is not available.

2017	2016	2015
\$ 610,767	\$ 627,714	\$ 632,469
610,767	627,714	632,469
-	-	-
5,441,279	5,495,377	5,294,364
11.2%	11.4%	11.9%

CITY OF EL CAMPO, TEXAS

**TEXAS MUNICIPAL RETIREMENT SYSTEM - NOTES TO THE
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period 27 Years

Asset Valuation Method 10 Year smoothed market; 15% soft corridor

Inflation 2.5%

Salary Increases 3.5% to 10.5% including inflation

Investment Rate of Return 6.75%

Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.

Mortality RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year.

CITY OF EL CAMPO, TEXAS

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Measurement Period December 31,	2018	2017
A. Total OPEB liability		
Service Cost	\$ 11,502	\$ 9,253
Interest (on the Total OPEB Liability)	10,821	10,774
Difference between expected and actual experience	591	-
Changes of assumptions	(21,555)	23,816
Benefit payments, including refunds of employee contributions	(2,876)	(3,266)
Net change in Total OPEB liability	(1,517)	40,577
Total OPEB liability - beginning	<u>322,600</u>	<u>282,023</u>
Total OPEB liability - ending (a)	<u>\$ 321,083</u>	<u>\$ 322,600</u>
B. Covered employee payroll	\$ 5,751,149	\$ 5,442,758
C. Total OPEB liability as a percentage of covered employee payroll	5.58%	5.93%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Municipal Court Technology and Building Security Funds – Account for funds received in conjunction with municipal court fines to enhance these specific areas.

Hotel/Motel Tax Fund – Accounts for the collection of hotel and motel taxes collected by the City.

Transportation User Fee Fund – accounts for revenue of fees collected from utility customers to be used for street repair, reconstruction and maintenance as well as sidewalk maintenance.

Civic Center Fund – accounts for revenues and expenditures related to the operation and management of the City-owned Civic Center.

Transportation Reinvestment Zone Fund - accounts for the City's portion of the cost of a project to upgrade US Highway 59.

Police Seizure Fund – Accounts for items seized by the City through the police department as a result of criminal investigations. The funds are used for one-time equipment purchases and other purchases to assist in police activities.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

Capital Projects Fund - accounts for the acquisition and construction of certain major capital facilities.

Street Paving Fund – Accounts for paving the City's remaining unpaved streets through assessments to adjacent landowners and transfers from the General Fund.

CITY OF EL CAMPO, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	Special Revenue Funds			
	Municipal Court Technology	Municipal Court Building Security	Hotel/Motel Tax	Transportation User Fee
ASSETS				
Cash	\$ 12,457	\$ 34,182	\$ 70,132	\$ 17,742
Investments	-	-	-	-
Taxes receivable (net)	-	-	39,974	-
Due from other funds	-	-	-	-
Special assessments receivables (net)	-	-	-	2,349
Total assets	<u>\$ 12,457</u>	<u>\$ 34,182</u>	<u>\$ 110,106</u>	<u>\$ 20,091</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 10,221	\$ -
Deposits	-	-	-	-
Due to other funds	12,195	-	-	-
Total liabilities	<u>12,195</u>	<u>-</u>	<u>10,221</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - assessments	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	262	34,182	99,885	20,091
Unassigned	-	-	-	-
Total fund balances	<u>262</u>	<u>34,182</u>	<u>99,885</u>	<u>20,091</u>
Total liabilities and fund balances	<u>\$ 12,457</u>	<u>\$ 34,182</u>	<u>\$ 110,106</u>	<u>\$ 20,091</u>

Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
Civic Center	Transportation Reinvestment Zone	Police Seizure	Capital Projects	Street Paving	
\$ 25,737	\$ 228,938	\$ 36,543	\$ 43,840	\$ 63,733	\$ 533,304
-	-	27,159	-	-	27,159
-	-	-	-	-	39,974
-	25,659	-	-	-	25,659
-	-	-	-	50,726	53,075
<u>\$ 25,737</u>	<u>\$ 254,597</u>	<u>\$ 63,702</u>	<u>\$ 43,840</u>	<u>\$ 114,459</u>	<u>\$ 679,171</u>
\$ 5,535	\$ -	\$ -	\$ 83,685	\$ -	\$ 99,441
31,015	-	-	-	-	31,015
-	216,560	5,393	-	-	234,148
<u>36,550</u>	<u>216,560</u>	<u>5,393</u>	<u>83,685</u>	<u>-</u>	<u>364,604</u>
-	-	-	-	50,727	50,727
-	-	-	-	50,727	50,727
-	-	58,309	-	63,732	276,461
(10,813)	38,037	-	(39,845)	-	(12,621)
(10,813)	38,037	58,309	(39,845)	63,732	263,840
<u>\$ 25,737</u>	<u>\$ 254,597</u>	<u>\$ 63,702</u>	<u>\$ 43,840</u>	<u>\$ 114,459</u>	<u>\$ 679,171</u>

CITY OF EL CAMPO, TEXAS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds			
	Municipal Court Technology	Municipal Court Building Security	Hotel/Motel Tax	Transportation User Fee
REVENUES				
Taxes	\$ -	\$ -	\$ 169,874	\$ -
Charges for services	7,069	5,098	-	20,054
Investment earnings	77	199	516	37
Miscellaneous	-	307	-	-
Total revenues	<u>7,146</u>	<u>5,604</u>	<u>170,390</u>	<u>20,091</u>
EXPENDITURES				
Current:				
General government	5,642	-	43,682	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>5,642</u>	<u>-</u>	<u>43,682</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,504	5,604	126,708	20,091
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(105,423)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(105,423)</u>	<u>-</u>
Net change in fund balances	1,504	5,604	21,285	20,091
Fund balances, beginning of year	(1,242)	28,578	78,600	-
Fund balances, end of year	\$ <u>262</u>	\$ <u>34,182</u>	\$ <u>99,885</u>	\$ <u>20,091</u>

Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
Civic Center	Transportation Reinvestment Zone	Police Seizure	Capital Projects	Street Paving	
\$ -	\$ 87,681	\$ -	\$ -	\$ -	\$ 257,555
106,425	-	-	-	6,520	145,166
65	623	900	473	370	3,260
-	-	2,245	-	1,220	3,772
<u>106,490</u>	<u>88,304</u>	<u>3,145</u>	<u>473</u>	<u>8,110</u>	<u>409,753</u>
-	-	-	-	-	49,324
-	-	4,856	-	-	4,856
170,014	-	-	-	-	170,014
-	-	-	218,178	-	218,178
<u>170,014</u>	<u>-</u>	<u>4,856</u>	<u>218,178</u>	<u>-</u>	<u>442,372</u>
(63,524)	88,304	(1,711)	(217,705)	8,110	(32,619)
52,711	-	-	324,680	-	377,391
-	-	-	-	-	(105,423)
<u>52,711</u>	<u>-</u>	<u>-</u>	<u>324,680</u>	<u>-</u>	<u>271,968</u>
(10,813)	88,304	(1,711)	106,975	8,110	239,349
-	(50,267)	60,020	(146,820)	55,622	24,491
<u>\$(10,813)</u>	<u>\$ 38,037</u>	<u>\$ 58,309</u>	<u>\$(39,845)</u>	<u>\$ 63,732</u>	<u>\$ 263,840</u>

