



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2020



CITY OF EL CAMPO, TEXAS

CITY OF EL CAMPO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Brittni Nanson
Director of Finance

Courtney Sladek
City Manager

Issued by:
Finance Department

CITY OF EL CAMPO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

TABLE OF CONTENTS

**Page
Number**

INTRODUCTORY SECTION

Letter of Transmittal	i – v
GFOA Certificate of Achievement	vi
Organization Chart.....	vii
Directory of Principal Officials.....	viii

FINANCIAL SECTION

Independent Auditor’s Report.....	1 – 2
Management’s Discussion and Analysis.....	3 – 8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10 – 11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12 – 13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	15 – 16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Fund Financial Statements:	
Statement of Net Position – Proprietary Funds.....	18
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds.....	20 – 21
Notes to Financial Statements	22 – 48

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	49
Notes to the Required Supplementary Information.....	50
Schedule of Change in Net Pension Liability and Related Ratios - TMRS.....	51 – 52
Schedule of Employer Contributions - TMRS.....	53 – 54
Notes to Schedule of Contributions - TMRS	55
Schedule of the City's Proportionate Share of the Net Pension Liability - TESRS	56 – 57
Schedule of Changes in Total OPEB Liability and Related Ratios - TMRS	58

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds:

Combining Balance Sheet.....	59 – 60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	61 – 62
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	63 – 64
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund.....	65
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Court Technology Fund	66
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Hotel/Motel Tax Fund	67
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Transportation User Fee Fund	68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Civic Center Fund.....	69
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Seizure Fund	70
Schedule of Revenues, Expenses and Changes in Net Position – Budget (Non-GAAP Basis) and Actual – Enterprise Fund – Utility Fund	71
Schedule of Revenues, Expenses and Changes in Net Position – Budget (Non-GAAP Basis) and Actual – Enterprise Fund – Emergency Medical Services Fund	72

STATISTICAL SECTION	<u>Table</u>	<u>Page Number</u>
Net Position by Component.....	1	73 – 74
Changes in Net Position.....	2	75 – 78
Governmental Activities Tax Revenues by Source	3	79 – 80
Fund Balances of Governmental Funds	4	81 – 82
Assessed and Estimated Actual Value of Taxable Property	5	83 – 84
Water Produced and Consumed and Wastewater Treated.....	6	85 – 86
Direct and Overlapping Property Tax Rates	7	87 – 88
Principal Taxpayers.....	8	89
Ten Largest Water Customers	9	90
Property Tax Levies and Collections	10	91
Ratios of Outstanding Debt by Type	11	92 – 93
Ratios of Net General Bonded Debt Outstanding	12	94 – 95
Direct and Overlapping Governmental Activities Debt.....	13	96
Pledged-Revenue Coverage	14	97
Demographic and Economic Statistics	15	98
Principal Employers.....	16	99
Full-Time Equivalents City Government Employees by Function/Program.....	17	100 – 101
Operating Indicators by Function/Program	18	102 – 103
Capital Asset Statistics by Function/Program.....	19	104 – 105

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INTRODUCTORY SECTION

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March 19, 2021

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, 2020, 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 FY19-20 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 2021 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 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 complete.
- 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.
- South Highway 71 under I69 extension of water and sewer is complete.

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

Goals for fiscal year 2021 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, Transportation User Fee Fund, Civic Center 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, 2019. 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

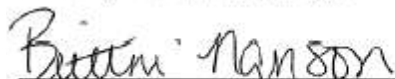
ACKNOWLEDGMENTS

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



Brittini Nanson, Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of El Campo,
Texas**

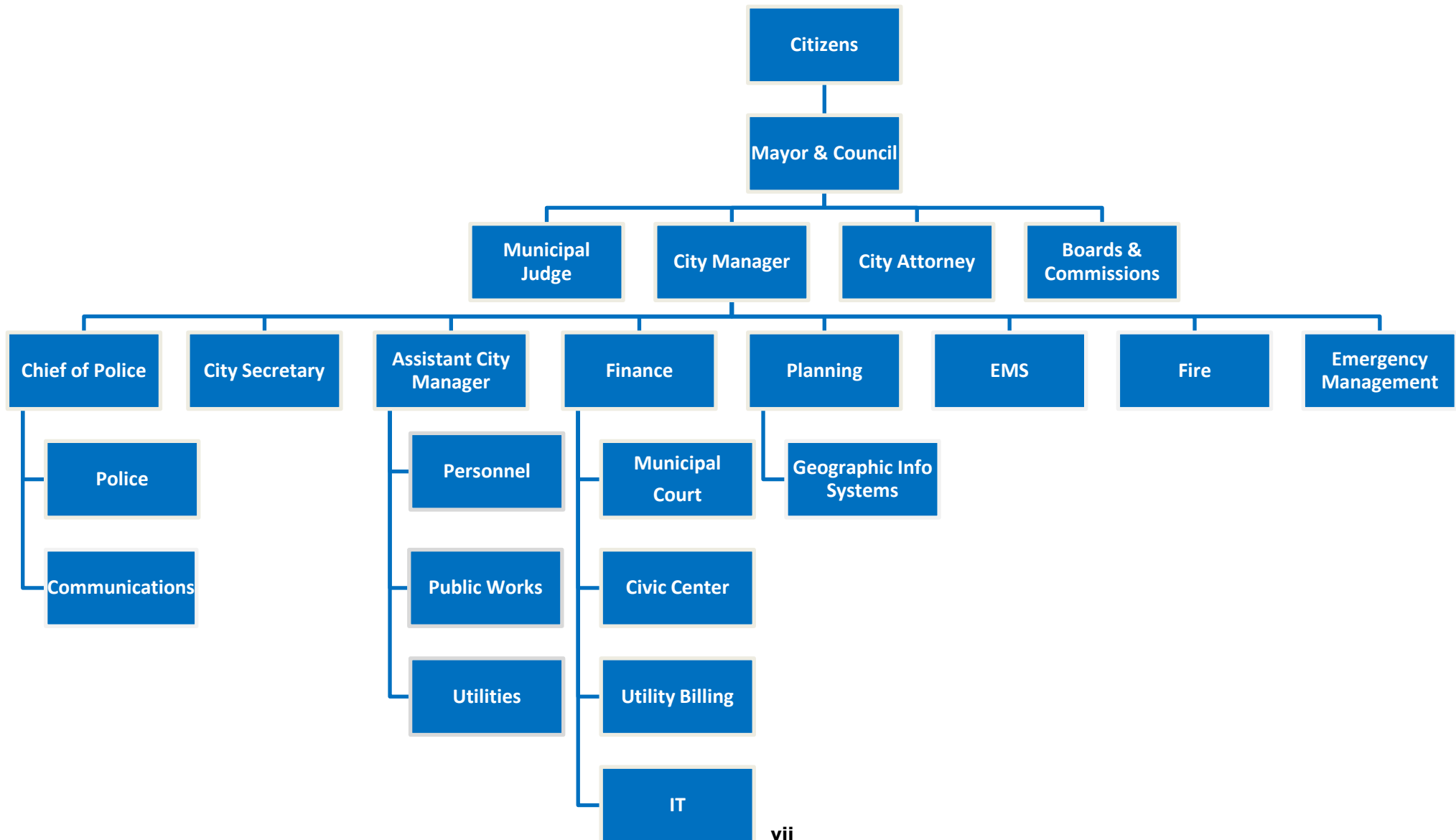
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2019

Christopher P. Morrell

Executive Director/CEO

CITY OF EL CAMPO ORGANIZATIONAL CHART



CITY OF EL CAMPO, TEXAS
DIRECTORY OF PRINCIPAL OFFICIALS
September 30, 2020

City Officials

Chris Barbee
Eugene Bustamante
Phillip Miller
Gloria Harris
Anisa Vasquez
John Hancock
David Hodges

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 19, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.¹⁰ The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 19, 2021

**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, 2020.

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, 2020, by \$16,494,586.
- The total cost of all City activities was \$22,349,927 for the fiscal year. The net expense of the primary government was \$10,356,554 .
- At September 30, 2020, the City's governmental funds reported combined ending fund balances of \$4,359,297, a net increase of \$1,222,255 in comparison with the prior year.
- At September 30, 2020, unassigned fund balance for the General Fund was \$3,948,830 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 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 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 2020 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, Municipal Court Technology Fund, Hotel/Motel Tax Fund, Transportation User Fee Fund, Civic Center Fund, Police Seizure 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 and solid waste operation, and emergency medical services, which are both considered to be major funds.

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

As stated previously, the City's total net position was \$16,494,586 at the close of fiscal year 2020.

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	
	2020	2019	2020	2019	2020	2019
Current and other assets \$	5,136,967	\$ 5,479,659	\$ 2,638,572	\$ 3,103,528	\$ 7,775,539	\$ 8,583,187
Capital assets	<u>35,530,004</u>	<u>34,545,334</u>	<u>18,462,329</u>	<u>15,977,255</u>	<u>53,992,333</u>	<u>50,522,589</u>
Total assets	<u>40,666,971</u>	<u>40,024,993</u>	<u>21,100,901</u>	<u>19,080,783</u>	<u>61,767,872</u>	<u>59,105,776</u>
Total deferred outflows of resources	<u>829,444</u>	<u>1,451,464</u>	<u>265,901</u>	<u>486,263</u>	<u>1,095,345</u>	<u>1,937,727</u>
Current liabilities	780,484	1,788,972	704,270	883,551	1,484,754	2,672,523
Long-term liabilities	<u>33,483,308</u>	<u>33,444,693</u>	<u>10,285,500</u>	<u>7,304,001</u>	<u>43,768,808</u>	<u>40,748,694</u>
Total liabilities	<u>34,263,792</u>	<u>35,233,665</u>	<u>10,989,770</u>	<u>8,187,552</u>	<u>45,253,562</u>	<u>43,421,217</u>
Total deferred inflows of resources	<u>818,785</u>	<u>241,802</u>	<u>296,284</u>	<u>89,571</u>	<u>1,115,069</u>	<u>331,373</u>
Net position:						
Net investment in capital assets	14,971,961	13,347,767	9,837,264	10,197,147	24,809,225	23,544,914
Restricted	478,411	327,188	-	-	478,411	327,188
Unrestricted	<u>(9,036,534)</u>	<u>(7,673,965)</u>	<u>243,484</u>	<u>1,092,776</u>	<u>(8,793,050)</u>	<u>(6,581,189)</u>
Total net position	<u>\$ 6,413,838</u>	<u>\$ 6,000,990</u>	<u>\$ 10,080,748</u>	<u>\$ 11,289,923</u>	<u>\$ 16,494,586</u>	<u>\$ 17,290,913</u>

An additional portion of the City's net position (\$478,411) 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 can 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 \$412,848. Key elements of this are as follows:

- Total revenues for governmental activities increased by \$584,923 or 5%. The largest increase was a \$534,424 increase in operating grants related to COVID-19 funding. The City also recognized \$2,002,376 for a Texas Water Development Board Grant program during the year.
- Total expenses increased \$2,025,328, primarily caused by a large increase in pension expense related to TMRS and TESRS in the current year. Expenses related to regular operations were largely constant despite decreased demand for services during the ongoing COVID-19 pandemic.

Business-type activities. Business-type activities decreased the City's net position by \$1,209,175. Key elements of this decrease are as follows:

- Expenses increased 19%, largely due to increased pension expense related to TMRS. The Utility Fund's interest and fiscal charges expense also increased due to additional bond issuance costs incurred with the issuance of refunding debt in the current year.

City of El Campo's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,085,945	\$ 1,107,329	\$ 7,846,663	\$ 7,487,350	\$ 8,932,608	\$ 8,594,679
Operating grants	535,029	605	523,360	169,452	1,058,389	170,057
Capital grants	2,002,376	2,098,363	-	181,795	2,002,376	2,280,158
General revenues:						
Property taxes	4,292,324	4,287,660	-	-	4,292,324	4,287,660
Sales taxes	3,973,881	3,795,391	-	-	3,973,881	3,795,391
Franchise taxes	717,455	733,735	-	-	717,455	733,735
Other taxes	177,243	186,304	-	-	177,243	186,304
Investment earnings	34,216	42,963	9,800	39,483	44,016	82,446
Gain on sale of capital assets	-	38,313	-	-	-	38,313
Miscellaneous	87,699	30,582	267,609	187,494	355,308	218,076
Total revenues	<u>12,906,168</u>	<u>12,321,245</u>	<u>8,647,432</u>	<u>8,065,574</u>	<u>21,553,600</u>	<u>20,386,819</u>
Expenses:						
General government	2,616,581	2,482,306	-	-	2,616,581	2,482,306
Public safety	6,078,528	4,625,059	-	-	6,078,528	4,625,059
Public works	2,846,191	2,340,432	-	-	2,846,191	2,340,432
Parks and recreation	1,211,309	1,187,754	-	-	1,211,309	1,187,754
Interest on long-term debt	615,911	707,641	-	-	615,911	707,641
Utilities	-	-	6,575,897	5,436,091	6,575,897	5,436,091
Emergency medical services	-	-	2,405,510	2,090,865	2,405,510	2,090,865
Total expenses	<u>13,368,520</u>	<u>11,343,192</u>	<u>8,981,407</u>	<u>7,526,956</u>	<u>22,349,927</u>	<u>18,870,148</u>
Change in net position before transfers	(462,352)	978,053	(333,975)	538,618	(796,327)	1,516,671
Transfers	<u>875,200</u>	<u>816,907</u>	<u>(875,200)</u>	<u>(816,907)</u>	<u>-</u>	<u>-</u>
Change in net position	412,848	1,794,960	(1,209,175)	(278,289)	(796,327)	1,516,671
Net position, beginning	6,000,990	4,206,030	11,289,923	11,568,212	17,290,913	15,774,242
Prior period adjustment	-	-	-	-	-	-
Net position, beginning, restated	<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>
Net position, ending	<u>\$ 6,413,838</u>	<u>\$ 6,000,990</u>	<u>\$ 10,080,748</u>	<u>\$ 11,289,923</u>	<u>\$ 16,494,586</u>	<u>\$ 17,290,913</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. 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 \$4,359,297, an increase of \$1,222,255 from the prior year. The increase primarily was caused by increases to intergovernmental revenue in the General Fund and 2004 Bonds Fund related to CARES Act funding and Texas Water Development Board grant funding, respectively.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$3,948,830. Unassigned fund balance represents 41% of total General Fund expenditures. The fund balance of the City's General Fund increased by \$271,425 during fiscal year 2020. As stated previously, this increase was caused primarily by CARES Act funding related to COVID-19; otherwise, decreases to revenues and expenditures caused by COVID-19 largely offset.