CITY OF EL CAMPO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Ad valorem	\$ 3,002,770	\$ 2,975,005	\$(27,765)
Sales	4,003,970	3,795,391	(208,579)
Franchise	862,300	733,735	(128,565)
Alcoholic beverage	16,000	16,430	430
Licenses and permits	116,330	142,190	25,860
Intergovernmental	129,470	133,112	3,642
Charges for services	220,430	224,503	4,073
Fines and forfeitures	404,560	389,204	(15,356)
Investment earnings	35,000	37,780	2,780
Miscellaneous	<u>75,600</u>	<u>73,411</u>	<u>(2,189)</u>
Total revenues	<u>8,866,430</u>	<u>8,520,761</u>	<u>(345,669)</u>
EXPENDITURES			
General government:			
Multi-departmental	1,848,140	1,497,123	351,017
Finance	340,120	292,213	47,907
Personnel	152,420	152,199	221
Municipal court	<u>232,360</u>	<u>228,246</u>	<u>4,114</u>
Total general government	<u>2,573,040</u>	<u>2,169,781</u>	<u>403,259</u>
Public safety:			
Police	2,964,750	2,772,727	192,023
Fire	201,980	192,394	9,586
Inspection	451,730	453,100	(1,370)
Communications	471,820	508,274	(36,454)
Emergency management	<u>19,320</u>	<u>14,477</u>	<u>4,843</u>
Total public safety	<u>4,109,600</u>	<u>3,940,972</u>	<u>168,628</u>
Public works:			
Streets	941,450	1,216,627	(275,177)
Administration/engineering	261,790	275,195	(13,405)
Vehicle and facility maintenance	<u>120,920</u>	<u>98,658</u>	<u>22,262</u>
Total public works	<u>1,324,160</u>	<u>1,590,480</u>	<u>(266,320)</u>

CITY OF EL CAMPO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (continued)			
Parks and recreation:			
Parks and recreation	\$ 570,300	\$ 544,515	\$ 25,785
Aquatic center	<u>324,490</u>	<u>322,193</u>	<u>2,297</u>
Total parks and recreation	<u>894,790</u>	<u>866,708</u>	<u>28,082</u>
Debt service:			
Principal	-	88,487	(88,487)
Interest and fiscal charges	<u>-</u>	<u>31,717</u>	<u>(31,717)</u>
Total debt service	<u>-</u>	<u>120,204</u>	<u>(120,204)</u>
Capital outlay	<u>-</u>	<u>205,488</u>	<u>(205,488)</u>
Total expenditures	<u>8,901,590</u>	<u>8,893,633</u>	<u>7,957</u>
Excess (deficiency) of revenues over (under) expenditures	(35,160)	(372,872)	(337,712)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	10,000	49,766	39,766
Transfers in	499,010	689,091	190,081
Transfers out	(667,760)	(324,680)	343,080
Bond issuance	-	296,400	296,400
Capital lease	<u>-</u>	<u>177,873</u>	<u>177,873</u>
Total other financing sources (uses)	<u>(158,750)</u>	<u>888,450</u>	<u>1,047,200</u>
Net change in fund balance	(193,910)	515,578	709,488
Fund balance - beginning	<u>3,242,331</u>	<u>3,242,331</u>	<u>-</u>
Fund balance - ending	\$ <u>3,048,421</u>	\$ <u>3,757,909</u>	\$ <u>709,488</u>

CITY OF EL CAMPO, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 1,240,560	\$ 1,221,889	\$ (18,671)
Investment earnings	<u>200</u>	<u>1,923</u>	<u>1,723</u>
Total revenues	<u>1,240,760</u>	<u>1,223,812</u>	<u>(16,948)</u>
EXPENDITURES			
Debt service:			
Principal	903,066	903,066	-
Interest and fiscal fees	<u>870,640</u>	<u>710,583</u>	<u>160,057</u>
Total expenditures	<u>1,773,706</u>	<u>1,613,649</u>	<u>160,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(532,946)</u>	<u>(389,837)</u>	<u>143,109</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,029,530	819,218	(210,312)
Transfers out	<u>(496,584)</u>	<u>(638,690)</u>	<u>(142,106)</u>
Total other financing sources (uses)	<u>532,946</u>	<u>180,528</u>	<u>(352,418)</u>
Change in fund balance	-	(209,309)	(209,309)
Fund balance- beginning	<u>59,446</u>	<u>59,446</u>	<u>-</u>
Fund balance- ending	\$ <u>59,446</u>	\$ <u>(149,863)</u>	\$ <u>(209,309)</u>

CITY OF EL CAMPO, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT TECHNOLOGY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 8,500	\$ 7,069	\$ (1,431)
Investment earnings	<u>-</u>	<u>77</u>	<u>77</u>
Total revenues	<u>8,500</u>	<u>7,146</u>	<u>(1,354)</u>
EXPENDITURES			
Current:			
General government	<u>8,500</u>	<u>5,642</u>	<u>2,858</u>
Total expenditures	<u>8,500</u>	<u>5,642</u>	<u>2,858</u>
Change in fund balance	-	1,504	1,504
Fund balance- beginning	<u>(1,242)</u>	<u>(1,242)</u>	<u>-</u>
Fund balance- ending	<u>\$(1,242)</u>	<u>\$ 262</u>	<u>\$ 1,504</u>

CITY OF EL CAMPO, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 160,000	\$ 169,874	\$ 9,874
Investment earnings	<u>-</u>	<u>516</u>	<u>516</u>
Total revenues	<u>160,000</u>	<u>170,390</u>	<u>10,390</u>
EXPENDITURES			
Current:			
General government	<u>41,280</u>	<u>43,682</u>	<u>(2,402)</u>
Total expenditures	<u>41,280</u>	<u>43,682</u>	<u>(2,402)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>118,720</u>	<u>126,708</u>	<u>7,988</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(118,720)</u>	<u>(105,423)</u>	<u>13,297</u>
Total other financing sources (uses)	<u>(118,720)</u>	<u>(105,423)</u>	<u>13,297</u>
Change in fund balance	-	21,285	21,285
Fund balance- beginning	<u>78,600</u>	<u>78,600</u>	<u>-</u>
Fund balance- ending	\$ <u>78,600</u>	\$ <u>99,885</u>	\$ <u>21,285</u>

CITY OF EL CAMPO, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION USER FEE FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Final Budget	Actual	Variance
REVENUES			
Charges for services	\$ 28,060	\$ 20,054	\$ (8,006)
Investment earnings	-	37	37
Total revenues	<u>28,060</u>	<u>20,091</u>	<u>(7,969)</u>
EXPENDITURES			
Current:			
Public Works	<u>28,060</u>	-	<u>28,060</u>
Total expenditures	<u>28,060</u>	<u>-</u>	<u>28,060</u>
Change in fund balance	-	20,091	20,091
Fund balance- beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance- ending	<u>\$ -</u>	<u>\$ 20,091</u>	<u>\$ 20,091</u>

CITY OF EL CAMPO, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CIVIC CENTER FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 120,000	\$ 106,425	\$ (13,575)
Investment earnings	-	65	65
Total revenues	<u>120,000</u>	<u>106,490</u>	<u>(13,510)</u>
EXPENDITURES			
Current:			
Parks and recreation	<u>153,830</u>	<u>170,014</u>	<u>(16,184)</u>
Total expenditures	<u>153,830</u>	<u>170,014</u>	<u>(16,184)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,830)</u>	<u>(63,524)</u>	<u>(29,694)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>59,360</u>	<u>52,711</u>	<u>(6,649)</u>
Total other financing sources (uses)	<u>59,360</u>	<u>52,711</u>	<u>(6,649)</u>
Change in fund balance	25,530	(10,813)	(36,343)
Fund balance- beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance- ending	<u>\$ 25,530</u>	<u>\$ (10,813)</u>	<u>\$ (36,343)</u>

CITY OF EL CAMPO, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE SEIZURE FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment earnings	\$ 150	\$ 900	\$ 750
Miscellaneous	<u>4,500</u>	<u>2,245</u>	<u>(2,255)</u>
Total revenues	<u>4,650</u>	<u>3,145</u>	<u>(1,505)</u>
EXPENDITURES			
Current:			
Public safety	<u>4,650</u>	<u>4,856</u>	<u>(206)</u>
Total expenditures	<u>4,650</u>	<u>4,856</u>	<u>(206)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,711)</u>	<u>(1,711)</u>
Change in fund balance	-	(1,711)	(1,711)
Fund balance- beginning	<u>60,020</u>	<u>60,020</u>	<u>-</u>
Fund balance- ending	<u>\$ 60,020</u>	<u>\$ 58,309</u>	<u>\$(1,711)</u>