The Debt Service Fund had an ending fund balance of \$0, an increase of \$149,863, at the end of the current fiscal year. The increase is attributable to a transfer in of \$543,514 from the General Fund.

The 2004 Bond Fund has an ending deficit fund balance of \$59,314, an increase of \$675,530, 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 additional 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 \$660,473 and the deficit net position of the Emergency Medical Services Fund at the end of the current fiscal year amounted to \$416,989, respectively. The total decrease in net position for the funds was \$1,209,175.

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 \$97,802 less than final budgeted amounts.
- Actual revenues were \$565,252 less than budgeted amounts, which was largely due to tax revenues falling short of budget. Fines and charges for services also decreased due to the COVID-19 pandemic significantly reducing activity within the City.
- Budgeted appropriations increased by \$604,340 during the year with budget amendments to account for the increase in employment opportunities for various departments in the City, as well as expected capital expenditures.
- Budgeted revenues were increased by \$938,240 during the year with budget amendments mainly due to an increase in budgeted tax revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities amounts to \$53,992,333 (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 \$2,848,418.

Significant transactions involving capital assets for the year included the issuance of a capital lease for new water meters in the amount of \$3.4 million, as well as replacement of various heavy machinery for public works for approximately \$0.6 million.

Additional information on the City's capital assets can be found in Note III in the notes to the financial statements on page 32.

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$23,221,628 and total long-term debt of \$37,849,193. This represents an increase of approximately \$4.0 million from the prior year, primarily due to the issuance of the capital leases discussed above.

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 2020, the City made principal payments on the outstanding bonds and capital leases in the amount of \$1,677,007. Additionally, during the year the City issued its General Obligation Refunding Bonds, Series 2019, for approximately \$1.0 million to refund existing debt at a present value savings.

Additional information on the City's long-term debt can be found on Note III on pages 42-45 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 the 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 7.9%, 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 remain the same as FY20 year-end estimate.
- Total utility revenues – Utility revenues continue to increase from year to year. Changes in revenues have been affected by rate changes and weather conditions. There are no proposed rate increases for FY20, but a base consumption change from 3,000 gallons to 2,500 gallons per month. 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 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 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 operating expenses. El Campo is similar to other cities in this respect. Personnel expenditures account for approximately 31% of total City operating and maintenance expenditures. The adopted budget includes 116 full time equivalent positions.

Highlights of the personnel section of the Adopted FY21 Budget:

- Additional personnel include an assistant city secretary/executive assistant and a paramedic
- A flat renewal of health insurance premiums, with consultant bidding plan out

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CDC of El Campo, Inc.
ASSETS				
Cash	\$ 2,986,825	\$ 218,699	\$ 3,205,524	\$ 217,598
Investments	1,084,205	184,072	1,268,277	2,116,785
Accounts receivable (net)	1,546,236	1,077,840	2,624,076	139,383
Internal balances	(1,083,872)	1,083,872	-	-
Due from other governments	518,408	63,383	581,791	-
Prepaid expense	79,867	10,706	90,573	509
Inventory	5,298	-	5,298	-
Capital assets not being depreciated	1,521,205	30,498	1,551,703	266,309
Capital assets, net of accumulated depreciation	<u>34,008,799</u>	<u>18,431,831</u>	<u>52,440,630</u>	<u>627,604</u>
Total assets	<u>40,666,971</u>	<u>21,100,901</u>	<u>61,767,872</u>	<u>3,368,188</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - TMRS pension	614,858	225,720	840,578	16,368
Deferred outflows - TESRS pension	45,275	-	45,275	-
Deferred outflows - OPEB	45,970	16,876	62,846	1,224
Deferred charge on refunding	<u>123,341</u>	<u>23,305</u>	<u>146,646</u>	<u>-</u>
Total deferred outflows of resources	<u>829,444</u>	<u>265,901</u>	<u>1,095,345</u>	<u>17,592</u>
LIABILITIES				
Accounts payable and accrued liabilities	449,900	443,599	893,499	10,683
Deposits	30,616	231,097	261,713	-
Unearned revenue	12,030	5,969	17,999	-
Accrued interest payable	282,955	23,605	306,560	-
Due to other governments	4,983	-	4,983	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	1,259,866	680,890	1,940,756	-
Total OPEB liability	2,611	959	3,570	69
Due in more than one year:				
Long-term debt	27,829,575	8,078,862	35,908,437	-
Net pension liability - TMRS	3,878,262	1,423,741	5,302,003	103,240
Net pension liability - TESRS	237,739	-	237,739	-
Total OPEB liability	<u>275,255</u>	<u>101,048</u>	<u>376,303</u>	<u>7,328</u>
Total liabilities	<u>34,263,792</u>	<u>10,989,770</u>	<u>45,253,562</u>	<u>121,320</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - TMRS pension	789,529	289,843	1,079,372	21,018
Deferred inflows - TESRS pension	11,711	-	11,711	-
Deferred inflows - OPEB	<u>17,545</u>	<u>6,441</u>	<u>23,986</u>	<u>467</u>
Total deferred inflows of resources	<u>818,785</u>	<u>296,284</u>	<u>1,115,069</u>	<u>21,485</u>
NET POSITION				
Net investment in capital assets	14,971,961	9,837,264	24,809,225	893,913
Restricted for:				
Police	35,482	-	35,482	-
Tourism	110,160	-	110,160	-
Transportation projects	170,413	-	170,413	-
Municipal court	39,660	-	39,660	-
Street paving	122,696	-	122,696	-
Unrestricted	<u>(9,036,534)</u>	<u>243,484</u>	<u>(8,793,050)</u>	<u>2,349,062</u>
Total net position	<u>\$ 6,413,838</u>	<u>\$ 10,080,748</u>	<u>\$ 16,494,586</u>	<u>\$ 3,242,975</u>

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

CITY OF EL CAMPO, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 2,616,581	\$ 229,317	\$ -	\$ -
Public safety	6,078,528	340,421	535,029	-
Public works	2,846,191	356,993	-	2,002,376
Parks and recreation	1,211,309	159,214	-	-
Interest on long-term debt	615,911	-	-	-
Total governmental activities	<u>13,368,520</u>	<u>1,085,945</u>	<u>535,029</u>	<u>2,002,376</u>
Business-type activities:				
Utilities	6,575,897	5,903,342	330,375	-
Emergency medical services	<u>2,405,510</u>	<u>1,943,321</u>	<u>192,985</u>	-
Total business-type activities	<u>8,981,407</u>	<u>7,846,663</u>	<u>523,360</u>	-
Total primary government	<u>22,349,927</u>	<u>8,932,608</u>	<u>1,058,389</u>	<u>2,002,376</u>
Component Unit:				
City Development Corporation of El Campo, Inc.	\$ <u>1,093,047</u>	\$ <u>60,000</u>	\$ <u>-</u>	\$ <u>-</u>

General revenues:

Property taxes
Sales taxes
Franchise taxes
Other taxes
Unrestricted investment earnings
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	
\$(2,387,264)	\$ -	\$(2,387,264)	\$ -
(5,203,078)	-	(5,203,078)	-
(486,822)	-	(486,822)	-
(1,052,095)	-	(1,052,095)	-
(615,911)	-	(615,911)	-
(9,745,170)	-	(9,745,170)	-
	(342,180)	(342,180)	-
	(269,204)	(269,204)	-
	(611,384)	(611,384)	-
	(611,384)	(10,356,554)	-
			(1,033,047)
4,292,324	-	4,292,324	-
3,973,881	-	3,973,881	793,967
717,455	-	717,455	-
177,243	-	177,243	-
34,216	9,800	44,016	34,342
87,699	267,609	355,308	735
875,200	(875,200)	-	-
10,158,018	(597,791)	9,560,227	829,044
412,848	(1,209,175)	(796,327)	(204,003)
6,000,990	11,289,923	17,290,913	3,446,978
\$ 6,413,838	\$ 10,080,748	\$ 16,494,586	\$ 3,242,975

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

CITY OF EL CAMPO, TEXAS**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2020

	General	Debt Service
ASSETS		
Cash	\$ 104,959	\$ 308,684
Investments	994,413	62,259
Receivables (net):		
Taxes	931,435	79,823
Accounts	263,688	-
Special assessments	-	-
Due from other funds	1,979,619	-
Due from other governments	518,408	-
Prepaid items	75,206	-
Inventory	5,298	-
Total assets	<u>\$ 4,873,026</u>	<u>\$ 450,766</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Accounts payable	\$ 44,572	\$ -
Accrued liabilities	295,949	-
Deposits	8,901	-
Unearned revenue	12,030	-
Due to other governments	4,983	-
Due to other funds	74,364	374,706
Total liabilities	<u>440,799</u>	<u>374,706</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	222,236	76,060
Unavailable revenue - fines	180,657	-
Unavailable revenue - assessments	-	-
Total deferred inflows of resources	<u>402,893</u>	<u>76,060</u>
FUND BALANCES		
Fund balances:		
Nonspendable	80,504	-
Restricted	-	-
Unassigned	3,948,830	-
Total fund balances	<u>4,029,334</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,873,026</u>	<u>\$ 450,766</u>

<u>2004 Bonds</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,923,092	\$ 650,090	\$ 2,986,825
-	27,533	1,084,205
-	39,974	1,051,232
-	-	263,688
-	231,316	231,316
-	25,659	2,005,278
-	-	518,408
-	-	75,206
-	-	5,298
<u>\$ 1,923,092</u>	<u>\$ 974,572</u>	<u>\$ 8,221,456</u>
\$ -	\$ 109,379	\$ 153,951
-	-	295,949
-	21,715	30,616
-	-	12,030
-	-	4,983
<u>1,982,406</u>	<u>234,148</u>	<u>2,665,624</u>
<u>1,982,406</u>	<u>365,242</u>	<u>3,163,153</u>
-	-	298,296
-	-	180,657
-	220,053	220,053
<u>-</u>	<u>220,053</u>	<u>699,006</u>
-	-	80,504
-	427,684	427,684
(59,314)	(38,407)	3,851,109
<u>(59,314)</u>	<u>389,277</u>	<u>4,359,297</u>
<u>\$ 1,923,092</u>	<u>\$ 974,572</u>	<u>\$ 8,221,456</u>

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

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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, 2020

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

Total fund balances - governmental funds	\$ 4,359,297
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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.	(418,865)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	35,530,004
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	(18,907,204)
Capital leases	(868,489)
Premiums on bonds payable	(905,691)
Loans payable	(8,000,000)
Net pension liability - TMRS	(3,878,262)
Net pension liability - TESRS	(237,739)
Total OPEB liability	(277,866)
Accrued interest payable	(282,955)
Accrued compensated absences	(408,057)

Deferred outflows and inflows related to pensions and OPEB are not reported in the funds.	(112,682)
---	------------

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	699,006
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Deferred outflows related to bond refundings are not reported in the funds.	<u>123,341</u>
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Net position of governmental activities	\$ <u>6,413,838</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, 2020

	<u>General</u>	<u>Debt Service</u>
REVENUES		
Taxes	\$ 7,552,101	\$ 1,313,361
Licenses and permits	196,908	-
Intergovernmental	669,329	-
Charges for services	108,196	-
Fines and forfeitures	227,857	-
Investment earnings	28,147	1,080
Miscellaneous	<u>141,273</u>	<u>-</u>
Total revenues	<u>8,923,811</u>	<u>1,314,441</u>
EXPENDITURES		
Current:		
General government	2,131,185	-
Public safety	4,256,695	-
Public works	1,513,716	-
Parks and recreation	852,282	-
Debt service:		
Principal	115,329	1,011,185
Interest and fiscal charges	4,739	696,907
Capital outlay	<u>718,585</u>	<u>-</u>
Total expenditures	<u>9,592,531</u>	<u>1,708,092</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(668,720)</u>	<u>(393,651)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	681,325	543,514
Transfers out	(308,684)	-
Sale of capital assets	4,296	-
Capital leases issued	<u>563,208</u>	<u>-</u>
Total other financing sources (uses)	<u>940,145</u>	<u>543,514</u>
Net change in fund balances	271,425	149,863
Fund balances - beginning	<u>3,757,909</u>	<u>(149,863)</u>
Fund balances - ending	\$ <u>4,029,334</u>	\$ <u>-</u>

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

<u>2004 Bonds</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 268,084	\$ 9,133,546
-	-	196,908
2,687,896	-	3,357,225
-	210,346	318,542
-	-	227,857
1,004	3,985	34,216
-	4,984	146,257
<u>2,688,900</u>	<u>487,399</u>	<u>13,414,551</u>
-	54,638	2,185,823
-	26,861	4,283,556
-	125,316	1,639,032
-	114,192	966,474
-	-	1,126,514
-	-	701,646
2,013,370	-	2,731,955
<u>2,013,370</u>	<u>321,007</u>	<u>13,635,000</u>
<u>675,530</u>	<u>166,392</u>	<u>(220,449)</u>
-	56,898	1,281,737
-	(97,853)	(406,537)
-	-	4,296
-	-	563,208
-	(40,955)	1,442,704
675,530	125,437	1,222,255
(734,844)	263,840	3,137,042
<u>\$(59,314)</u>	<u>\$ 389,277</u>	<u>\$ 4,359,297</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, 2020

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

Net change in fund balances - total governmental funds	\$ 1,222,255
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.	(52,865)
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	2,848,418
Depreciation expense	(1,856,111)
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	(563,208)
Principal repayments	1,121,786
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	(51,737)
Amortization of bond premiums and deferred loss on refunding	80,946
Accrued interest	4,789
Net pension liability	(592,179)
Total OPEB liability	(49,640)
Deferred outflows and inflows related to OPEB	27,799
Deferred outflows and inflows related to pensions	(1,211,385)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	27,357
Court fines	(19,546)
Grants	(685,520)
Assessments	169,326
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.	(7,637)
Change in Net Position of Governmental Activities	\$ <u>412,848</u>