CITY OF EL CAMPO, TEXAS

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUDGET (NON-GAAP BASIS) AND ACTUAL
ENTERPRISE FUND - UTILITY FUND

YEAR ENDED SEPTEMBER 30, 2019

	Final Budget	Actual	Variance
OPERATING REVENUES			
Water	\$ 1,761,510	\$ 1,767,377	\$ 5,867
Sewer	1,930,070	1,815,028	(115,042)
Sanitation	1,968,500	1,937,966	(30,534)
Penalties	90,500	94,256	3,756
Connection and installation fees	50,000	66,157	16,157
Miscellaneous	27,310	73,203	45,893
Total revenues	<u>5,827,890</u>	<u>5,753,987</u>	<u>(73,903)</u>
OPERATING EXPENSES			
Utility operations:			
Personnel	802,980	791,747	11,233
Material and supplies	66,600	68,309	(1,709)
Contractual services	2,921,690	3,301,427	(379,737)
Repairs and maintenance	240,250	265,043	(24,793)
Total operating expenses	<u>4,031,520</u>	<u>4,426,526</u>	<u>(395,006)</u>
Operating income before nonoperating revenues (expenses) and transfers	<u>1,796,370</u>	<u>1,327,461</u>	<u>(468,909)</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	181,795	181,795
Investment earnings	8,500	37,766	29,266
Principal retirement	(633,239)	(633,239)	-
Interest and fiscal charges	(177,122)	(177,122)	-
Transfers in	86,100	638,690	552,590
Transfers out	(1,890,970)	(1,262,819)	628,151
Total nonoperating revenues (expenses)	<u>(2,606,731)</u>	<u>(1,214,929)</u>	<u>1,391,802</u>
Change in net position - (Non-GAAP Basis)	<u>\$ (810,361)</u>	<u>\$ 112,532</u>	<u>\$ 922,893</u>
ADJUSTMENTS			
Principal portion of debt payments		633,239	
Depreciation		(832,443)	
Change in net position - GAAP basis		(86,672)	
Net position, beginning of year		<u>11,037,094</u>	
Net position, end of year		<u>\$ 10,950,422</u>	

CITY OF EL CAMPO, TEXAS

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - BUDGET (NON-GAAP BASIS) AND ACTUAL
ENTERPRISE FUND - EMERGENCY MEDICAL SERVICES FUND

YEAR ENDED SEPTEMBER 30, 2019

	Final Budget	Actual	Variance
OPERATING REVENUES			
Ambulance services	\$ 1,992,370	\$ 1,976,018	\$(16,352)
Miscellaneous	<u>-</u>	<u>114,291</u>	<u>114,291</u>
Total revenues	<u>1,992,370</u>	<u>2,090,309</u>	<u>97,939</u>
OPERATING EXPENSES			
EMS operations:			
Personnel	1,282,120	1,373,857	(91,737)
Materials and supplies	125,500	269,732	(144,232)
Contractual services	179,360	239,734	(60,374)
Repairs and maintenance	61,490	53,275	8,215
Capital outlay	<u>128,274</u>	<u>272,471</u>	<u>(144,197)</u>
Total operating expenses	<u>1,776,744</u>	<u>2,209,069</u>	<u>(432,325)</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	<u>215,626</u>	<u>(118,760)</u>	<u>530,264</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	200	1,717	1,517
Interest and fiscal charges	-	(3,743)	(3,743)
Loss on disposal of property	-	(60,649)	(60,649)
Transfers out	<u>(233,790)</u>	<u>(192,778)</u>	<u>41,012</u>
Total nonoperating revenues (expenses)	<u>(233,590)</u>	<u>(255,453)</u>	<u>(21,863)</u>
Change in net position - (Non-GAAP Basis)	<u>\$(17,964)</u>	<u>\$(374,213)</u>	<u>\$(356,249)</u>
ADJUSTMENTS			
Depreciation		\$(89,875)	
Capital outlay		<u>272,471</u>	
Change in net position - GAAP basis		(191,617)	
Net position, beginning of year		<u>531,118</u>	
Net position, end of year		<u>\$ 339,501</u>	

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends	69-75
These schedules contain trend information to help the reader understand how performance and the City's financial well-being have changed over time.	
Revenue Capacity	77-85
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	87-94
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	95-96
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities takes place.	
Operating Information	97-103
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF EL CAMPO, TEXAS

NET POSITION BY COMPONENT (1)

LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities:				
Net investment in capital assets	\$ 12,651,611	\$ 12,096,688	\$ 11,780,074	\$ 12,448,707
Restricted	596,548	394,422	250,288	341,963
Unrestricted	<u>3,556,474</u>	<u>4,253,875</u>	<u>4,648,129</u>	<u>4,126,213</u>
Total governmental activities net position	<u>\$ 16,804,633</u>	<u>\$ 16,744,985</u>	<u>\$ 16,678,491</u>	<u>\$ 16,916,883</u>
Business-type activities:				
Net investment in capital assets	\$ 8,185,040	\$ 8,171,231	\$ 8,668,743	\$ 8,115,580
Unrestricted	<u>2,381,014</u>	<u>2,801,092</u>	<u>2,410,643</u>	<u>3,020,028</u>
Total business-type activities net position	<u>\$ 10,566,054</u>	<u>\$ 10,972,323</u>	<u>\$ 11,079,386</u>	<u>\$ 11,135,608</u>
Primary government:				
Net investment in capital assets	\$ 20,836,651	\$ 20,267,919	\$ 20,448,817	\$ 20,564,287
Restricted	596,584	394,422	250,288	341,963
Unrestricted	<u>5,937,488</u>	<u>7,054,967</u>	<u>7,058,772</u>	<u>7,146,241</u>
Total primary government net position	<u>\$ 27,370,723</u>	<u>\$ 27,717,308</u>	<u>\$ 27,757,877</u>	<u>\$ 28,052,491</u>

(1) Accrual basis of accounting

TABLE 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 9,777,017	\$ 5,094,853	\$ 11,596,010	\$ 11,813,285	\$ 11,607,624	\$ 13,347,767
214,477	7,642,486	329,900	229,842	167,198	212,729
<u>4,828,765</u>	<u>1,205,992</u>	<u>151,093</u>	<u>552,340</u>	<u>(7,568,792)</u>	<u>(7,673,965)</u>
<u>\$ 14,820,259</u>	<u>\$ 13,943,331</u>	<u>\$ 12,077,003</u>	<u>\$ 12,595,467</u>	<u>\$ 4,206,030</u>	<u>\$ 5,886,531</u>
\$ 6,461,102	\$ 7,003,324	\$ 9,791,150	\$ 9,568,796	\$ 10,022,697	\$ 10,197,147
<u>5,738,526</u>	<u>2,457,578</u>	<u>2,072,824</u>	<u>2,045,458</u>	<u>1,545,515</u>	<u>1,092,776</u>
<u>\$ 12,199,628</u>	<u>\$ 9,460,902</u>	<u>\$ 11,863,974</u>	<u>\$ 11,614,254</u>	<u>\$ 11,568,212</u>	<u>\$ 11,289,923</u>
\$ 16,238,119	\$ 12,098,177	\$ 21,387,160	\$ 21,382,081	\$ 21,630,321	\$ 23,544,914
214,477	7,642,486	329,900	229,842	167,198	212,729
<u>10,567,291</u>	<u>3,663,570</u>	<u>2,223,917</u>	<u>2,597,798</u>	<u>(6,023,277)</u>	<u>(6,581,189)</u>
<u>\$ 27,019,887</u>	<u>\$ 23,404,233</u>	<u>\$ 23,940,977</u>	<u>\$ 24,209,721</u>	<u>\$ 15,774,242</u>	<u>\$ 17,176,454</u>

CITY OF EL CAMPO, TEXAS

CHANGES IN NET POSITION (1)

LAST TEN FISCAL YEARS

	Fiscal Year	
	2010	2011
Governmental Activities		
Expenses:		
General government	\$ 1,700,404	\$ 1,748,982
Public safety	3,331,347	3,181,009
Public works	1,933,738	2,205,043
Parks and recreation	745,235	682,760
Interest on long-term debt	<u>144,355</u>	<u>136,246</u>
Total expenses	<u>7,855,079</u>	<u>7,954,040</u>
Program revenues:		
Charges for services:		
General government	134,468	131,517
Public safety	670,620	580,613
Public works	29,651	55,955
Parks and recreation	187,309	231,917
Operating grants and contributions	148,542	162,233
Capital grants and contributions	<u>-</u>	<u>71,424</u>
Total program revenues	<u>1,170,590</u>	<u>1,233,659</u>
Total governmental activities net program (expense) revenue	\$ <u>(6,684,489)</u>	\$ <u>(6,720,381)</u>
General revenues and other changes in net position		
Taxes:		
Property taxes	\$ 2,641,886	\$ 2,811,094
Sales taxes	2,161,373	2,405,245
Franchise taxes	603,132	650,585
Other taxes	102,424	104,512
Investment earnings	57,935	38,222
Gain on sale of capital assets	-	-
Miscellaneous	295,309	173,116
Transfers	<u>(196,916)</u>	<u>477,959</u>
Total general revenues and other changes in net position	<u>5,665,143</u>	<u>6,660,733</u>
Total governmental activities change in net position	\$ <u>(1,019,346)</u>	\$ <u>(59,648)</u>

(1) Accrual basis of accounting

TABLE 2

Fiscal Year				
2012	2013	2014	2015	2016
\$ 1,598,194	\$ 1,409,439	\$ 2,832,544	\$ 3,126,552	\$ 2,326,025
3,486,798	3,555,073	3,781,836	3,781,285	3,933,302
2,220,393	2,340,330	2,352,547	2,228,376	2,135,403
860,990	880,902	1,218,866	1,152,451	1,031,769
133,211	109,774	123,993	236,628	706,151
<u>8,299,586</u>	<u>8,295,518</u>	<u>10,309,786</u>	<u>10,525,292</u>	<u>10,132,650</u>
134,253	162,534	149,723	209,755	133,356
599,335	505,909	475,974	419,142	540,493
33,332	31,466	113,905	223,309	20,573
251,355	269,205	429,494	287,174	321,993
181,085	145,583	-	137,267	63,437
-	24,969	-	-	911,211
<u>1,199,360</u>	<u>1,139,666</u>	<u>1,169,096</u>	<u>1,276,647</u>	<u>1,991,063</u>
<u>\$ (7,100,226)</u>	<u>\$ (7,155,852)</u>	<u>\$ (9,140,690)</u>	<u>\$ (9,248,645)</u>	<u>\$ (8,141,587)</u>
\$ 2,834,559	\$ 2,832,186	\$ 2,833,021	\$ 3,118,814	\$ 3,640,047
2,840,198	2,908,788	3,533,651	3,568,802	2,769,036
622,421	602,873	929,726	827,649	673,722
145,210	159,487	19,840	17,369	162,880
33,478	10,307	9,620	26,974	50,050
-	-	-	-	-
243,932	250,569	374,195	290,316	86,483
<u>375,176</u>	<u>630,034</u>	<u>(962,266)</u>	<u>83,288</u>	<u>(1,106,959)</u>
<u>7,094,974</u>	<u>7,394,244</u>	<u>6,737,787</u>	<u>7,933,212</u>	<u>6,275,259</u>
<u>\$ (5,252)</u>	<u>\$ 238,392</u>	<u>\$ (2,402,903)</u>	<u>\$ (1,315,433)</u>	<u>\$ (1,866,328)</u>

TABLE 2

CITY OF EL CAMPO, TEXAS

CHANGES IN NET POSITION (1)

LAST TEN FISCAL YEARS

	Fiscal Year		
	2017	2018	2019
Governmental Activities			
Expenses:			
General government	\$ 1,687,369	\$ 3,016,842	\$ 2,482,306
Public safety	4,244,016	4,353,355	4,625,059
Public works	1,732,892	10,139,202	2,340,432
Parks and recreation	1,084,289	1,152,718	1,187,754
Interest on long-term debt	749,594	816,122	707,641
Total expenses	<u>9,498,160</u>	<u>19,478,239</u>	<u>11,343,192</u>
Program revenues:			
Charges for services:			
General government	167,571	169,269	179,335
Public safety	572,814	482,922	540,933
Public works	23,394	37,579	69,670
Parks and recreation	327,727	289,304	317,391
Operating grants and contributions	111,088	75,065	605
Capital grants and contributions	<u>499,613</u>	<u>93,653</u>	<u>2,098,363</u>
Total program revenues	<u>1,702,207</u>	<u>1,147,792</u>	<u>3,206,297</u>
Total governmental activities net program (expense) revenue	<u>\$ (7,795,953)</u>	<u>\$ (18,330,447)</u>	<u>\$ (8,136,895)</u>
General revenues and other changes in net position			
Taxes:			
Property taxes	\$ 3,981,191	\$ 4,270,461	\$ 4,287,660
Sales taxes	3,051,283	4,045,900	3,795,391
Franchise taxes	701,185	713,031	733,735
Other taxes	172,068	224,343	186,304
Investment earnings	37,911	19,303	42,963
Gain on sale of capital assets	-	-	38,313
Miscellaneous	95,196	51,140	30,582
Transfers	<u>275,583</u>	<u>803,617</u>	<u>816,907</u>
Total general revenues and other changes in net position	<u>8,314,417</u>	<u>10,127,795</u>	<u>9,931,855</u>
Total governmental activities change in net position	<u>\$ 518,464</u>	<u>\$ (8,202,652)</u>	<u>\$ 1,794,960</u>

(1) Accrual basis of accounting

(2) In 2018, public works expense included a one-time expense of \$8,000,000 associated with the upgrade of US Highway 59 to interstate standards.

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CITY OF EL CAMPO, TEXAS

CHANGES IN NET POSITION (1)

LAST TEN FISCAL YEARS

	Fiscal Year	
	<u>2010</u>	<u>2011</u>
Business-type activities		
Expenses:		
Utilities	\$ 4,219,111	\$ 4,269,546
Emergency medical services	<u>1,050,632</u>	<u>1,037,263</u>
Total expenses	<u>5,269,743</u>	<u>5,306,809</u>
Program revenues:		
Charges for services:		
Utilities	4,337,210	4,996,082
Emergency medical services	294,344	389,720
Operating grants and contributions	655,472	796,510
Capital grants and contributions	<u>-</u>	<u>-</u>
Total program revenues	<u>5,287,026</u>	<u>6,182,312</u>
Total business-type activities net program (expense) revenue	<u>17,283</u>	<u>875,503</u>
General revenues and other changes in net position:		
Investment earnings	23,680	8,725
Miscellaneous	-	-
Transfers	<u>196,916</u>	<u>(477,959)</u>
Total general revenues and other changes in net position	<u>220,596</u>	<u>(469,234)</u>
Total business-type activities change in net position	<u>237,879</u>	<u>406,269</u>
Total primary government change in net position	<u>\$ (781,467)</u>	<u>\$ 346,621</u>