CITY OF EL CAMPO, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Business-Type Activities Enterprise funds			Governmental Activities
	Utility	Emergency Medical Services	Totals	Internal Service Fund
ASSETS				
Current assets:				
Cash	\$ 218,699	\$ -	\$ 218,699	\$ -
Investments	183,647	425	184,072	-
Accounts receivable (net)	789,923	287,917	1,077,840	-
Due from other funds	704,317	410,293	1,114,610	-
Due from other governments	-	63,383	63,383	-
Prepaid items	-	10,706	10,706	4,661
Total current assets	<u>1,896,586</u>	<u>772,724</u>	<u>2,669,310</u>	<u>4,661</u>
Noncurrent assets:				
Capital assets:				
Land	30,498	-	30,498	-
Machinery and equipment	3,443,975	789,717	4,233,692	-
Buildings	2,137,274	-	2,137,274	-
Water works system	20,789,088	-	20,789,088	-
Sewer system	11,240,459	-	11,240,459	-
Accumulated depreciation	(19,603,562)	(365,120)	(19,968,682)	-
Total noncurrent assets	<u>18,037,732</u>	<u>424,597</u>	<u>18,462,329</u>	<u>-</u>
Total assets	<u>19,934,318</u>	<u>1,197,321</u>	<u>21,131,639</u>	<u>4,661</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	23,305	-	23,305	-
Deferred outflows - TMRS pension	96,064	129,656	225,720	-
Deferred outflows - OPEB	7,182	9,694	16,876	-
Total deferred outflows of resources	<u>126,551</u>	<u>139,350</u>	<u>265,901</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	178,892	61,752	240,644	-
Accrued liabilities	96,807	106,148	202,955	-
Deposits	231,097	-	231,097	-
Accrued interest payable	23,605	-	23,605	-
Due to other funds	-	30,738	30,738	423,526
Unearned revenue	1,447	4,522	5,969	-
Bonds payable	528,321	-	528,321	-
Capital leases	125,058	14,043	139,101	-
Compensated absences	5,538	7,930	13,468	-
Total OPEB liability	408	551	959	-
Total current liabilities	<u>1,191,173</u>	<u>225,684</u>	<u>1,416,857</u>	<u>423,526</u>
Noncurrent liabilities:				
Compensated absences	49,842	71,377	121,219	-
Net pension liability	605,928	817,813	1,423,741	-
Total OPEB liability	43,005	58,043	101,048	-
Capital leases	3,336,300	52,119	3,388,419	-
Bonds payable	4,569,224	-	4,569,224	-
Total noncurrent liabilities	<u>8,604,299</u>	<u>999,352</u>	<u>9,603,651</u>	<u>-</u>
Total liabilities	<u>9,795,472</u>	<u>1,225,036</u>	<u>11,020,508</u>	<u>423,526</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - TMRS pension	123,354	166,489	289,843	-
Deferred inflows - OPEB	2,741	3,700	6,441	-
Total deferred inflows of resources	<u>126,095</u>	<u>170,189</u>	<u>296,284</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	9,478,829	358,435	9,837,264	-
Unrestricted	660,473	(416,989)	243,484	(418,865)
Total net position	<u>\$ 10,139,302</u>	<u>\$ (58,554)</u>	<u>\$ 10,080,748</u>	<u>\$ (418,865)</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, 2020

	Business-Type Activities Enterprise Funds			Governmental Activities
	Utility	Emergency Medical Services	Totals	Internal Service Fund
Operating revenues:				
Charges for services	\$ 5,903,342	\$ 1,943,321	\$ 7,846,663	\$ 303,430
Intergovernmental	330,375	192,985	523,360	-
Miscellaneous	180,389	87,220	267,609	-
Total operating revenues	<u>6,414,106</u>	<u>2,223,526</u>	<u>8,637,632</u>	<u>303,430</u>
Operating expenses:				
Personnel	1,118,443	1,675,813	2,794,256	-
Materials and supplies	66,257	416,231	482,488	61,144
Contractual services	3,215,593	202,105	3,417,698	130,889
Repairs and maintenance	985,357	32,145	1,017,502	164,262
Depreciation	926,876	76,902	1,003,778	-
Total operating expenses	<u>6,312,526</u>	<u>2,403,196</u>	<u>8,715,722</u>	<u>356,295</u>
Operating income (loss)	101,580	(179,670)	(78,090)	(52,865)
Nonoperating revenues (expenses):				
Investment earnings	9,511	289	9,800	-
Interest and fiscal charges	(263,371)	(2,314)	(265,685)	-
Total non-operating revenues (expenses)	<u>(253,860)</u>	<u>(2,025)</u>	<u>(255,885)</u>	<u>-</u>
Income (loss) before transfers	(152,280)	(181,695)	(333,975)	(52,865)
Transfers out	<u>(658,840)</u>	<u>(216,360)</u>	<u>(875,200)</u>	<u>-</u>
Change in net position	(811,120)	(398,055)	(1,209,175)	(52,865)
Net position (deficit), beginning	<u>10,950,422</u>	<u>339,501</u>	<u>11,289,923</u>	<u>(366,000)</u>
Net position (deficit), ending	<u>\$ 10,139,302</u>	<u>\$ (58,554)</u>	<u>\$ 10,080,748</u>	<u>\$ (418,865)</u>

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

CITY OF EL CAMPO, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities	
	Utility	Emergency Medical Services
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 6,008,055	\$ 2,007,215
Cash received from other governments	330,375	192,985
Cash received from interfund charges	-	-
Cash paid for goods and services	(4,514,098)	(634,616)
Cash paid to employees for services	(831,584)	(1,333,734)
Net cash provided (used) by operating activities	<u>992,748</u>	<u>231,850</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash paid to other funds	(658,840)	(216,360)
Cash received from other funds	-	30,738
Net cash provided (used) by noncapital financing activities	<u>(658,840)</u>	<u>(185,622)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on debt	(665,822)	(96,517)
Interest paid on debt	(154,310)	(16,236)
Net cash provided (used) by capital and related financing activities	<u>(820,132)</u>	<u>(112,753)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	344,539	-
Investment income	9,511	285
Net cash provided (used) by investing activities	<u>354,050</u>	<u>285</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(132,174)	(66,240)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>350,873</u>	<u>66,240</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 218,699</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	101,580	(179,670)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	926,876	76,902
(Increase) decrease in accounts receivable	(84,086)	(27,848)
(Increase) decrease in prepaid items	-	3,203
Increase (decrease) in accounts payable	(246,891)	12,662
Increase (decrease) in accrued liabilities	28,835	13,837
Increase (decrease) in due to other funds	-	-
Increase (decrease) in customer deposits	6,963	-
Increase (decrease) in unearned revenue	1,447	4,522
Increase (decrease) in net pension liability	61,590	56,830
Increase (decrease) in total OPEB liability	8,158	9,308
(Increase) decrease in deferred outflows related to OPEB	(5,094)	(6,775)
Increase (decrease) in deferred inflows related to OPEB	750	916
Increase (decrease) in deferred inflows related to pensions	87,993	117,054
(Increase) decrease in deferred outflows related to pensions	<u>104,627</u>	<u>150,909</u>
Net cash provided (used) by operating activities	<u>\$ 992,748</u>	<u>\$ 231,850</u>
Schedule of non-cash capital and related financing activities:		
Purchase of capital assets with capital lease	\$ 3,474,930	\$ -

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

Business-Type Activities	Governmental Activities
Total Proprietary Funds	Internal Service Fund
\$ 8,015,270	\$ -
523,360	-
-	303,430
(5,148,714)	(361,082)
(2,165,318)	-
<u>1,224,598</u>	<u>(57,652)</u>
(875,200)	-
<u>30,738</u>	<u>57,652</u>
<u>(844,462)</u>	<u>57,652</u>
(762,339)	-
(170,546)	-
<u>(932,885)</u>	<u>-</u>
344,539	-
9,796	-
<u>354,335</u>	<u>-</u>
(198,414)	-
<u>417,113</u>	<u>-</u>
\$ <u>218,699</u>	\$ <u>-</u>
(78,090)	(52,865)
1,003,778	-
(111,934)	-
3,203	-
(234,229)	(4,787)
42,672	-
-	-
6,963	-
5,969	-
118,420	-
17,466	-
(11,869)	-
1,666	-
205,047	-
<u>255,536</u>	<u>-</u>
\$ <u>1,224,598</u>	\$ <u>(57,652)</u>
\$ 3,474,930	\$ -

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CITY OF EL CAMPO, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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 can 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.

Generally, 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 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, 2020.

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 more than 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.

For purposes of measuring the net pension liability for the Texas Emergency Services Retirement System (TESRS), pension related deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of TESRS and additions to/deductions from TESRS's fiduciary net position have been determined on the same basis as they are reported by TESRS. For this purpose, benefit payments 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. 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). 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 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 based on 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 any one 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 \$0.56887 per \$100 of assessed valuation, which were prorated between operations and debt service in the amounts of \$0.39314 and \$0.17573, respectively. The resulting adjusted total tax levy was \$4,451,936 on the total adjusted taxable valuation of \$782,592,848 for the 2019 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, 2020, expenditures exceeded appropriations in the following funds:

- General Fund – General Government – Personnel by \$7,317
- General Fund – Public Safety – Fire by \$443
- General Fund – Public Safety – Emergency Management by \$565
- General Fund – Public Works – Vehicle and Facility Maintenance by \$1,431
- General Fund – Public Works – Administration/Engineering by \$19,279
- General Fund – Debt service by \$120,068
- General Fund – Capital outlay by \$635,570
- Police Seizure Fund – Public safety by \$21,911
- Utility Fund – Personnel by \$19,409
- Utility Fund – Contractual services by \$15,431
- Emergency Medical Services – Materials and supplies by \$44,945
- Emergency Medical Services – Contractual services by \$3,945
- Emergency Medical Services – Repairs and Maintenance by \$31,645

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

B. Deficit Fund Equity

As of September 30, 2020, the following funds had deficit equity balances:

<u>Fund</u>	<u>Deficit Fund Balance/ Net Position</u>
Capital Projects Fund - 2004 Bonds	\$ 59,314
Nonmajor Governmental Funds:	
Capital Projects	38,407
Proprietary Funds:	
Internal Service Fund - Information Technology	418,865
Emergency Medical Services	58,554

These 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, 2020, the City had the following fair value measurements:

	9/30/2020	Fair Value Measurement Using			Percent of Total Portfolio	Weighted Average Maturity (Days)
		(Level 1)	(Level 2)	(Level 3)		
<u>Primary government</u>						
Investments measured at net asset value per share:						
Investment pools:						
TexasCLASS	\$ 132,728				10%	56
Certificates of Deposits	395,144				31%	86
LOGIC	338,091				27%	52
Investments by fair value level:						
Debt securities:						
Municipal bonds	402,314	-	402,314	-	32%	74
Total investments	<u>\$ 1,268,277</u>	<u>\$ -</u>	<u>\$ 402,314</u>	<u>\$ -</u>		

Municipal bonds of \$402,314 were valued using a present value of expected future cash flow pricing model (Level 2 input). During the year ended September 30, 2020, 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 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	\$ 83,031	\$ -	\$ -	\$ 799,937	\$ 464,051	\$ 1,347,019
Taxes:						
Property taxes	399,624	143,754	-	-	-	399,624
Sales taxes	700,583	-	-	-	-	700,583
Hotel occupancy taxes	-	-	39,974	-	-	39,974
Fines	1,806,568	-	-	-	-	1,806,568
Special assessments	-	-	4,412,327	-	-	4,412,327
Allowance for uncollectibles	(1,794,683)	(63,931)	(4,181,011)	(10,014)	(176,134)	(6,225,773)
Totals	\$ <u>1,195,123</u>	\$ <u>79,823</u>	\$ <u>271,290</u>	\$ <u>789,923</u>	\$ <u>287,917</u>	\$ <u>2,480,322</u>

D. Capital Assets

The City's capital asset activity for the year ended, September 30, 2020, was as follows:

	Balances Oct. 1, 2019	Increases	(Decreases)/ Reclassification	Balances Sept. 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,383,320	\$ 137,885	\$ -	\$ 1,521,205
Construction in progress	<u>2,331,514</u>	<u>2,013,370</u>	<u>(4,344,884)</u>	<u>-</u>
Total capital assets not being depreciated	<u>3,714,834</u>	<u>2,151,255</u>	<u>(4,344,884)</u>	<u>1,521,205</u>
Capital assets being depreciated:				
Machinery and equipment	7,009,324	697,163	(101,112)	7,605,375
Buildings	26,076,741	-	-	26,076,741
Infrastructure	<u>26,605,345</u>	<u>-</u>	<u>4,344,884</u>	<u>30,950,229</u>
Total capital assets being depreciated	<u>59,691,410</u>	<u>697,163</u>	<u>4,243,772</u>	<u>64,632,345</u>
Less accumulated depreciation for:				
Machinery and equipment	4,634,812	608,264	(93,476)	5,149,600
Buildings	5,325,359	520,958	-	5,846,317
Infrastructure	<u>18,900,739</u>	<u>726,890</u>	<u>-</u>	<u>19,627,629</u>
Total accumulated depreciation	<u>28,860,910</u>	<u>1,856,112</u>	<u>(93,476)</u>	<u>30,623,546</u>
Total capital assets being depreciated, net	<u>30,830,500</u>	<u>(1,158,949)</u>	<u>4,337,248</u>	<u>34,008,799</u>
Governmental activities capital assets, net	<u>\$ 34,545,334</u>	<u>\$ 992,306</u>	<u>\$ (7,636)</u>	<u>\$ 35,530,004</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 30,498	\$ -	\$ -	\$ 30,498
Total capital assets not being depreciated	<u>30,498</u>	<u>-</u>	<u>-</u>	<u>30,498</u>
Capital assets being depreciated:				
Machinery and equipment	4,118,976	114,716	-	4,233,692
Buildings	2,137,274	-	-	2,137,274
Water works system	17,414,952	3,374,136	-	20,789,088
Sewer system	<u>11,240,459</u>	<u>-</u>	<u>-</u>	<u>11,240,459</u>
Total capital assets being depreciated	<u>34,911,661</u>	<u>3,488,852</u>	<u>-</u>	<u>38,400,513</u>
Less accumulated depreciation for:				
Machinery and equipment	3,437,873	149,428	-	3,587,301
Buildings	1,773,361	43,048	-	1,816,409
Water works system	7,785,022	546,312	-	8,331,334
Sewer system	<u>5,968,648</u>	<u>264,990</u>	<u>-</u>	<u>6,233,638</u>
Total accumulated depreciation	<u>18,964,904</u>	<u>1,003,778</u>	<u>-</u>	<u>19,968,682</u>
Total capital assets being depreciated, net	<u>15,946,757</u>	<u>2,485,074</u>	<u>-</u>	<u>18,431,831</u>
Business-type activities capital assets, net	<u>\$ 15,977,255</u>	<u>\$ 2,485,074</u>	<u>\$ -</u>	<u>\$ 18,462,329</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 113,965
Public safety	579,497
Public works	1,009,241
Parks and recreation	<u>153,409</u>
Total governmental activities depreciation expense	<u>\$ 1,856,112</u>

Depreciation was charged to business-type activities as follows:

Utilities	\$ 926,876
Emergency medical services	<u>76,902</u>
Total business-type activities depreciation expense	<u>\$ 1,003,778</u>

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, 2020, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Funds	\$ 12,195
General Fund	Debt Service Fund	349,047
General Fund	2004 Bonds Fund	1,323,963
General Fund	Nonmajor Funds	5,393
General Fund	Emergency Medical Services	30,738
General Fund	Internal Service Fund	258,283
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>\$ 3,119,888</u>

Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2020, is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Totals</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	
Utility	\$ 536,720	\$ 122,120	\$ -	\$ 658,840
General	-	308,684	-	308,684
Nonmajor Special Revenue	40,955	-	56,898	97,853
Emergency Medical Services	103,650	112,710	-	216,360
Totals	<u>\$ 681,325</u>	<u>\$ 543,514</u>	<u>\$ 56,898</u>	<u>\$ 1,281,737</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, and 2) move unrestricted resources to other funds as a subsidy.