(1) Accrual basis of accounting

TABLE 2

Fiscal Year				
2012	2013	2014	2015	2016
\$ 4,529,419	\$ 4,586,250	\$ 5,000,348	\$ 5,045,412	\$ 4,570,795
<u>1,083,813</u>	<u>1,195,259</u>	<u>1,352,446</u>	<u>1,618,966</u>	<u>1,586,963</u>
<u>5,613,232</u>	<u>5,781,509</u>	<u>6,352,794</u>	<u>6,664,378</u>	<u>6,157,758</u>
4,850,584	4,939,016	4,992,362	5,336,727	5,588,319
327,559	565,054	1,367,954	1,613,095	1,629,243
817,196	851,622	-	-	75,000
<u>245,868</u>	<u>104,132</u>	<u>-</u>	<u>-</u>	<u>429,677</u>
<u>6,241,207</u>	<u>6,459,824</u>	<u>6,360,316</u>	<u>6,949,822</u>	<u>7,722,239</u>
<u>627,975</u>	<u>678,315</u>	<u>7,522</u>	<u>285,444</u>	<u>1,564,481</u>
7,489	7,941	14,327	9,776	24,336
-	-	79,905	194,381	25,720
<u>(375,176)</u>	<u>(630,034)</u>	<u>962,266</u>	<u>(83,288)</u>	<u>1,106,959</u>
<u>(367,687)</u>	<u>(622,093)</u>	<u>1,056,498</u>	<u>120,869</u>	<u>1,157,015</u>
<u>260,288</u>	<u>56,222</u>	<u>1,064,020</u>	<u>406,313</u>	<u>2,721,496</u>
\$ <u>255,036</u>	\$ <u>294,614</u>	\$ <u>(1,338,883)</u>	\$ <u>(909,120)</u>	\$ <u>855,168</u>

TABLE 2

CITY OF EL CAMPO, TEXAS

CHANGES IN NET POSITION (1)

LAST TEN FISCAL YEARS

	Fiscal Year		
	2017	2018	2019
Business-type activities			
Expenses:			
Utilities	\$ 5,631,087	\$ 5,444,712	\$ 5,436,091
Emergency medical services	<u>1,819,574</u>	<u>1,697,378</u>	<u>2,090,865</u>
Total expenses	<u>7,450,661</u>	<u>7,142,090</u>	<u>7,526,956</u>
Program revenues:			
Charges for services:			
Utilities	5,665,994	5,823,113	5,680,784
Emergency medical services	1,742,990	2,114,412	1,806,566
Operating grants and contributions	-	-	169,452
Capital grants and contributions	<u>24,250</u>	<u>-</u>	<u>181,795</u>
Total program revenues	<u>7,433,234</u>	<u>7,937,525</u>	<u>7,838,597</u>
Total business-type activities net program (expense) revenue	<u>(17,427)</u>	<u>795,435</u>	<u>311,641</u>
General revenues and other changes in net position:			
Investment earnings	16,870	5,941	39,483
Miscellaneous	26,420	29,249	187,494
Transfers	<u>(275,583)</u>	<u>(803,617)</u>	<u>(816,907)</u>
Total general revenues and other changes in net position	<u>(232,293)</u>	<u>(768,427)</u>	<u>(589,930)</u>
Total business-type activities change in net position	<u>(249,720)</u>	<u>27,008</u>	<u>(278,289)</u>
Total primary government change in net position	<u>\$ 268,744</u>	<u>\$ (8,175,644)</u>	<u>\$ 1,516,671</u>

(1) Accrual basis of accounting

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CITY OF EL CAMPO, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS
(modified accrual basis of accounting)

LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
General Fund:				
Nonspendable:				
Prepaid items	\$ -	\$ 65,249	\$ 63,852	\$ 119,970
Inventory	-	21,928	65,449	37,566
Unassigned	-	3,774,325	4,366,855	3,957,930
Reserved:				
Prepaid items	10,177	-	-	-
Inventory	27,831	-	-	-
Unreserved	3,309,065	-	-	-
Total general fund	\$ <u>3,347,073</u>	\$ <u>3,861,502</u>	\$ <u>4,496,156</u>	\$ <u>4,115,466</u>
All Other Governmental Funds:				
Nonspendable:				
Noncurrent notes receivable	\$ -	\$ 52,098	\$ 35,664	\$ 18,517
Restricted:				
Debt service	-	259,416	82,853	143,746
Municipal court	-	21,203	7,062	-
State and federal grant programs	-	457	-	-
Public safety	-	99,564	142,796	176,884
Capital projects	-	430,584	312,006	310,848
Public works	-	-	-	-
Tourism	-	-	-	-
Committed:				
Street paving	-	9,670	6,751	19,991
Unassigned	-	-	(89,318)	(227,496)
Reserved:				
Noncurrent receivables	67,103	-	-	-
Unreserved, reported in:				
Special revenue funds	81,471	-	-	-
Debt service fund	254,258	-	-	-
Capital projects funds	628,268	-	-	-
Total all other governmental funds	\$ <u>1,031,100</u>	\$ <u>872,992</u>	\$ <u>497,814</u>	\$ <u>442,490</u>

Note: GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, replaced categories that previously had been used to classify fund balance. The City adopted GASB No. 54 in Fiscal year 2011.

TABLE 3

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 465	\$ 9,554	\$ 99,508	\$ 110,779	\$ 61,173	\$ 67,482
29,422	21,616	22,906	21,253	15,467	23,280
4,589,898	3,103,928	2,477,112	2,850,890	3,165,691	3,667,147
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,619,785</u>	<u>\$ (8,215,359)</u>	<u>\$ 2,599,526</u>	<u>\$ 2,982,922</u>	<u>\$ 3,242,331</u>	<u>\$ 3,757,909</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	60,005	92,926	109,173	59,446	-
-	-	17,736	23,605	28,578	34,444
-	-	-	-	-	-
173,284	204,052	97,359	87,929	60,020	58,309
12,216	7,378,429	3,871,418	47,104	55,622	63,732
-	-	-	-	-	20,091
-	-	85,034	118,308	78,600	99,885
-	(246,429)	-	-	-	-
(163,053)	-	(432,389)	(122,497)	(1,104,861)	(897,328)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 22,447</u>	<u>\$ 7,396,057</u>	<u>\$ 3,732,084</u>	<u>\$ 263,622</u>	<u>\$ (822,595)</u>	<u>\$ (620,867)</u>

CITY OF EL CAMPO, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(modified accrual basis of accounting)

LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
REVENUES				
Taxes	\$ 5,530,398	\$ 6,069,161	\$ 6,517,911	\$ 6,546,395
Licenses and permits	98,729	86,460	100,726	125,333
Intergovernmental	218,104	207,131	108,291	121,368
Charges for services	217,408	284,405	264,130	291,202
Fines and forfeitures	655,274	571,100	599,285	505,909
Investment earnings	57,772	37,794	33,247	10,010
Miscellaneous	214,896	186,522	244,901	269,148
Total revenues	<u>6,992,581</u>	<u>7,442,573</u>	<u>7,868,491</u>	<u>7,869,365</u>
EXPENDITURES				
Current:				
General government	1,611,531	1,648,537	1,504,136	1,357,424
Public safety	3,260,752	3,173,120	3,241,872	3,338,576
Public works	1,540,477	1,729,891	1,860,922	1,726,136
Parks and recreation	692,676	669,346	980,005	805,236
Capital outlay	401,725	65,980	159,875	1,647,627
Intergovernmental	-	-	-	-
Debt service:				
Principal retirement	163,536	172,872	185,659	175,597
Interest and fiscal charges	141,654	133,641	109,404	45,350
Bond issuance costs	-	-	33,980	72,713
Total expenditures	<u>7,812,351</u>	<u>7,593,387</u>	<u>8,075,853</u>	<u>9,168,659</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(819,770)</u>	<u>(150,814)</u>	<u>(207,362)</u>	<u>(1,299,294)</u>
OTHER FINANCING SOURCES (USES)				
Payment to refunded bond escrow agent	-	-	(32,526)	-
Debt issuances	-	-	-	42,189
Premiums on bonds	-	-	-	-
Sale of capital assets	12,729	15,845	80,551	32,932
Capital leases	-	-	167,470	210,662
Transfers in	959,725	544,392	616,050	741,219
Transfers out	(467,713)	(53,102)	(364,250)	(163,722)
Total other financing sources (uses)	<u>504,741</u>	<u>507,135</u>	<u>467,295</u>	<u>863,280</u>
Changes in fund balances	<u>\$ (315,029)</u>	<u>\$ 356,321</u>	<u>\$ 259,933</u>	<u>\$ (436,014)</u>
Debt service as a percentage of noncapital expenditures	4%	4%	4%	3%