F. Defined Benefit Pension Plan - TMRS

Plan Description. The City of El Campo participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an 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 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.

Beginning in 2008, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that considers salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2008, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

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

Employee deposit rate	7%
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, 2019, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	75
Inactive employees entitled to but not yet receiving benefits	68
Active employees	<u>118</u>
Total	<u><u>261</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 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.79% and 13.93% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$820,141, and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The net pension liability is typically liquidated through the General Fund and Enterprise Funds.

Actuarial assumptions:

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

Inflation	2.5% per year
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method 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, 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>
Global Equity	35.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	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.

The below schedule presents the changes in the Net Pension Liability as of December 31, 2019:

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/18	\$ 29,945,768	\$ 24,988,225	\$ 4,957,543
Changes for the year:			
Service cost	857,992	-	857,992
Interest	2,148,488	-	2,148,488
Change in benefit terms including substantively automatic status	2,066,717		2,066,717
Difference between expected and actual experience	256,833	-	256,833
Changes of assumptions	(46,068)	-	(46,068)
Contributions - employer	-	636,438	(636,438)
Contributions - employee	-	360,249	(360,249)
Net investment income	-	3,862,061	(3,862,061)
Benefit payments, including refunds of employee contributions	(1,224,059)	(1,224,059)	-
Administrative expense	-	(21,828)	21,828
Other changes	-	(658)	658
Net changes	4,059,903	3,612,203	447,700
Balance at 12/31/19	<u>\$ 34,005,671</u>	<u>\$ 28,600,428</u>	<u>\$ 5,405,243</u>

Of the net pension liability, \$5,302,003 and \$103,240 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>10,101,685</u>	\$ <u>5,405,243</u>	\$ <u>1,542,151</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, 2020, the pension expense of \$3,018,418 was reported in the primary government and the City Development Corporation of El Campo, Inc for \$2,997,684 and \$20,734, respectively. At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Primary Government		Discretely Presented Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 190,332	\$ 185,065	\$ 3,706	\$ 3,604
Changes in actuarial assumptions	-	34,139	-	665
Difference between projected and actual investment earnings	-	860,168	-	16,749
Contributions subsequent to the measurement date	650,246	-	12,662	-
Totals	<u>\$ 840,578</u>	<u>\$ 1,079,372</u>	<u>\$ 16,368</u>	<u>\$ 21,018</u>

\$650,246 and \$12,662 for the primary government and component unit, respectively, 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, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ending September 30,	Primary Government	Discretely Presented Component Unit
2021	\$(313,094)	\$(6,097)
2022	(269,988)	(5,257)
2023	116,250	2,264
2024	(422,208)	(8,222)

G. Defined Benefit Pension Plan - TESRS

The City participates in the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple-employer defined benefit pension established and administered by the State of Texas. The TESRS is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine members Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System. TESRS issues a publicly available comprehensive annual financial report that can be obtained at www.tesrs.org.

The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighters' Pension Commissioner. While the agency is relatively new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries.

Pension Plan Fiduciary Net Position. For financial reporting purposes, the State of Texas is considered the primary reporting government. TESRS' financial statements are included in the State's Comprehensive Annual Financial Report. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org.

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

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

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

Contributions. Contributions are made by the City for the participating employees. No contributions are required from the individuals who are members of the TESRS, nor are they allowed. The City makes contributions of \$115 per month per member. Contributions to the pension plan for the year ended September 30, 2020, were \$43,985.

Actuarial Assumptions. The total pension liability in the August 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.00%
Salary increases	None
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

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

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

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equities:		
Large cap domestic	20.0%	5.83%
Small cap domestic	10.0%	5.94%
Developed international	15.0%	6.15%
Emerging markets	5.0%	7.25%
Global infrastructure	5.0%	6.41%
Real estate	10.0%	4.48%
Multi asset income	5.0%	3.84%
Fixed income	30.0%	1.99%
Total	100.0%	

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

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

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$ 458,044	\$ 237,739	\$ 84,672

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

At September 30, 2020, the City reported a liability of \$237,739 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to contributions of all participating employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.943%, which was a decrease of 0.026% when compared to August 31, 2018.

For the year ended September 30, 2020, the City's pension expense was \$63,566 in the governmental activities for this plan. On September 30, 2020, the City reported its proportionate share of the TESRS's 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	\$ -	\$ 11,322
Changes in assumptions	-	389
Difference between projected and actual investment earnings	1,290	-
Contributions paid to TESRS subsequent to the measurement date	43,985	-
Total	\$ 45,275	\$ 11,711

\$43,985 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30	
2021	\$(10,115)
2022	(2,078)
2023	8,174
2024	(6,402)

H. 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.

Membership in the plan at December 31, 2019, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>118</u>
Total	<u>179</u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.20% for 2020 and 0.19% for 2019, of which 0.05% and 0.06%, 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, 2020 and 2019 were \$3,639 and \$2,963, respectively, representing contributions for retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Discount rate	2.75%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.50% including inflation

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

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 2.75% 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, 2019.

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 (2.75%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB Liability \$	462,636	\$ 387,270	\$ 328,033

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

At September 30, 2020, the City reported a liability of \$387,270 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2019. For the year ended September 30, 2020, the OPEB expense of \$31,090 was reported in the primary government and the City Development Corporation of El Campo, Inc for \$32,553 and \$(1,464), 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 12/31/2018	\$ 321,083
Changes for the year:	
Service cost	10,807
Interest	12,057
Difference between expected and actual experience	(11,705)
Changes of assumptions	58,030
Benefit payments	(3,002)
Net changes	<u>66,187</u>
Balance at 12/31/2019	<u>\$ 387,270</u>

Of the total OPEB liability, \$379,873 and \$7,397 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, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Primary Government		Discretely Presented Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 396	\$ 9,555	\$ 8	\$ 186
Changes in actuarial assumptions	59,608	14,431	1,161	281
Contributions subsequent to the measurement date	<u>2,842</u>	<u>-</u>	<u>55</u>	<u>-</u>
Totals	<u>\$ 62,846</u>	<u>\$ 23,986</u>	<u>\$ 1,224</u>	<u>\$ 467</u>

\$2,842 and \$55 in the primary government and component unit, respectively, 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, 2021. 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,	Primary Government	Discretely Presented Component Unit
2021	\$ 8,068	\$ 157
2022	8,068	157
2023	8,068	157
2024	5,472	107
2025	6,645	129
Thereafter	(303)	(5)

I. 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 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.

J. Long-term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Balances Oct. 1, 2019	Additions	Reductions	Balances Sept. 30, 2020	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 13,322,749	\$ -	\$ 580,429	\$ 12,742,320	\$ 599,121
Certificates of obligation	6,492,060	-	327,176	6,164,884	335,561
State Infrastructure Bank Loan	8,000,000	-	-	8,000,000	-
Premiums	1,002,054	-	96,363	905,691	-
Capital leases	519,462	563,208	214,181	868,489	284,378
Compensated absences	356,320	377,846	326,109	408,057	40,806
Total governmental activities	<u>\$ 29,692,645</u>	<u>\$ 941,054</u>	<u>\$ 1,544,258</u>	<u>\$ 29,089,441</u>	<u>\$ 1,259,866</u>
Business-type Activities:					
General obligation bonds	\$ 842,251	\$ 1,035,000	\$ 154,571	\$ 1,722,680	\$ 195,880
Certificates of obligation	4,596,940	-	1,525,330	3,071,610	332,441
Premiums	60,889	256,409	14,042	303,256	-
Capital leases	280,028	3,474,930	227,437	3,527,521	139,101
Compensated absences	134,031	108,714	108,060	134,685	13,468
Total business-type activities	<u>\$ 5,914,139</u>	<u>\$ 4,875,053</u>	<u>\$ 2,029,440</u>	<u>\$ 8,759,752</u>	<u>\$ 680,890</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.

In November 2019, the City issued General Obligation Refunding Bonds, Series 2019, in the amount of \$1,035,000. The proceeds of the bonds were used to refund in whole the Combined Tax and Revenue Certificates of Obligation, Series 2010, which were callable within 90 days of the new debt's issuance. Thus, the Series 2010 bonds have been removed from the financial statements. The new debt will reduce total future debt service payments and will result in a present value savings of \$110,053.

General obligation bonds outstanding as of September 30, 2020, are as follows:

Series	Term	Interest Rate (%)	Original Amount	Debt Outstanding
Refunding 2012A	2/13-2/21	2.00-3.00	\$ 2,540,000	\$ 687,680
Refunding 2012B	2/13-2/15	2.00	350,000	402,320
Refunding 2013	2/13-2/27	2.00-2.25	1,345,000	755,000
Series 2015	2/16-2/45	3.00-4.00	5,000,000	4,605,000
Series 2016	2/17-2/46	3.00-5.00	7,640,000	6,980,000
Refunding 2019	11/19-2/30	4.00-5.00	1,035,000	1,035,000
				<u>\$ 14,465,000</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	
2021	\$ 599,121	\$ 427,542	\$ 195,880	\$ 57,940	\$ 1,280,483
2022	622,812	407,536	207,189	59,046	1,296,583
2023	651,502	381,793	213,495	51,936	1,298,726
2024	698,885	354,384	221,116	44,667	1,319,052
2025	610,000	327,051	130,000	37,750	1,104,801
2026-2030	2,735,000	1,344,665	755,000	85,100	4,919,765
2031-2035	1,815,000	1,021,670	-	-	2,836,670
2036-2040	2,165,000	687,425	-	-	2,852,425
2041-2045	2,570,000	273,725	-	-	2,843,725
2046	275,000	4,125	-	-	279,125
Totals	<u>\$ 12,742,320</u>	<u>\$ 5,229,916</u>	<u>\$ 1,722,680</u>	<u>\$ 336,439</u>	<u>\$ 20,031,355</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, 2020, are as follows:

Series	Term	Interest Rate (%)	Outstanding Amount
Series 2013	2/13-2/32	2.00-2.75	\$ 1,980,000
Series 2013A	10/13-10/33	2.90-4.00	1,910,000
Series 2014A	9/14-9/24	0.25-1.07	152,000
2014 Tax Note	2/15-2/21	0.60-2.25	75,000
Series 2014	9/14-9/39	2.00-4.00	2,365,000
Series 2015A	9/15-9/35	2.00-4.00	2,189,494
Series 2015	2/16-2/25	0.13-1.21	75,000
2019 Tax Note	9/19-2/26	1.9	490,000
			<u>\$ 9,236,494</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	
2021	\$ 335,561	\$ 213,811	\$ 332,441	\$ 76,378	\$ 958,191
2022	344,818	205,035	263,182	70,567	883,602
2023	357,663	194,551	265,338	65,218	882,770
2024	366,921	182,978	271,080	59,506	880,485
2025	383,239	169,798	241,762	53,472	848,271
2026-2030	1,909,006	637,195	1,040,998	180,981	3,768,180
2031-2035	1,878,956	265,766	585,529	44,004	2,774,255
2036-2040	588,720	43,813	71,280	5,305	709,118
Totals	<u>\$ 6,164,884</u>	<u>\$ 1,912,947</u>	<u>\$ 3,071,610</u>	<u>\$ 555,431</u>	<u>\$ 11,704,872</u>

Capital Leases

Capital leases outstanding as of September 30, 2020, 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%.	\$ 25,593
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.	243,182
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%.	45,342
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%.	40,518
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%.	66,162
Lease purchase agreement for a street sweeper. The original amount of the lease, entered into in 2020, was \$250,415. The lease is payable in monthly installments and bears interest at 2.4%.	221,068
Lease purchase agreement for a fire command vehicle. The original amount of the lease, entered into in 2020, was \$35,086. The lease is payable in monthly installments and bears interest at 3.1%.	29,466
Lease purchase agreement for a public works pneumatic roller. The original amount of the lease, entered into in 2020, was \$89,680. The lease is payable in monthly installments and bears interest at 3.1%.	75,294
Lease purchase agreement for a public works asphalt distributor. The original amount of the lease, entered into in 2020, was \$188,027. The lease is payable in monthly installments and bears interest at 3.1%.	188,027
Lease purchase agreement for new residential water meters. The original amount of the lease, entered into in 2020, was \$3,374,136. The lease is payable in semi-annual installments and bears interest at 2.1%.	3,374,136
Lease purchase agreement for a jetting machine. The original amount of the lease, entered into in 2020, was \$100,794. The lease is payable in monthly installments and bears interest at 2.90%.	<u>87,222</u>
	<u>\$ 4,396,010</u>

The capital leases are secured by the financed equipment. 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	
2021	\$ 284,378	\$ 18,633	\$ 60,526	\$ 82,213	\$ 445,750
2022	250,609	12,222	170,685	71,409	504,925
2023	162,313	6,966	148,692	67,608	385,579
2024	88,691	3,844	149,155	64,845	306,535
2025	71,321	1,520	164,514	61,252	298,607
2026-2030	11,177	45	1,074,266	247,147	1,332,635
2031-2035	-	-	1,572,617	113,738	1,686,355
2036	-	-	187,066	1,936	189,002
Totals	<u>\$ 868,489</u>	<u>\$ 43,230</u>	<u>\$ 3,527,521</u>	<u>\$ 710,148</u>	<u>\$ 5,149,388</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 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	
2021	\$ -	\$ 155,112	\$ 155,112
2022	-	186,350	186,350
2023	28,206	198,076	226,282
2024	71,090	197,378	268,468
2025	116,483	195,618	312,101
2026-2030	1,228,251	913,438	2,141,689
2031-2035	2,481,155	703,413	3,184,568
2036-2040	<u>4,074,815</u>	<u>311,644</u>	<u>4,386,459</u>
Totals	<u>\$ 8,000,000</u>	<u>\$ 2,861,029</u>	<u>\$ 10,861,029</u>

K. 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, 2020, 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, 2020, the City had entered contractual commitments with contractors for various City projects. The commitments with contractors were as follows:

Project	Budget	Spent	Remaining Commitment
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, 2020:

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%	\$ 21,602
Developer will repair an existing building and add new retail space. Upon completion multiple full time employment positions will be available.	100%	1,800

L. Fund Balances

The composition of governmental fund balances as of September 30, 2020, was as follows:

	General	2004 Bonds	Nonmajor Governmental	Totals
Nonspendable:				
Prepaid items	\$ 75,206	\$ -	\$ -	\$ 75,206
Inventory	5,298	-	-	5,298
Subtotal	80,504	-	-	80,504
Restricted for:				
Municipal court	-	-	39,660	39,660
Public safety	-	-	35,482	35,482
Public works	-	-	22,112	22,112
Tourism	-	-	110,160	110,160
Capital projects	-	-	220,270	220,270
Subtotal	-	-	427,684	427,684
Unassigned	3,948,830	(59,314)	(38,407)	3,851,109
Totals	\$ 4,029,334	\$ (59,314)	\$ 389,277	\$ 4,359,297

M. Subsequent Event

On March 2, 2021, the City issued General Obligation Refunding Bonds, Series 2021, in the amount of \$3,245,000, to refund existing obligations at a present value savings. The debt carries an interest rate of 2-3% and will mature in 2032.

N. 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, 2020, 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. The certificates are issued in 12 or 24-month renewable periods; because the original maturity is greater than 90 days, the certificates are classified as investments in the statement of net position.

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, 2020, the CDC had deposits in financial institutions and the deposits were FDIC insured at each institution up to \$250,000. As of September 30, 2020, all 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, 2020, was \$139,383.

Capital Assets

The CDC's capital asset activity for the year ended September 30, 2020, was as follows:

	Balances			Balances
	Oct. 1, 2019	Increases	Decreases	Sept. 30, 2020
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ <u>266,309</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>266,309</u>
Total Capital assets not				
being depreciated	<u>266,309</u>	<u>-</u>	<u>-</u>	<u>266,309</u>
Capital assets being depreciated:				
Buildings	941,081	-	-	941,081
Office Equipment	<u>16,840</u>	<u>-</u>	<u>-</u>	<u>16,840</u>
Total capital assets being depreciated	<u>957,921</u>	<u>-</u>	<u>-</u>	<u>957,921</u>
Less accumulated depreciation for:				
Buildings	(291,425)	(22,052)	-	(313,477)
Office equipment	<u>(16,840)</u>	<u>-</u>	<u>-</u>	<u>(16,840)</u>
Total accumulated depreciation	<u>(308,265)</u>	<u>(22,052)</u>	<u>-</u>	<u>(330,317)</u>
Total capital assets being depreciated, net	<u>649,656</u>	<u>(22,052)</u>	<u>-</u>	<u>627,604</u>
Governmental activities capital assets, net	\$ <u>915,965</u>	\$ <u>(22,052)</u>	\$ <u>-</u>	\$ <u>893,913</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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, 2020

	Budgeted Amounts			Variance from Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 7,531,673	\$ 8,469,913	\$ 7,552,101	\$(917,812)
Licenses and permits	122,950	122,950	196,908	73,958
Intergovernmental	127,500	127,500	669,329	541,829
Charges for services	226,930	226,930	108,196	(118,734)
Fines and forfeitures	438,670	438,670	227,857	(210,813)
Investment earnings	37,500	37,500	28,147	(9,353)
Miscellaneous	65,600	65,600	141,273	75,673
Total revenues	<u>8,550,823</u>	<u>9,489,063</u>	<u>8,923,811</u>	<u>(565,252)</u>
EXPENDITURES				
Current:				
General government	2,025,023	2,542,563	2,131,185	411,378
Public safety	4,429,710	4,441,995	4,256,695	185,300
Public works	1,574,716	1,568,216	1,513,716	54,500
Parks and recreation	1,054,544	1,054,544	852,282	202,262
Debt service:				
Principal	-	-	115,329	(115,329)
Interest and fiscal charges	-	-	4,739	(4,739)
Capital outlay	<u>2,000</u>	<u>83,015</u>	<u>718,585</u>	<u>(635,570)</u>
Total expenditures	<u>9,085,993</u>	<u>9,690,333</u>	<u>9,592,531</u>	<u>97,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(535,170)</u>	<u>(201,270)</u>	<u>(668,720)</u>	<u>(467,450)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	10,000	10,000	4,296	(5,704)
Transfers in	694,870	694,870	681,325	(13,545)
Transfers out	-	-	(308,684)	(308,684)
Capital lease	<u>-</u>	<u>-</u>	<u>563,208</u>	<u>563,208</u>
Total other financing sources (uses)	<u>704,870</u>	<u>704,870</u>	<u>940,145</u>	<u>235,275</u>
Net change in fund balance	169,700	503,600	271,425	(232,175)
Fund balance- beginning	<u>3,757,909</u>	<u>3,757,909</u>	<u>3,757,909</u>	<u>-</u>
Fund balance- ending	\$ <u>3,927,609</u>	\$ <u>4,261,509</u>	\$ <u>4,029,334</u>	\$ <u>(232,175)</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, 2020

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, 2020

Measurement Period December 31,	2019	2018
Total Pension Liability		
Service cost	\$ 857,992	\$ 699,915
Interest (on the total pension liability)	2,148,488	1,913,653
Difference between expected and actual experience	256,833	(63,589)
Changes of benefit terms	2,066,717	-
Change of assumptions	(46,068)	-
Benefit payments, including refunds of employee contributions	(1,224,059)	(1,209,328)
Net change in total pension liability	4,059,903	1,340,651
Total pension liability - beginning	29,945,768	28,605,117
Total pension liability - ending (a)	\$ 34,005,671	\$ 29,945,768
Plan Fiduciary Net Position		
Contributions - employer	\$ 636,438	\$ 638,377
Contributions - employee	360,249	345,069
Net investment income	3,862,061	(778,898)
Benefit payments, including refunds of employee contributions	(1,224,059)	(1,209,328)
Administrative expense	(21,828)	(15,057)
Other	(658)	(787)
Net change in plan fiduciary net position	3,612,203	(1,020,624)
Plan fiduciary net position - beginning	24,988,225	26,008,849
Plan fiduciary net position - ending (b)	28,600,428	24,988,225
Net pension liability - ending (a) - (b)	\$ 5,405,243	\$ 4,957,543
Plan fiduciary net position as a percentage of total pension liability	84%	83%
Covered payroll	\$ 6,004,145	\$ 5,751,149
Net pension liability as a percentage of covered payroll	90%	86%

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

2017	2016	2015	2014
\$ 662,928	\$ 659,018	\$ 639,319	\$ 574,183
1,852,927	1,776,064	1,754,661	1,671,854
(418,703)	(81,324)	(74,642)	(117,116)
-	-	-	-
(1,222,674)	(1,211,352)	(1,058,047)	(899,035)
874,478	1,142,406	1,312,287	1,229,886
27,730,639	26,588,233	25,275,946	24,046,060
<u>\$ 28,605,117</u>	<u>\$ 27,730,639</u>	<u>\$ 26,588,233</u>	<u>\$ 25,275,946</u>
\$ 610,134	\$ 608,631	\$ 621,185	\$ 642,038
326,566	323,454	316,668	308,429
3,202,487	1,481,452	32,511	1,190,068
(1,222,674)	(1,211,352)	(1,058,047)	(899,035)
(16,599)	(16,734)	(19,803)	(12,426)
(841)	(902)	(978)	(1,022)
2,899,073	1,184,549	(108,464)	1,228,052
23,109,776	21,925,227	22,033,691	20,805,639
26,008,849	23,109,776	21,925,227	22,033,691
<u>\$ 2,596,268</u>	<u>\$ 4,620,863</u>	<u>\$ 4,663,006</u>	<u>\$ 3,242,255</u>
91%	83%	82%	87%
\$ 5,442,758	\$ 5,384,134	\$ 5,279,268	\$ 5,140,488
48%	86%	88%	63%

CITY OF EL CAMPO, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Fiscal Year Ended September 30,	2020	2019
Actuarially Determined Contributions	\$ 820,141	\$ 633,807
Contributions in Relation to the Actuarially Determined Contributions	820,141	633,807
Contribution Deficiency (Excess)	-	-
Covered Payroll	6,311,503	5,926,162
Contributions as a Percentage of Covered Payroll	13.0%	10.7%

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

2018	2017	2016	2015
\$ 631,978	\$ 610,767	\$ 627,714	\$ 632,469
631,978	610,767	627,714	632,469
-	-	-	-
5,680,267	5,441,279	5,495,377	5,294,364
11.1%	11.2%	11.4%	11.9%

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CITY OF EL CAMPO, TEXAS

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

FOR THE YEAR ENDED 30, 2020

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	26 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%

Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes Benefit changes for the year were related to increasing the employee contribution rate from 6% to 7%.

CITY OF EL CAMPO, TEXAS

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement Date August 31,	2019	2018	2017
City's proportion of the net pension liability	0.943%	0.969%	0.934%
City's proportionate share of the net pension liability	\$ 237,739	\$ 274,668	\$ 234,548
City's covered payroll	-	-	-
City's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	80.2%	84.3%	81.4%

SCHEDULE OF CITY'S TESRS CONTRIBUTIONS

Fiscal year ended September 30,	2019	2018	2017
Contractually required contribution	\$ 43,428	\$ 44,720	\$ 41,055
Contributions in relation to the contractually required contribution	(43,428)	(44,720)	(41,055)
Contribution deficiency (excess)	-	-	-
City's covered payroll	-	-	-
Contributions as a percentage of covered payroll	0%	0%	0%

Note: The schedule is intended to show 10 years of information, additional years will be presented as they become available.

2016	2015
0.896%	0.906%
\$ 215,055	\$ 241,834
-	-
0%	0%
76.3%	76.9%

2016	2015	2014
\$ 44,500	\$ 42,780	\$ 42,222
(44,500)	(42,780)	(42,222)
-	-	-
-	-	-
0%	0%	0%

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, 2020

Measurement Period December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>
A. Total OPEB liability			
Service Cost	10,807	11,502	9,253
Interest (on the Total OPEB Liability)	12,057	10,821	10,774
Difference between expected and actual experience	(11,705)	591	-
Changes of assumptions	58,030	(21,555)	23,816
Benefit payments, including refunds of employee contributions	(3,002)	(2,876)	(3,266)
Net change in Total OPEB liability	66,187	(1,517)	40,577
Total OPEB liability - beginning	<u>321,083</u>	<u>322,600</u>	<u>282,023</u>
Total OPEB liability - ending (a)	\$ <u>387,270</u>	\$ <u>321,083</u>	\$ <u>322,600</u>
B. Covered employee payroll	\$ 6,004,145	\$ 5,751,149	\$ 5,442,758
C. Total OPEB liability as a percentage of covered employee payroll	6.45%	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**

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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, 2020

	Special Revenue Funds			
	Municipal Court Technology	Municipal Court Building Security	Hotel/Motel Tax	Transportation User Fee
ASSETS				
Cash	\$ 16,511	\$ 38,067	\$ 93,157	\$ 10,849
Investments	-	-	-	-
Taxes receivable (net)	-	-	39,974	-
Due from other funds	-	-	-	-
Special assessments receivables (net)	-	-	-	11,263
Total assets	<u>\$ 16,511</u>	<u>\$ 38,067</u>	<u>\$ 133,131</u>	<u>\$ 22,112</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,723	\$ -	\$ 22,971	\$ -
Deposits	-	-	-	-
Due to other funds	12,195	-	-	-
Total liabilities	<u>14,918</u>	<u>-</u>	<u>22,971</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	1,593	38,067	110,160	22,112
Unassigned	-	-	-	-
Total fund balances	<u>1,593</u>	<u>38,067</u>	<u>110,160</u>	<u>22,112</u>
Total liabilities and fund balances	<u>\$ 16,511</u>	<u>\$ 38,067</u>	<u>\$ 133,131</u>	<u>\$ 22,112</u>

Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
Civic Center	Transportation Reinvestment Zone	Police Seizure	Capital Projects	Street Paving	
\$ 21,715	\$ 339,202	\$ 13,342	\$ 45,278	\$ 71,969	\$ 650,090
-	-	27,533	-	-	27,533
-	-	-	-	-	39,974
-	25,659	-	-	-	25,659
-	-	-	-	220,053	231,316
<u>\$ 21,715</u>	<u>\$ 364,861</u>	<u>\$ 40,875</u>	<u>\$ 45,278</u>	<u>\$ 292,022</u>	<u>\$ 974,572</u>
\$ -	\$ -	\$ -	\$ 83,685	\$ -	\$ 109,379
21,715	-	-	-	-	21,715
-	216,560	5,393	-	-	234,148
<u>21,715</u>	<u>216,560</u>	<u>5,393</u>	<u>83,685</u>	<u>-</u>	<u>365,242</u>
-	-	-	-	220,053	220,053
-	-	-	-	220,053	220,053
-	148,301	35,482	-	71,969	427,684
-	-	-	(38,407)	-	(38,407)
<u>-</u>	<u>148,301</u>	<u>35,482</u>	<u>(38,407)</u>	<u>71,969</u>	<u>389,277</u>
<u>\$ 21,715</u>	<u>\$ 364,861</u>	<u>\$ 40,875</u>	<u>\$ 45,278</u>	<u>\$ 292,022</u>	<u>\$ 974,572</u>

CITY OF EL CAMPO, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds			
	Municipal Court Technology	Municipal Court Building Security	Hotel/Motel Tax	Transportation User Fee
REVENUES				
Taxes	\$ -	\$ -	\$ 158,546	\$ -
Charges for services	4,909	3,741	-	127,126
Investment earnings	60	144	582	211
Miscellaneous	-	-	-	-
Total revenues	<u>4,969</u>	<u>3,885</u>	<u>159,128</u>	<u>127,337</u>
EXPENDITURES				
Current:				
General government	3,638	-	51,000	-
Public safety	-	-	-	-
Public works	-	-	-	125,316
Parks and recreation	-	-	-	-
Total expenditures	<u>3,638</u>	<u>-</u>	<u>51,000</u>	<u>125,316</u>
Excess (deficiency) of revenues over (under) expenditures	1,331	3,885	108,128	2,021
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(97,853)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(97,853)</u>	<u>-</u>
Net change in fund balances	1,331	3,885	10,275	2,021
Fund balances, beginning of year	<u>262</u>	<u>34,182</u>	<u>99,885</u>	<u>20,091</u>
Fund balances, end of year	<u>\$ 1,593</u>	<u>\$ 38,067</u>	<u>\$ 110,160</u>	<u>\$ 22,112</u>

Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
Civic Center	Transportation Reinvestment Zone	Police Seizure	Capital Projects	Street Paving	
\$ -	\$ 109,538	\$ -	\$ -	\$ -	\$ 268,084
68,060	-	-	-	6,510	210,346
47	726	500	1,438	277	3,985
-	-	3,534	-	1,450	4,984
<u>68,107</u>	<u>110,264</u>	<u>4,034</u>	<u>1,438</u>	<u>8,237</u>	<u>487,399</u>
-	-	-	-	-	54,638
-	-	26,861	-	-	26,861
-	-	-	-	-	125,316
<u>114,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,192</u>
<u>114,192</u>	<u>-</u>	<u>26,861</u>	<u>-</u>	<u>-</u>	<u>321,007</u>
(46,085)	110,264	(22,827)	1,438	8,237	166,392
56,898	-	-	-	-	56,898
-	-	-	-	-	(97,853)
<u>56,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,955)</u>
10,813	110,264	(22,827)	1,438	8,237	125,437
(10,813)	38,037	58,309	(39,845)	63,732	263,840
\$ <u>-</u>	\$ <u>148,301</u>	\$ <u>35,482</u>	\$ <u>(38,407)</u>	\$ <u>71,969</u>	\$ <u>389,277</u>

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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes:			
Ad valorem	\$ 3,006,690	\$ 2,842,068	\$(164,622)
Sales	4,555,523	3,973,881	(581,642)
Franchise	893,200	717,455	(175,745)
Alcoholic beverage	14,500	18,697	4,197
Licenses and permits	122,950	196,908	73,958
Intergovernmental	127,500	669,329	541,829
Charges for services	226,930	108,196	(118,734)
Fines and forfeitures	438,670	227,857	(210,813)
Investment earnings	37,500	28,147	(9,353)
Miscellaneous	<u>65,600</u>	<u>141,273</u>	<u>75,673</u>
Total revenues	<u>9,489,063</u>	<u>8,923,811</u>	<u>(565,252)</u>
EXPENDITURES			
General government:			
Multi-departmental	1,848,168	1,449,340	398,828
Finance	298,966	280,238	18,728
Personnel	155,884	163,201	(7,317)
Municipal court	<u>239,545</u>	<u>238,406</u>	<u>1,139</u>
Total general government	<u>2,542,563</u>	<u>2,131,185</u>	<u>411,378</u>
Public safety:			
Police	3,169,397	3,041,147	128,250
Fire	258,925	259,368	(443)
Inspection	456,673	424,714	31,959
Communications	537,180	511,081	26,099
Emergency management	<u>19,820</u>	<u>20,385</u>	<u>(565)</u>
Total public safety	<u>4,441,995</u>	<u>4,256,695</u>	<u>185,300</u>
Public works:			
Streets	1,180,353	1,105,143	75,210
Administration/engineering	295,062	314,341	(19,279)
Vehicle and facility maintenance	<u>92,801</u>	<u>94,232</u>	<u>(1,431)</u>
Total public works	<u>1,568,216</u>	<u>1,513,716</u>	<u>54,500</u>

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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (continued)			
Parks and recreation:			
Parks and recreation	\$ 694,294	\$ 570,130	\$ 124,164
Aquatic center	<u>360,250</u>	<u>282,152</u>	<u>78,098</u>
Total parks and recreation	<u>1,054,544</u>	<u>852,282</u>	<u>202,262</u>
 Debt service:			
Principal	-	115,329	(115,329)
Interest and fiscal charges	<u>-</u>	<u>4,739</u>	<u>(4,739)</u>
Total debt service	<u>-</u>	<u>120,068</u>	<u>(120,068)</u>
 Capital outlay	<u>83,015</u>	<u>718,585</u>	<u>(635,570)</u>
 Total expenditures	<u>9,690,333</u>	<u>9,592,531</u>	<u>97,802</u>
 Excess (deficiency) of revenues over (under) expenditures	(201,270)	(668,720)	(467,450)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	10,000	4,296	(5,704)
Transfers in	694,870	681,325	(13,545)
Transfers out	-	(308,684)	(308,684)
Capital lease issued	<u>-</u>	<u>563,208</u>	<u>563,208</u>
Total other financing sources (uses)	<u>704,870</u>	<u>940,145</u>	<u>235,275</u>
 Net change in fund balance	503,600	271,425	(232,175)
 Fund balance - beginning	<u>3,757,909</u>	<u>3,757,909</u>	<u>-</u>
 Fund balance - ending	<u>\$ 4,261,509</u>	<u>\$ 4,029,334</u>	<u>\$(232,175)</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 1,317,240	\$ 1,313,361	\$ (3,879)
Investment earnings	<u>1,000</u>	<u>1,080</u>	<u>80</u>
Total revenues	<u>1,318,240</u>	<u>1,314,441</u>	<u>(3,799)</u>
EXPENDITURES			
Debt service:			
Principal	1,081,727	1,011,185	70,542
Interest and fiscal fees	<u>725,000</u>	<u>696,907</u>	<u>28,093</u>
Total expenditures	<u>1,806,727</u>	<u>1,708,092</u>	<u>98,635</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(488,487)</u>	<u>(393,651)</u>	<u>94,836</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>486,850</u>	<u>543,514</u>	<u>56,664</u>
Total other financing sources (uses)	<u>486,850</u>	<u>543,514</u>	<u>56,664</u>
Change in fund balance	(1,637)	149,863	151,500
Fund balance- beginning	<u>(149,863)</u>	<u>(149,863)</u>	<u>-</u>
Fund balance- ending	<u>\$ (151,500)</u>	<u>\$ -</u>	<u>\$ 151,500</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 7,500	\$ 4,909	\$ (2,591)
Investment earnings	<u>-</u>	<u>60</u>	<u>60</u>
Total revenues	<u>7,500</u>	<u>4,969</u>	<u>(2,531)</u>
EXPENDITURES			
Current:			
General government	<u>7,500</u>	<u>3,638</u>	<u>3,862</u>
Total expenditures	<u>7,500</u>	<u>3,638</u>	<u>3,862</u>
Change in fund balance	-	1,331	1,331
Fund balance- beginning	<u>262</u>	<u>262</u>	<u>-</u>
Fund balance- ending	<u>\$ 262</u>	<u>\$ 1,593</u>	<u>\$ 1,331</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 160,000	\$ 158,546	\$ (1,454)
Investment earnings	<u>-</u>	<u>582</u>	<u>582</u>
Total revenues	<u>160,000</u>	<u>159,128</u>	<u>(872)</u>
EXPENDITURES			
Current:			
General government	<u>51,000</u>	<u>51,000</u>	<u>-</u>
Total expenditures	<u>51,000</u>	<u>51,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>109,000</u>	<u>108,128</u>	<u>(872)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(109,000)</u>	<u>(97,853)</u>	<u>11,147</u>
Total other financing sources (uses)	<u>(109,000)</u>	<u>(97,853)</u>	<u>11,147</u>
Change in fund balance	-	10,275	10,275
Fund balance- beginning	<u>99,885</u>	<u>99,885</u>	<u>-</u>
Fund balance- ending	<u>\$ 99,885</u>	<u>\$ 110,160</u>	<u>\$ 10,275</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 153,376	\$ 127,126	\$ (26,250)
Investment earnings	<u>-</u>	<u>211</u>	<u>211</u>
Total revenues	<u>153,376</u>	<u>127,337</u>	<u>(26,039)</u>
EXPENDITURES			
Current:			
Public Works	<u>153,376</u>	<u>125,316</u>	<u>28,060</u>
Total expenditures	<u>153,376</u>	<u>125,316</u>	<u>28,060</u>
Change in fund balance	-	2,021	2,021
Fund balance- beginning	<u>20,091</u>	<u>20,091</u>	<u>-</u>
Fund balance- ending	\$ <u>20,091</u>	\$ <u>22,112</u>	\$ <u>2,021</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 115,000	\$ 68,060	\$(46,940)
Investment earnings	-	47	47
Total revenues	<u>115,000</u>	<u>68,107</u>	<u>(46,893)</u>
EXPENDITURES			
Current:			
Parks and recreation	<u>169,500</u>	<u>114,192</u>	<u>55,308</u>
Total expenditures	<u>169,500</u>	<u>114,192</u>	<u>55,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,500)</u>	<u>(46,085)</u>	<u>8,415</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>54,500</u>	<u>56,898</u>	<u>2,398</u>
Total other financing sources (uses)	<u>54,500</u>	<u>56,898</u>	<u>2,398</u>
Change in fund balance	-	10,813	10,813
Fund balance- beginning	<u>(10,813)</u>	<u>(10,813)</u>	<u>-</u>
Fund balance- ending	<u>\$(10,813)</u>	<u>\$ -</u>	<u>\$ 10,813</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment earnings	\$ 500	\$ 500	\$ -
Miscellaneous	<u>4,450</u>	<u>3,534</u>	<u>(916)</u>
Total revenues	<u>4,950</u>	<u>4,034</u>	<u>(916)</u>
EXPENDITURES			
Current:			
Public safety	<u>4,950</u>	<u>26,861</u>	<u>(21,911)</u>
Total expenditures	<u>4,950</u>	<u>26,861</u>	<u>(21,911)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(22,827)</u>	<u>(22,827)</u>
Change in fund balance	-	(22,827)	(22,827)
Fund balance- beginning	<u>58,309</u>	<u>58,309</u>	<u>-</u>
Fund balance- ending	\$ <u>58,309</u>	\$ <u>35,482</u>	\$ <u>(22,827)</u>

CITY OF EL CAMPO, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Final Budget	Actual	Variance
OPERATING REVENUES			
Water	\$ 1,755,430	\$ 1,911,285	\$ 155,855
Sewer	1,939,740	1,884,624	(55,116)
Sanitation	1,968,500	1,949,298	(19,202)
Penalties	96,000	89,418	(6,582)
Connection and installation fees	57,500	68,717	11,217
Intergovernmental	-	330,375	330,375
Miscellaneous	<u>157,620</u>	<u>180,389</u>	<u>22,769</u>
Total revenues	<u>5,974,790</u>	<u>6,414,106</u>	<u>439,316</u>
OPERATING EXPENSES			
Utility operations:			
Personnel	841,010	860,419	(19,409)
Material and supplies	66,500	66,257	243
Contractual services	3,200,162	3,215,593	(15,431)
Repairs and maintenance	<u>1,096,746</u>	<u>985,357</u>	<u>111,389</u>
Total operating expenses	<u>5,204,418</u>	<u>5,127,626</u>	<u>76,792</u>
Operating income before nonoperating revenues (expenses) and transfers	<u>770,372</u>	<u>1,286,480</u>	<u>516,108</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	35,000	9,511	(25,489)
Principal retirement	(665,822)	(665,822)	-
Interest and fiscal charges	(263,371)	(263,371)	-
Transfers out	<u>(385,923)</u>	<u>(658,840)</u>	<u>(272,917)</u>
Total nonoperating revenues (expenses)	<u>(1,280,116)</u>	<u>(1,578,522)</u>	<u>(298,406)</u>
Change in net position - (Non-GAAP Basis)	\$ <u>(509,744)</u>	\$ <u>(292,042)</u>	\$ <u>217,702</u>
ADJUSTMENTS			
Principal portion of debt payments		665,822	
Pension and OPEB expense		(258,024)	
Depreciation		<u>(926,876)</u>	
Change in net position - GAAP basis		(811,120)	
Net position, beginning of year		<u>10,950,422</u>	
Net position, end of year		\$ <u>10,139,302</u>	