TABLE 4

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 7,303,676	\$ 7,565,305	\$ 7,234,400	\$ 7,905,639	\$ 9,255,648	\$ 9,000,005
113,905	185,889	104,804	111,119	135,588	142,190
149,723	137,267	584,907	221,902	197,457	2,636,314
273,494	333,350	364,958	363,442	334,639	369,669
475,974	419,142	452,739	391,328	361,414	389,204
9,620	26,974	50,050	37,911	19,303	42,963
374,195	290,316	109,106	93,970	81,124	77,183
<u>8,700,587</u>	<u>8,958,243</u>	<u>8,900,964</u>	<u>9,125,311</u>	<u>10,385,173</u>	<u>12,657,528</u>
2,645,161	2,638,897	1,958,258	1,855,747	2,805,216	2,219,105
3,666,552	3,604,982	3,791,479	3,612,349	3,809,265	3,945,828
1,753,565	1,513,478	2,040,282	1,259,924	1,386,229	1,590,480
937,459	1,027,723	881,027	932,092	1,005,829	1,036,722
12,506,721	4,409,510	10,248,253	4,679,020	1,021,384	2,755,180
-	-	8,000,000	-	-	-
197,263	371,126	488,685	383,585	759,262	991,553
123,993	250,752	475,018	646,638	755,553	742,300
<u>3,182,728</u>	<u>214,299</u>	<u>260,643</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>25,013,442</u>	<u>14,030,767</u>	<u>28,143,645</u>	<u>13,369,355</u>	<u>11,542,738</u>	<u>13,281,168</u>
(16,312,855)	(5,072,524)	(19,242,681)	(4,244,044)	(1,157,565)	(623,640)
-	-	(200,426)	-	-	-
5,078,533	7,436,290	15,640,000	-	-	296,400
-	245,084	699,821	-	-	-
-	245,302	10,700	53,475	-	49,766
-	-	-	-	357,060	177,873
-	5,729,718	2,138,684	1,901,931	2,318,293	1,885,700
(1,494,402)	(5,646,430)	(3,245,643)	(1,626,348)	(1,514,676)	(1,068,793)
<u>3,584,131</u>	<u>8,009,964</u>	<u>15,043,136</u>	<u>329,058</u>	<u>1,160,677</u>	<u>1,340,946</u>
\$ (12,728,724)	\$ 2,937,440	\$ (4,199,545)	\$ (3,914,986)	\$ 3,112	\$ 717,306
3%	6%	7%	12%	14%	17%

CITY OF EL CAMPO, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2010	2009	\$ 313,579,986	\$ 107,166,897	\$ 19,811,993	\$ 82,931,557	\$ 4,694,823
2011	2010	332,985,664	131,323,057	17,581,159	86,173,058	4,950,072
2012	2011	339,317,982	133,722,061	16,361,555	83,283,843	6,733,351
2013	2012	339,656,351	142,088,841	16,542,764	87,609,386	4,778,486
2014	2013	348,994,091	151,116,990	18,417,381	99,641,390	4,586,692
2015	2014	360,142,155	158,635,328	20,120,885	104,453,000	4,086,324
2016	2015	366,600,277	156,410,775	26,528,737	104,176,198	3,424,410
2017	2016	413,172,742	193,858,822	32,949,321	105,019,435	3,054,637
2018	2017	428,569,976	171,687,751	33,106,866	105,952,323	3,289,325
2019	2018	489,527,652	196,983,053	39,336,491	109,507,011	4,243,638

(1) Includes tax-exempt property

NOTE: Property in the City is reassessed annually. The City assesses property at 100% of actual taxable value for all types of real and personal property. Tax rates are per \$100 of assessed value.

SOURCE Wharton County Appraisal District

TABLE 5

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value (1) as a Percentage of Actual Value
\$ 108,563,844	\$ 419,621,412	0.5444	\$ 419,621,412	100.00%
112,395,082	460,617,928	0.5280	460,617,928	100.00%
107,524,105	471,894,687	0.5254	471,894,687	100.00%
114,047,196	476,628,632	0.5073	476,628,632	100.00%
100,904,970	521,851,574	0.4806	521,851,574	100.00%
104,321,253	543,116,439	0.5158	543,116,439	100.00%
99,455,425	557,684,972	0.5918	557,684,972	100.00%
98,091,076	649,963,881	0.6300	649,963,881	100.00%
102,800,005	639,806,236	0.6141	639,806,236	100.00%
109,917,347	729,680,498	0.6322	729,680,498	100.00%

CITY OF EL CAMPO, TEXAS**WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED****LAST TEN FISCAL YEARS**

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated
2010	556,683,000	488,754,900	67,928,100	12.20%	441,316,000
2011	749,552,000	671,189,100	78,362,900	10.45%	332,235,000
2012	642,247,000	574,495,400	67,751,600	10.55%	378,650,000
2013	647,102,000	586,673,800	60,428,200	9.34%	352,993,000
2014	581,607,000	519,861,910	61,745,090	10.62%	365,139,000
2015	566,310,000	505,776,800	60,533,200	10.69%	399,294,000
2016	558,306,050	506,306,050	52,000,000	9.31%	397,794,000
2017	604,146,000	566,035,000	38,111,000	6.31%	438,423,000
2018	606,801,000	534,756,300	72,044,700	11.87%	393,470,000
2019	562,041,000	478,605,000	83,436,000	14.85%	412,748,600

SOURCE City of El Campo

TABLE 6

Base Rate	Total Direct Rate	
	Water	Sewer
	Usage Rate	Usage Rate
22.30	1.91	3.80
22.30	2.01	4.13
22.30	2.01	4.13
22.30	2.01	4.13
22.30	2.01	4.13
24.07	2.16	4.13
26.65	2.55	4.13
26.65	2.92	4.45
26.65	2.92	4.45
26.65	2.92	4.45

CITY OF EL CAMPO, TEXAS**DIRECT AND OVERLAPPING PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUE****LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rates			Overlapping Rates		
	Debt Service	General Fund	Total	School District	Junior College	Wharton County/ FMLR
2010	\$ 0.0553	\$ 0.4891	\$ 0.5444	\$ 1.1949	\$ 0.1445	\$ 0.5318
2011	0.0526	0.4753	0.5280	1.1949	0.1445	0.5318
2012	0.0548	0.4706	0.5254	1.1962	0.1382	0.5022
2013	0.0449	0.4624	0.5073	1.1962	0.1382	0.5022
2014	0.0331	0.4475	0.4806	1.1957	0.1342	0.4881
2015	0.0960	0.4146	0.5106	1.1780	0.1266	0.4600
2016	0.1773	0.4145	0.5918	1.1981	0.1303	0.4900
2017	0.1991	0.4309	0.6300	1.1980	0.1371	0.4900
2018	0.1722	0.4419	0.6141	1.1980	0.1355	0.4750
2019	0.1850	0.4472	0.6322	1.2080	0.1435	0.4750

SOURCE: Tax department records of the various taxing authorities.