CITY OF EL CAMPO, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Ambulance services	\$ 1,987,954	\$ 2,136,306	\$ 148,352
Miscellaneous	<u>206,417</u>	<u>87,220</u>	<u>(119,197)</u>
Total revenues	<u>2,194,371</u>	<u>2,223,526</u>	<u>29,155</u>
OPERATING EXPENSES			
EMS operations:			
Personnel	1,398,150	1,347,571	50,579
Materials and supplies	371,286	416,231	(44,945)
Contractual services	198,160	202,105	(3,945)
Repairs and maintenance	500	32,145	(31,645)
Capital outlay	<u>93,749</u>	<u>93,732</u>	<u>17</u>
Total operating expenses	<u>2,061,845</u>	<u>2,091,784</u>	<u>(29,939)</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	<u>132,526</u>	<u>131,742</u>	<u>59,094</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	1,600	289	(1,311)
Interest and fiscal charges	-	(2,314)	(2,314)
Transfers out	<u>(216,360)</u>	<u>(216,360)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(214,760)</u>	<u>(218,385)</u>	<u>(3,625)</u>
Change in net position - (Non-GAAP Basis)	\$ <u>(82,234)</u>	\$ <u>(86,643)</u>	\$ <u>(4,409)</u>
ADJUSTMENTS			
Depreciation		\$(76,902)	
Pension and OPEB expense		(328,242)	
Capital outlay		<u>93,732</u>	
Change in net position - GAAP basis		(398,055)	
Net position, beginning of year		<u>339,501</u>	
Net position, end of year		\$ <u>(58,554)</u>	

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STATISTICAL SECTION

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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	73-82
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	83-91
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	92-97
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	98-99
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	100-105
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			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 12,096,688	\$ 11,780,074	\$ 12,448,707	\$ 9,777,017
Restricted	394,422	250,288	341,963	214,477
Unrestricted	<u>4,253,875</u>	<u>4,648,129</u>	<u>4,126,213</u>	<u>4,828,765</u>
Total governmental activities net position	<u>\$ 16,744,985</u>	<u>\$ 16,678,491</u>	<u>\$ 16,916,883</u>	<u>\$ 14,820,259</u>
Business-type activities:				
Net investment in capital assets	\$ 8,171,231	\$ 8,668,743	\$ 8,115,580	\$ 6,461,102
Unrestricted	<u>2,801,092</u>	<u>2,410,643</u>	<u>3,020,028</u>	<u>5,738,526</u>
Total business-type activities net position	<u>\$ 10,972,323</u>	<u>\$ 11,079,386</u>	<u>\$ 11,135,608</u>	<u>\$ 12,199,628</u>
Primary government:				
Net investment in capital assets	\$ 20,267,919	\$ 20,448,817	\$ 20,564,287	\$ 16,238,119
Restricted	394,422	250,288	341,963	214,477
Unrestricted	<u>7,054,967</u>	<u>7,058,772</u>	<u>7,146,241</u>	<u>10,567,291</u>
Total primary government net position	<u>\$ 27,717,308</u>	<u>\$ 27,757,877</u>	<u>\$ 28,052,491</u>	<u>\$ 27,019,887</u>

(1) Accrual basis of accounting

TABLE 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 5,094,853	\$ 11,596,010	\$ 11,813,285	\$ 11,607,624	\$ 13,347,767	\$ 14,971,961
7,642,486	329,900	229,842	167,198	212,729	478,411
<u>1,205,992</u>	<u>151,093</u>	<u>552,340</u>	<u>(7,568,792)</u>	<u>(7,673,965)</u>	<u>(9,036,534)</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>	<u>\$ 6,413,838</u>
\$ 7,003,324	\$ 9,791,150	\$ 9,568,796	\$ 10,022,697	\$ 10,197,147	\$ 9,837,264
<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>243,484</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>	<u>\$ 10,080,748</u>
\$ 12,098,177	\$ 21,387,160	\$ 21,382,081	\$ 21,630,321	\$ 23,544,914	\$ 24,809,225
7,642,486	329,900	229,842	167,198	212,729	478,411
<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>(8,793,050)</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>	<u>\$ 16,494,586</u>

CITY OF EL CAMPO, TEXAS

CHANGES IN NET POSITION (1)

LAST TEN FISCAL YEARS

	Fiscal Year			
	2011	2012	2013	2014
Governmental Activities				
Expenses:				
General government	\$ 1,748,982	\$ 1,598,194	\$ 1,409,439	\$ 2,832,544
Public safety	3,181,009	3,486,798	3,555,073	3,781,836
Public works	2,205,043	2,220,393	2,340,330	2,352,547
Parks and recreation	682,760	860,990	880,902	1,218,866
Interest on long-term debt	136,246	133,211	109,774	123,993
Total expenses	<u>7,954,040</u>	<u>8,299,586</u>	<u>8,295,518</u>	<u>10,309,786</u>
Program revenues:				
Charges for services:				
General government	131,517	134,253	162,534	149,723
Public safety	580,613	599,335	505,909	475,974
Public works	55,955	33,332	31,466	113,905
Parks and recreation	231,917	251,355	269,205	429,494
Operating grants and contributions	162,233	181,085	145,583	-
Capital grants and contributions	71,424	-	24,969	-
Total program revenues	<u>1,233,659</u>	<u>1,199,360</u>	<u>1,139,666</u>	<u>1,169,096</u>
Total governmental activities net program (expense) revenue	<u>\$(6,720,381)</u>	<u>\$(7,100,226)</u>	<u>\$(7,155,852)</u>	<u>\$(9,140,690)</u>
General revenues and other changes in net position				
Taxes:				
Property taxes	\$ 2,811,094	\$ 2,834,559	\$ 2,832,186	\$ 2,833,021
Sales taxes	2,405,245	2,840,198	2,908,788	3,533,651
Franchise taxes	650,585	622,421	602,873	929,726
Other taxes	104,512	145,210	159,487	19,840
Investment earnings	38,222	33,478	10,307	9,620
Gain on sale of capital assets	-	-	-	-
Miscellaneous	173,116	243,932	250,569	374,195
Transfers	477,959	375,176	630,034	(962,266)
Total general revenues and other changes in net position	<u>6,660,733</u>	<u>7,094,974</u>	<u>7,394,244</u>	<u>6,737,787</u>
Total governmental activities change in net position	<u>\$(59,648)</u>	<u>\$(5,252)</u>	<u>\$ 238,392</u>	<u>\$(2,402,903)</u>

(1) Accrual basis of accounting

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 3,126,552	\$ 2,326,025	\$ 1,687,369	\$ 3,016,842	\$ 2,482,306	\$ 2,616,581
3,781,285	3,933,302	4,244,016	4,353,355	4,625,059	6,078,528
2,228,376	2,135,403	1,732,892	10,139,202	2,340,432	2,846,191
1,152,451	1,031,769	1,084,289	1,152,718	1,187,754	1,211,309
236,628	706,151	749,594	816,122	707,641	615,911
<u>10,525,292</u>	<u>10,132,650</u>	<u>9,498,160</u>	<u>19,478,239</u>	<u>11,343,192</u>	<u>13,368,520</u>
209,755	133,356	167,571	169,269	179,335	229,317
419,142	540,493	572,814	482,922	540,933	340,421
223,309	20,573	23,394	37,579	69,670	356,993
287,174	321,993	327,727	289,304	317,391	159,214
137,267	63,437	111,088	75,065	605	535,029
-	911,211	499,613	93,653	2,098,363	2,002,376
<u>1,276,647</u>	<u>1,991,063</u>	<u>1,702,207</u>	<u>1,147,792</u>	<u>3,206,297</u>	<u>3,623,350</u>
<u>\$ (9,248,645)</u>	<u>\$ (8,141,587)</u>	<u>\$ (7,795,953)</u>	<u>\$ (18,330,447)</u>	<u>\$ (8,136,895)</u>	<u>\$ (9,745,170)</u>
\$ 3,118,814	\$ 3,640,047	\$ 3,981,191	\$ 4,270,461	\$ 4,287,660	\$ 4,292,324
3,568,802	2,769,036	3,051,283	4,045,900	3,795,391	3,973,881
827,649	673,722	701,185	713,031	733,735	717,455
17,369	162,880	172,068	224,343	186,304	177,243
26,974	50,050	37,911	19,303	42,963	34,216
-	-	-	-	38,313	-
290,316	86,483	95,196	51,140	30,582	87,699
<u>83,288</u>	<u>(1,106,959)</u>	<u>275,583</u>	<u>803,617</u>	<u>816,907</u>	<u>875,200</u>
<u>7,933,212</u>	<u>6,275,259</u>	<u>8,314,417</u>	<u>10,127,795</u>	<u>9,931,855</u>	<u>10,158,018</u>
<u>\$ (1,315,433)</u>	<u>\$ (1,866,328)</u>	<u>\$ 518,464</u>	<u>\$ (8,202,652)</u>	<u>\$ 1,794,960</u>	<u>\$ 412,848</u>

CITY OF EL CAMPO, TEXAS

CHANGES IN NET POSITION (1)

LAST TEN FISCAL YEARS

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Business-type activities				
Expenses:				
Utilities	\$ 4,269,546	\$ 4,529,419	\$ 4,586,250	\$ 5,000,348
Emergency medical services	<u>1,037,263</u>	<u>1,083,813</u>	<u>1,195,259</u>	<u>1,352,446</u>
Total expenses	<u>5,306,809</u>	<u>5,613,232</u>	<u>5,781,509</u>	<u>6,352,794</u>
Program revenues:				
Charges for services:				
Utilities	4,996,082	4,850,584	4,939,016	4,992,362
Emergency medical services	389,720	327,559	565,054	1,367,954
Operating grants and contributions	796,510	817,196	851,622	-
Capital grants and contributions	<u>-</u>	<u>245,868</u>	<u>104,132</u>	<u>-</u>
Total program revenues	<u>6,182,312</u>	<u>6,241,207</u>	<u>6,459,824</u>	<u>6,360,316</u>
Total business-type activities net program (expense) revenue	<u>875,503</u>	<u>627,975</u>	<u>678,315</u>	<u>7,522</u>
General revenues and other changes in net position:				
Investment earnings	8,725	7,489	7,941	14,327
Miscellaneous	-	-	-	79,905
Transfers	<u>(477,959)</u>	<u>(375,176)</u>	<u>(630,034)</u>	<u>962,266</u>
Total general revenues and other changes in net position	<u>(469,234)</u>	<u>(367,687)</u>	<u>(622,093)</u>	<u>1,056,498</u>
Total business-type activities change in net position	<u>406,269</u>	<u>260,288</u>	<u>56,222</u>	<u>1,064,020</u>
Total primary government change in net position	\$ <u>346,621</u>	\$ <u>255,036</u>	\$ <u>294,614</u>	\$ <u>(1,338,883)</u>

(1) Accrual basis of accounting

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 5,045,412	\$ 4,570,795	\$ 5,631,087	\$ 5,444,712	\$ 5,436,091	\$ 6,575,897
<u>1,618,966</u>	<u>1,586,963</u>	<u>1,819,574</u>	<u>1,697,378</u>	<u>2,090,865</u>	<u>2,405,510</u>
<u>6,664,378</u>	<u>6,157,758</u>	<u>7,450,661</u>	<u>7,142,090</u>	<u>7,526,956</u>	<u>8,981,407</u>
5,336,727	5,588,319	5,665,994	5,823,113	5,680,784	5,903,342
1,613,095	1,629,243	1,742,990	2,114,412	1,806,566	1,943,321
-	75,000	-	-	169,452	523,360
<u>-</u>	<u>429,677</u>	<u>24,250</u>	<u>-</u>	<u>181,765</u>	<u>-</u>
<u>6,949,822</u>	<u>7,722,239</u>	<u>7,433,234</u>	<u>7,937,525</u>	<u>7,838,567</u>	<u>8,370,023</u>
<u>285,444</u>	<u>1,564,481</u>	<u>(17,427)</u>	<u>795,435</u>	<u>311,611</u>	<u>(611,384)</u>
9,776	24,336	16,870	5,941	39,483	9,800
194,381	25,720	26,420	29,249	187,494	267,609
<u>(83,288)</u>	<u>1,106,959</u>	<u>(275,583)</u>	<u>(803,617)</u>	<u>(816,907)</u>	<u>(875,200)</u>
<u>120,869</u>	<u>1,157,015</u>	<u>(232,293)</u>	<u>(768,427)</u>	<u>(589,930)</u>	<u>(597,791)</u>
<u>406,313</u>	<u>2,721,496</u>	<u>(249,720)</u>	<u>27,008</u>	<u>(278,319)</u>	<u>(1,209,175)</u>
\$ <u>(909,120)</u>	\$ <u>855,168</u>	\$ <u>268,744</u>	\$ <u>(8,175,644)</u>	\$ <u>1,516,641</u>	\$ <u>(796,327)</u>

CITY OF EL CAMPO, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	Fiscal Year			
	2011	2012	2013	2014
General Fund:				
Nonspendable:				
Prepaid items	\$ 65,249	\$ 63,852	\$ 119,970	\$ 465
Inventory	21,928	65,449	37,566	29,422
Unassigned	<u>3,774,325</u>	<u>4,366,855</u>	<u>3,957,930</u>	<u>4,589,898</u>
Total general fund	<u>\$ 3,861,502</u>	<u>\$ 4,496,156</u>	<u>\$ 4,115,466</u>	<u>\$ 4,619,785</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	173,284
Capital projects	430,584	312,006	310,848	12,216
Public works	-	-	-	-
Tourism	-	-	-	-
Committed:				
Street paving	9,670	6,751	19,991	-
Unassigned	<u>-</u>	<u>(89,318)</u>	<u>(227,496)</u>	<u>(163,053)</u>
Total all other governmental funds	<u>\$ 872,992</u>	<u>\$ 497,814</u>	<u>\$ 442,490</u>	<u>\$ 22,447</u>

TABLE 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 9,554	\$ 99,508	\$ 110,779	\$ 61,173	\$ 67,482	\$ 75,206
21,616	22,906	21,253	15,467	23,280	5,298
<u>3,103,928</u>	<u>2,477,112</u>	<u>2,850,890</u>	<u>3,165,691</u>	<u>3,667,147</u>	<u>3,948,830</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>	<u>\$ 4,029,334</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60,005	92,926	109,173	59,446	-	-
-	17,736	23,605	28,578	34,444	39,660
-	-	-	-	-	-
204,052	97,359	87,929	60,020	58,309	35,482
7,378,429	3,871,418	47,104	55,622	63,732	220,270
-	-	-	-	20,091	22,112
-	85,034	118,308	78,600	99,885	110,160
(246,429)	-	-	-	-	-
<u>-</u>	<u>(432,389)</u>	<u>(122,497)</u>	<u>(1,104,861)</u>	<u>(897,328)</u>	<u>(97,721)</u>
<u>\$ 7,396,057</u>	<u>\$ 3,732,084</u>	<u>\$ 263,622</u>	<u>\$ (822,595)</u>	<u>\$ (620,867)</u>	<u>\$ 329,963</u>

CITY OF EL CAMPO, TEXAS

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

LAST TEN FISCAL YEARS

	2011	2012	2013	2014
REVENUES				
Taxes	\$ 6,069,161	\$ 6,517,911	\$ 6,546,395	\$ 7,303,676
Licenses and permits	86,460	100,726	125,333	113,905
Intergovernmental	207,131	108,291	121,368	149,723
Charges for services	284,405	264,130	291,202	273,494
Fines and forfeitures	571,100	599,285	505,909	475,974
Investment earnings	37,794	33,247	10,010	9,620
Miscellaneous	186,522	244,901	269,148	374,195
Total revenues	<u>7,442,573</u>	<u>7,868,491</u>	<u>7,869,365</u>	<u>8,700,587</u>
EXPENDITURES				
Current:				
General government	1,648,537	1,504,136	1,357,424	2,645,161
Public safety	3,173,120	3,241,872	3,338,576	3,666,552
Public works	1,729,891	1,860,922	1,726,136	1,753,565
Parks and recreation	669,346	980,005	805,236	937,459
Capital outlay	65,980	159,875	1,647,627	12,506,721
Intergovernmental	-	-	-	-
Debt service:				
Principal retirement	172,872	185,659	175,597	197,263
Interest and fiscal charges	133,641	109,404	45,350	123,993
Bond issuance costs	-	33,980	72,713	3,182,728
Total expenditures	<u>7,593,387</u>	<u>8,075,853</u>	<u>9,168,659</u>	<u>25,013,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150,814)</u>	<u>(207,362)</u>	<u>(1,299,294)</u>	<u>(16,312,855)</u>
OTHER FINANCING SOURCES (USES)				
Payment to refunded bond escrow agent	-	(32,526)	-	-
Debt issuances	-	-	42,189	5,078,533
Premiums on bonds	-	-	-	-
Sale of capital assets	15,845	80,551	32,932	-
Capital leases	-	167,470	210,662	-
Transfers in	544,392	616,050	741,219	-
Transfers out	(53,102)	(364,250)	(163,722)	(1,494,402)
Total other financing sources (uses)	<u>507,135</u>	<u>467,295</u>	<u>863,280</u>	<u>3,584,131</u>
Changes in fund balances	<u>\$ 356,321</u>	<u>\$ 259,933</u>	<u>\$ (436,014)</u>	<u>\$ (12,728,724)</u>
Debt service as a percentage of noncapital expenditures	4%	4%	3%	3%

TABLE 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 7,565,305	\$ 7,234,400	\$ 7,905,639	\$ 9,255,648	\$ 9,000,005	\$ 9,133,546
185,889	104,804	111,119	135,588	142,190	196,908
137,267	584,907	221,902	197,457	2,636,314	3,357,225
333,350	364,958	363,442	334,639	369,669	318,542
419,142	452,739	391,328	361,414	389,204	227,857
26,974	50,050	37,911	19,303	42,963	34,216
290,316	109,106	93,970	81,124	77,183	146,257
8,958,243	8,900,964	9,125,311	10,385,173	12,657,528	13,414,551
2,638,897	1,958,258	1,855,747	2,805,216	2,219,105	2,185,823
3,604,982	3,791,479	3,612,349	3,809,265	3,945,828	4,283,556
1,513,478	2,040,282	1,259,924	1,386,229	1,590,480	1,639,032
1,027,723	881,027	932,092	1,005,829	1,036,722	966,474
4,409,510	10,248,253	4,679,020	1,021,384	2,755,180	2,731,955
-	8,000,000	-	-	-	-
371,126	488,685	383,585	759,262	991,553	1,126,514
250,752	475,018	646,638	755,553	742,300	701,646
214,299	260,643	-	-	-	-
14,030,767	28,143,645	13,369,355	11,542,738	13,281,168	13,635,000
(5,072,524)	(19,242,681)	(4,244,044)	(1,157,565)	(623,640)	(220,449)
-	(200,426)	-	-	-	-
7,436,290	15,640,000	-	-	296,400	-
245,084	699,821	-	-	-	-
245,302	10,700	53,475	-	49,766	4,296
-	-	-	357,060	177,873	563,208
5,729,718	2,138,684	1,901,931	2,318,293	1,885,700	1,281,737
(5,646,430)	(3,245,643)	(1,626,348)	(1,514,676)	(1,068,793)	(406,537)
8,009,964	15,043,136	329,058	1,160,677	1,340,946	1,442,704
\$ 2,937,440	\$ (4,199,545)	\$ (3,914,986)	\$ 3,112	\$ 717,306	\$ 1,222,255
6%	7%	12%	14%	17%	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
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
2020	2019	498,383,899	209,572,639	38,451,889	96,209,121	3,484,055

(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
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%
110,198,811	735,902,792	0.5689	735,902,792	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
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
2020	614,073,000	505,916,000	108,157,000	17.61%	393,427,700

SOURCE: City of El Campo

TABLE 6

Base Rate	Total Direct Rate	
	Water	Sewer
	Usage Rate	Usage Rate
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
27.29	2.98	4.50

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
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
2020	0.1757	0.3931	0.5689	1.1264	0.1393	0.4623

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	2.6873
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
0.0500	0.0080	0.0633	0.2216	2.6398

CITY OF EL CAMPO, TEXAS

TABLE 8

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

2020		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
AEP Texas Inc.	\$ 11,994,060	1.85%
Wal-Mart Stores	10,855,167	1.67%
Shoppas Farm Supply	8,249,886	1.27%
Greenpoint AG LLC #2510	6,097,333	0.94%
Kansas City Southern Railway	5,994,900	0.92%
El Campo Lagoon Enterprises LLC	5,956,828	0.92%
Dovecoast Housing LP	4,092,164	0.63%
H E B Grocery Co LP	3,845,321	0.59%
Davis Don Motor Co Inc.	3,661,899	0.56%
Vallejo Properties Inc.	3,316,694	0.51%
	<u>\$ 64,064,252</u>	<u>9.86%</u>
2011		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Wal-Mart Stores	\$ 11,601,344	2.52%
Key Energy Services, Inc.	7,832,340	1.70%
Davis Net Lease No 1 LP	5,043,276	1.09%
AEP Texas Central Co	4,990,140	1.08%
Kansas City Southern Railway	4,300,860	0.93%
Farmers Coop of El Campo	4,265,160	0.93%
Winfield Solutions LLC	3,989,351	0.87%
Sutherland Lumber Southwest, Inc.	3,248,950	0.71%
Davis Don Motor Co Inc.	2,885,392	0.63%
Crop Protection Services	2,468,658	0.54%
	<u>\$ 50,625,471</u>	<u>11.00%</u>

SOURCE: Wharton County Tax Assessor/Collector

CITY OF ELCAMPO, TEXAS

TABLE 9

**TEN LARGEST WATER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO**

2020			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Isaacson Municipal Utility District	Municipal District	156,044	3.26%
El Campo Housing Authority	Housing	123,798	2.59%
El Campo Mobile Home Park, LLC	Housing	60,118	1.26%
Seatex LTD	Manufacturing	55,760	1.17%
Garden Villa	Housing	47,104	0.98%
Socha Enterprise	Car Wash	44,754	0.94%
Oakcrest Apartments	Housing	40,281	0.84%
Roane & Roane Properties	Housing	38,687	0.81%
Green Briar Apartment Homes	Housing	38,596	0.81%
Jr's Smokehouse	Retail	35,433	0.74%
2011			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Isaacson Municipal Utility District	Municipal District	158,890	2.37%
El Campo Housing Authority	Housing	118,694	1.77%
Jones-Co Properties	Housing	63,455	0.95%
Wal-Mart Stores, Inc.	Retail	43,050	0.64%
Country Aire Mobile Home Park	Housing	40,755	0.61%
PHPM Mission Care Centers	Housing	32,055	0.48%
El Campo Independent School District	School	30,890	0.46%
Roane & Roane Properties	Housing	30,321	0.45%
El Campo Memorial Hospital	Housing	30,263	0.45%
Speedy Stop Food Stores Ltd	Commercial Store	25,790	0.38%

SOURCE: City of El Campo Utility Billing Office

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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
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%	46,691	4,256,157	100.00%
2020	4,264,543	4,217,113	98.89%	-	4,217,113	98.89%

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

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
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
2020	6,322,852	13,490,043	868,489	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			
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
3,137,773	1,959,773	3,527,521	37,306,451	7.76%	2,985

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	
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	-
2020	9,460,625	15,449,816	24,910,441	-

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
2,439,548	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
24,910,441	100%	2,147

CITY OF EL CAMPO, TEXAS

TABLE 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2020

	<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	9/30/2020	\$ 28,681,384	100.00%	\$ 28,681,384
Overlapping Debt:				
Wharton County	12/31/2020	-	26.00%	-
El Campo Independent School District	8/31/2020	<u>26,395,000</u>	42.31%	<u>11,167,725</u>
Total Overlapping Debt		<u>26,395,000</u>		<u>11,167,725</u>
Total		\$ <u>55,076,384</u>		\$ <u>39,849,109</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
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
2020	6,423,617	5,385,650	1,037,967	932,885	1.11

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

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Personal Income (000's)</u>	<u>Per Capita Personal Income</u>	<u>(2) School Enrollment</u>	<u>(3) Unemployment Rate</u>
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%
2020	11,602	481,019	41,460	3,627	7.9%

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

2020		
Employer	Employees	Percentage of Total Area Employment
El Campo Independent School District	530	11%
Greenleaf Nursery	306	6%
El Campo Memorial Hospital	246	5%
Wal-Mart	100	2%
HEB	61	1%
Prasek's Hillje Smokehouse	236	5%
Leedo Cabinetry	167	4%
City of El Campo	116	2%
Fesco	51	1%
Mark's Machine	62	1%
	<u>1,875</u>	<u>38%</u>
2011		
Employer	Employees	Percentage of Total Area Employment
El Campo Independent School District	475	10%
Greenleaf Nursery	385	8%
El Campo Memorial Hospital	225	4%
Wal-Mart	188	4%
H. E. B.	180	4%
Prasek's Hillje Smokehouse	161	3%
City of El Campo	106	2%
Mark's Machine	93	2%
New ICM	91	2%
Key Energy	70	1%
	<u>1,974</u>	<u>40%</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

	Fiscal Year			
	2011	2012	2013	2014
Function/Program				
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	34	35	35
Communications	8	8	8	8
EMS	10	10	11	11
Public Works:				
Administration	3	3	4	4
Streets and drainage	2	13	13	13
Vehicle Maintenance	14	3	2	2
Community and recreational services	1	1	1	1
Parks maintenance	5	5	5	5
Aquatic center	2	2	2	1
Water and Sewer:				
Administration	1	3	3	3
Water production and distribution	6	5	5	5
Wastewater collection	5	5	5	5
Wastewater treatment	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u>106</u>	<u>108</u>	<u>110</u>	<u>109</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					
2015	2016	2017	2018	2019	2020
2	2	2	2	2	3
2	2	2	3	3	3
1	1	1	1	1	1
4	5	4	4	4	4
4	5	5	5	5	5
35	35	35	36	36	35
8	8	8	8	8	9
11	14	14	14	15	15
4	3	3	3	2	2
13	12	12	11	11	12
2	2	2	2	2	2
1	1	-	-	-	-
5	5	5	6	6	7
1	1	1	1	2	2
3	4	4	3	3	3
5	5	5	5	6	6
5	5	5	5	5	5
2	2	2	2	2	2
<u>108</u>	<u>112</u>	<u>110</u>	<u>111</u>	<u>113</u>	<u>116</u>

CITY OF EL CAMPO, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	Fiscal Year			
	2011	2012	2013	2014
Function/Program				
General government:				
Building permits issued	503	498	545	539
Building inspections conducted	453	523	468	485
Fire inspections conducted	22	15	8	13
Public safety:				
Police:				
Physical arrests	1,756	1,613	1,332	1,322
Traffic violations (includes warnings)	10,517	8,065	6,483	9,555
Fire:				
Total Incidents	343	261	256	201
Streets and highways:				
Street resurfacing (miles)	10.89	12.28	7.34	7.34
Water and wastewater:				
Water:				
Active water connections	4,093	4,583	4,636	4,739
Average daily consumption (in 000's)	2,053	1,759	1,740	1,594
Peak daily consumption (in 000's)	2,837	3,376	3,599	3,266
Wastewater:				
Active sewer connections	3,869	4,369	4,320	4,288
Average daily flow	885	1,037	996	1,000

SOURCE: Various City departments

TABLE 18

Fiscal Year					
2015	2016	2017	2018	2019	2020
553	588	526	496	604	635
450	434	278	225	556	505
14	14	8	25	25	20
1,231	1,260	1,260	966	1,050	887
9,396	9,539	9,539	7,770	6,113	3,471
224	189	189	227	336	288
12.70	13.70	13.70	11.60	10.90	12.10
4,760	4,227	4,802	4,808	4,804	4,858
1,547	1,532	1,647	1,662	1,560	1,691
3,680	2,835	2,876	3,053	3,146	3,480
4,612	4,077	4,344	4,350	4,367	4,414
1,092	1,092	1,201	1,079	1,140	1,075

CITY OF EL CAMPO, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	Fiscal Year			
	2011	2012	2013	2014
Function/Program				
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)	78	79.1	80.3	80.3
Streets unpaved (miles)	5	3.9	3.1	3.1
Parks:				
Acreage	56	56	63.5	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)	86.5	86.5	86.5	109.9
Wastewater:				
Sanitary sewers (miles)	88	88	88	86
Storm sewers (miles)	15	15	15	40

SOURCE: Various City departments

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

TABLE 19

Fiscal Year					
2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
5	5	5	5	5	7
1	1	1	1	1	1
80.3	80.3	80.3	80.3	80.8	80.8
3.5	3.5	3.5	3.5	3.5	3.5
63.5	63.5	63.5	116.8	116.8	116.8
1	1	1	1	1	1
8	8	8	4	4	4
1	1	1	1	1	1
-	-	-	1	1	1
110.1	113.4	113.4	118.9	118.9	118.9
88	88	90	91	91	91
15	15	15	15	15	15