TABLE 7

Overlapping Rates					
Emergency Services District #1	Coastal Bend Groundwater Conservation District	Emergency Services District #4	West Wharton County Hospital District	Total	
\$ 0.0300	\$ 0.0073	\$ 0.0680	\$ 0.1828	\$	2.7036
0.0300	0.0073	0.0680	0.1828		2.6873
0.0300	0.0073	0.0643	0.1833		2.6467
0.0300	0.0073	0.0643	0.1833		2.6286
0.0300	0.0076	0.0618	0.1760		2.5740
0.0300	0.0077	0.0598	0.1613		2.5339
0.0300	0.0085	0.0634	0.1875		2.6995
0.0300	0.0085	0.0676	0.1998		2.7610
0.0500	0.0083	0.0676	0.2039		2.7524
0.0500	0.0083	0.0682	0.2220		2.8061

CITY OF EL CAMPO, TEXAS

TABLE 8

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

2019		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Wal-Mart Stores	\$ 11,136,454	1.71%
American Electric Power	8,224,110	1.27%
Kansas City Southern Railway	6,625,940	1.02%
Shoppas Farm Supply	5,851,566	0.90%
Greenpoint AG LLC #2510	5,830,616	0.90%
Express Energy Services	5,773,736	0.89%
Pinnacle Agriculture	4,498,394	0.69%
Vallejo Properties LLC	4,223,992	0.65%
Dovercoast Housing LP	4,078,115	0.63%
H.E.B. Grocery Co. LP	3,936,965	0.61%
	<u>\$ 60,179,888</u>	<u>9.26%</u>
2010		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Wal-Mart Stores	\$ 11,453,244	2.73%
Farmers COOP of EL Campo	6,178,320	1.47%
Winfield Solutions LLC	6,145,241	1.46%
AEP Texas Central Co	4,639,180	1.11%
H.E.B. Grocery Co. LP	4,061,997	0.97%
Tesco Services, Inc.	3,720,540	0.89%
Key Energy-Gulf Coast	3,566,990	0.85%
Crop Production Services	3,497,500	0.83%
Sutherland Lumber Southwest	3,261,106	0.78%
Kansas City Southern Railway	2,905,110	0.69%
	<u>\$ 49,429,228</u>	<u>11.78%</u>

SOURCE: Wharton County Tax Assessor/Collector

CITY OF EL CAMPO, TEXAS

TABLE 9

TEN LARGEST WATER CUSTOMERS

CURRENT YEAR AND NINE YEARS AGO

2019			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
El Campo Housing Authority	Housing	156,213	3.26%
Isaacson Municipal Utility District	Municipal District	148,775	3.11%
Seatex LTD	Manufacturing	61,903	1.29%
Vallejo Properties	Housing	42,766	0.89%
Oakcrest Apartments	Housing	42,319	0.88%
Roane & Roane Properties	Housing	38,765	0.81%
Jr's Smokehouse	Retail	25,628	0.54%
El Campo Mobile Home Park, LLC	Housing	24,631	0.51%
Speedy Stop Food Stores LTD	Retail	24,343	0.51%
Socha Enterprise	Car Wash	23,625	0.49%
2010			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Isaacson Municipal Utility District	Municipal District	133,350	2.73%
El Campo Housing Authority	Housing	115,295	2.36%
Jones-Co Properties	Housing	65,600	1.34%
El Campo Independent School District	School	42,809	0.88%
Wal-Mart Stores, Inc.	Retail	4,375	0.83%
El Campo Memorial Hospital	Hospital	3,604	0.74%
Speedy Stop Food Stores, Ltd.	Retail	35,460	0.73%
Country Aire Mobile Home Park	Housing	33,780	0.69%
Roane & Roane Properties	Housing	31,793	0.65%
PHPM Mission Care Centers	Housing	27,990	0.57%

SOURCE: City of El Campo Utility Billing Office

CITY OF EL CAMPO, TEXAS

TABLE 10

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 2,676,392	\$ 2,547,219	95.17%	\$ 99,092	\$ 2,646,311	98.88%
2011	2,799,518	2,745,509	98.07%	54,009	2,799,518	100.00%
2012	2,826,754	2,777,421	98.25%	49,333	2,826,754	100.00%
2013	2,841,656	2,776,467	97.71%	41,148	2,817,615	99.15%
2014	2,849,544	2,752,813	96.61%	37,187	2,790,000	97.91%
2015	3,054,937	3,050,108	99.84%	2,385	3,052,493	99.92%
2016	3,607,600	3,517,476	97.50%	57,979	3,575,455	99.11%
2017	3,950,416	3,861,171	97.74%	89,295	3,950,466	100.00%
2018	4,195,391	4,090,357	97.50%	57,540	4,147,897	98.87%
2019	4,256,157	4,229,537	99.37%		4,229,537	99.37%

SOURCE: City of El Campo
Wharton County Tax Assessor/Collector

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CITY OF EL CAMPO, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			
	Certificates of Obligation	General Obligation Bonds	Capital Leases	State Infrastructure Bank Loan
2010	\$ 2,878,808	\$ 45,126	\$ 153,406	\$ -
2011	2,727,878	23,184	47,463	-
2012	1,410,000	1,071,597	157,917	-
2013	70,000	2,311,000	340,282	-
2014	5,030,364	1,926,633	298,554	-
2015	7,320,841	7,012,534	242,086	-
2016	7,014,586	14,532,428	190,860	8,000,000
2017	6,742,996	14,259,380	251,376	8,000,000
2018	6,472,011	14,928,730	500,052	8,000,000
2019	6,492,060	14,324,803	519,465	8,000,000

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

SOURCE: City of El Campo

TABLE 11

Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
Revenue Bonds	General Obligation Bonds	Capital Leases			
\$ 7,226,192	\$ 499,874	\$ 1,299,040	\$ 12,102,446	3.00%	\$ 968
8,772,122	256,816	1,189,075	13,016,538	3.99%	1,041
4,915,000	1,818,403	1,074,361	10,447,278	2.53%	836
7,635,000	1,714,000	1,354,447	13,424,729	3.07%	1,074
8,559,636	1,028,367	284,840	17,128,394	3.91%	1,370
8,511,158	1,467,465	945,805	25,499,889	5.38%	2,040
5,620,413	1,277,573	727,711	37,363,571	7.77%	2,989
5,140,002	1,135,620	581,232	36,110,606	7.51%	2,889
4,728,491	990,513	420,221	36,040,018	7.49%	2,883
4,657,829	842,251	280,028	35,116,436	7.30%	2,809

CITY OF EL CAMPO, TEXAS**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING****LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding			Debt Service Monies Available
	Certificates of Obligation	General Obligation Bonds	Total	
2010	\$ 2,878,808	\$ 45,126	\$ 2,923,934	\$ 321,661
2011	2,727,878	23,184	2,751,062	311,514
2012	1,410,000	1,071,597	2,481,597	118,517
2013	70,000	2,311,000	2,381,000	162,243
2014	5,030,364	1,926,633	6,956,997	53,639
2015	15,831,999	8,479,999	24,311,998	60,005
2016	12,743,187	16,900,352	29,643,539	-
2017	11,882,998	15,395,000	27,277,998	-
2018	11,200,502	15,919,243	27,119,745	-
2019	11,149,889	15,167,054	26,316,943	-

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

SOURCE: City of El Campo

TABLE 12

	Net Bonded Debt	Percentage of Actual Taxable Value of Property		Per Capita
\$	2,602,273	100%	\$	224
	2,439,548	100%		210
	2,363,080	100%		204
	2,218,757	100%		191
	6,903,358	100%		595
	24,251,993	100%		2,090
	29,643,539	100%		2,555
	27,277,998	100%		2,351
	27,119,745	100%		2,338
	26,316,943	100%		2,268

CITY OF EL CAMPO, TEXAS

TABLE 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2019

		<u>Gross Debt Outstanding</u>		<u>Percentage</u>	<u>Amount</u>
	<u>Date</u>	<u>Amount</u>		<u>Applicable</u>	<u>Applicable</u>
				<u>To City</u>	<u>To City</u>
Direct Debt:					
City of El Campo	9/30/2019	\$ 29,336,328		100.00%	\$ 29,336,328
Overlapping Debt:					
Wharton County	12/31/2018	-		26.00%	-
El Campo Independent School District	8/31/2019	<u>27,895,000</u>		42.31%	<u>11,802,375</u>
Total Overlapping Debt		<u>27,895,000</u>			<u>11,802,375</u>
Total		\$ <u>57,231,328</u>			\$ <u>41,138,703</u>

NOTE: There is no legal debt limit for the City. Texas municipalities are not bound by any direct constitutional or statutory maximums as to the amount of obligation bonds which may be issued; however, all local bonds must be submitted to and approved by the State Attorney General. It is the established practice of the Attorney General not to approve a prospective bond issue if it will result in a tax levy for general bonded debt of over \$1.00 for cities under 5,000, or \$1.50 for cities over 5,000 population.

SOURCE: City of El Campo, El Campo Independent School District, Wharton County

CITY OF EL CAMPO, TEXAS

TABLE 14

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Water and Sewer Revenue Bonds				
	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements	Times Debt Coverage
2010	\$ 4,360,539	\$ 3,196,292	\$ 1,164,247	\$ 410,894	2.83
2011	5,014,682	3,228,255	1,786,427	390,349	4.58
2012	4,878,603	3,357,623	1,520,980	310,575	4.90
2013	4,957,658	3,591,719	1,365,939	467,450	2.92
2014	5,028,200	3,590,114	1,438,086	507,493	2.83
2015	5,231,870	4,143,637	1,088,233	600,706	1.81
2016	5,611,993	3,456,087	2,155,906	908,546	2.37
2017	5,693,349	4,446,349	1,247,000	923,213	1.35
2018	5,842,920	4,495,631	1,347,289	1,247,289	1.08
2019	5,973,548	4,426,526	1,547,022	1,365,227	1.13

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

"Gross Revenue" as used herein refers to all operating revenues and all interest income of the Utility Fund. "Direct Operating Expenses" is defined as all operating expenses of the Utility Fund (which does not include capital outlay or interest expense) less depreciation and amortization.

SOURCE: City of El Campo

CITY OF EL CAMPO, TEXAS**TABLE 15**

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income (000's)	Per Capita Personal Income	(2) School Enrollment	(3) Unemployment Rate
2010	12,500	\$ 403,113	\$ 32,249	3,460	8.2%
2011	11,602	326,620	28,152	3,508	8.6%
2012	11,602	412,521	35,556	3,545	5.7%
2013	11,602	437,976	37,750	3,631	5.3%
2014	11,602	437,976	37,750	3,652	4.3%
2015	11,602	474,162	40,869	3,600	4.7%
2016	11,602	481,019	41,460	3,625	4.6%
2017	11,602	481,019	41,460	3,658	3.5%
2018	11,602	481,019	41,460	3,651	4.0%
2019	11,602	481,019	41,460	3,682	3.7%

SOURCE: (1) Population figures for the years are estimates provided by the City.

(2) El Campo Independent School District

(3) Texas Labor Market

CITY OF EL CAMPO, TEXAS

TABLE 16

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

2019		
Employer	Employees	Percentage of Total Area Employment
El Campo Independent School District	530	11%
Greenleaf Nursery	345	7%
El Campo Memorial Hospital	246	5%
Wal-Mart	181	4%
HEB	164	3%
Prasek's Hillje Smokehouse	208	4%
Leedo Cabinetry	134	3%
City of El Campo	113	2%
Fesco	70	1%
Mark's Machine	67	1%
	<u>2,058</u>	<u>44%</u>
2010		
Employer	Employees	Percentage of Total Area Employment
El Campo Independent School District	567	12%
Greenleaf Nursery	381	8%
Wal-Mart	190	4%
H.E.B.	170	4%
Prasek's Hillje Smokehouse	154	3%
El Campo Memorial Hospital	130	3%
City of El Campo	105	2%
New ICM	91	2%
Key Energy	88	2%
Mark's Machine	80	2%
	<u>1,956</u>	<u>41%</u>

NOTE: Information is based on the City of El Campo, Texas area, which includes Hillje, Texas.

SOURCE: City of El Campo

CITY OF EL CAMPO, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2010	2011	2012	2013
General government:				
Administration	2	2	2	2
Finance	4	4	4	4
Personnel	-	-	-	-
Municipal court	4	4	4	4
Inspections	4	4	4	4
Public Safety:				
Police	33	33	34	35
Communications	7	8	8	8
EMS	10	10	10	11
Public Works:				
Administration	3	3	3	4
Streets and drainage	2	2	13	13
Vehicle Maintenance	14	14	3	2
Community and recreational services	1	1	1	1
Parks maintenance	5	5	5	5
Aquatic center	2	2	2	2
Water and Sewer:				
Administration	1	1	3	3
Water production and distribution	6	6	5	5
Wastewater collection	5	5	5	5
Wastewater treatment	2	2	2	2
Total	<u>105</u>	<u>106</u>	<u>108</u>	<u>110</u>

NOTE: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

TABLE 17

Fiscal Year					
2014	2015	2016	2017	2018	2019
2	2	2	2	2	2
4	2	2	2	3	3
-	1	1	1	1	1
4	4	5	4	4	4
4	4	5	5	5	5
35	35	35	35	36	36
8	8	8	8	8	8
11	11	14	14	14	15
4	4	3	3	3	2
13	13	12	12	11	11
2	2	2	2	2	2
1	1	1	-	-	-
5	5	5	5	6	6
1	1	1	1	1	2
3	3	4	4	3	3
5	5	5	5	5	6
5	5	5	5	5	5
2	2	2	2	2	2
<u>109</u>	<u>108</u>	<u>112</u>	<u>110</u>	<u>111</u>	<u>113</u>

CITY OF EL CAMPO, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
Function/Program				
General government:				
Building permits issued	508	503	498	545
Building inspections conducted	489	453	523	468
Fire inspections conducted	9	22	15	8
Public safety:				
Police:				
Physical arrests	N/A	1,756	1,613	1,332
Traffic violations (includes warnings)	N/A	10,517	8,065	6,483
Fire:				
Total Incidents	193	343	261	256
Streets and highways:				
Street resurfacing (miles)	6.50	10.89	12.28	7.34
Water and wastewater:				
Water:				
Active water connections	3,655	4,093	4,583	4,636
Average daily consumption (in 000's)	1,496	2,053	1,759	1,740
Peak daily consumption (in 000's)	2,642	2,837	3,376	3,599
Wastewater:				
Active sewer connections	3,573	3,869	4,369	4,320
Average daily flow	1,208	885	1,037	996

NOTE: N/A denotes information is not available.

SOURCE: Various City departments

TABLE 18

Fiscal Year					
2014	2015	2016	2017	2018	2019
539	553	588	526	496	604
485	450	434	278	225	556
13	14	14	8	25	25
1,322	1,231	1,260	1,260	966	1,050
9,555	9,396	9,539	9,539	7,770	6,113
201	224	189	189	227	336
7.34	12.70	13.70	13.70	11.60	10.90
4,739	4,760	4,227	4,802	4,808	4,804
1,594	1,547	1,532	1,647	1,662	1,560
3,266	3,680	2,835	2,876	3,053	3,146
4,288	4,612	4,077	4,344	4,350	4,367
1,000	1,092	1,092	1,201	1,079	1,140

CITY OF EL CAMPO, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Public safety:				
Police:				
Stations	1	1	1	1
Patrol units	5	5	5	5
Fire:				
Fire stations	1	1	1	1
Public Works:				
Streets:				
Streets paved (miles)	76.6	78	79.1 *	80.3
Streets unpaved (miles)	6	5	3.9	3.1
Parks:				
Acreage	56	56	56	63.5
Swimming Pools	1	1	1	1
Tennis Courts	8	8	8	8
Community Centers	1	1	1	1
Skate Park	-	-	-	-
Water and wastewater:				
Water:				
Water mains (miles)	81	86.5	86.5	86.5
Wastewater:				
Sanitary sewers (miles)	75	88	88	88
Storm sewers (miles)	15	15	15	15

SOURCE: Various City departments

** Does not include roads maintained by TxDoT or privately owned roads.

TABLE 19

Fiscal Year					
2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
5	5	5	5	5	5
1	1	1	1	1	1
80.3	80.3	80.3	80.3	80.3	80.8
3.1	3.5	3.5	3.5	3.5	3.5
63.5	63.5	63.5	63.5	116.8	116.8
1	1	1	1	1	1
8	8	8	8	4	4
1	1	1	1	1	1
-	-	-	-	1	1
109.9	110.1	113.4	113.4	118.9	118.9
86	88	88	90	91	91
40	15	15	15	15	15