

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2020



CITY OF MCGREGOR, TEXAS

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***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

City of McGregor, Texas

**For the Year Ended
September 30, 2020**

Prepared by

Carolyn Baker
Finance Director



City of McGregor, Texas

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INTRODUCTORY SECTION





April 14, 2021

Honorable Mayor, Members of the City Council, and
Citizens of the City of McGregor, Texas

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of McGregor (the "City") for the fiscal year ended September 30, 2020. The purpose of this report is to provide the Council, the public, management, staff, and other interested parties with detailed information reflecting the City's financial condition. The Texas Local Government Code Chapter 103.001 requires an annual audit of municipalities. This statutory requirement is addressed in the City's financial management plan, which includes the objective that a Comprehensive Annual Financial Report will be prepared by the Director of Finance. The Comprehensive Annual Financial Report includes a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The City has complied with this requirement and the auditors' report is included.

The City's independent auditor, BrooksWatson & Co. PLLC, has issued an unmodified opinion on the City of McGregor's financial statement for the year ended September 30, 2020. An unmodified opinion represents the highest level of audit assurance issuable for financial statements. The independent auditor's report is located at the front of the financial section of this report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report which is based on a framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of McGregor, Texas, is located in McLennan County, adjacent to Waco, Texas on its western boundary. The City was incorporated as a Texas municipal corporation in 1882. It has an estimated population of 5,093 residents. As a municipal corporation, the City is empowered by state statutes to levy a tax on real and business personal property located within the corporate boundaries. Among its additional powers is that of annexation to extend the corporate limits when deemed appropriate.

The City of McGregor is a home rule city operating under a council/manager form of government. The City Council is comprised of the Mayor and five Council members. The Mayor and one council member are elected at-large, and the remaining council members are elected by ward, with all serving two year terms. The Mayor Pro-Tem is selected by the City Council from among the council members. The City Council is responsible for adopting the annual budget, appointing committees, hiring the City Attorney, City Manager, City Secretary and Municipal Court Judge, as well as enacting ordinances and establishing the tax rate.

The City Manager, appointed by the City Council, is the chief administrative officer for the City, and is responsible for appointing the various department directors, implementing the policies and ordinances adopted by the City Council, and managing day-to-day operations of the City.

The basic financial statements of the City include all governmental activities, functions and organizations for which it is financially accountable pursuant to and as defined by the Governmental Accounting Standards Board (GASB). The City is also accountable for a legally separate McGregor Economic Development Corporation (MEDC). Additional information on the MEDC can be found in the notes to the financial statements.

Services Provided

The City of McGregor is a full service city and provides the following: maintenance of streets and infrastructure; parks, recreation and cultural activities; public safety including emergency management, police and (volunteer) fire; solid waste services through third party contract; water and wastewater distribution and collection systems, and an executive airport. The City also provides emergency medical services through a third party contract with Coryell Memorial EMS.

Economic Conditions and Outlook

The City of McGregor benefits from its location in the growing Central Texas area. It is situated at the junction of US Highway 84 and State Highway 317 in Western McLennan County. These thoroughfares carry thousands of vehicles every day.

This largely rural community provides a variety of industrial, commercial and retail opportunities. The McGregor Industrial Park covers over 9,000 acres of developable land and is the site of the former Navy Weapons Industrial Reserve Plant. It was transferred to the city as the result of congressional action beginning in 1974. This process was completed in 2006, when the City received a Ready for Reuse Determination from the Texas Commission on Environmental Quality and the U.S. Environmental Protection Agency. SpaceX is the anchor tenant in the McGregor Industrial Park. The McGregor Industrial Park acquired the “mega-site/super-park” certification they had been seeking following the end of the fiscal year, in January 2020.

McGregor provides air access to the area by means of the McGregor Executive Airport. This former World War II training facility was acquired by the city in 1947. It has been the recipient of extensive capital improvements by the Texas Department of Transportation (TxDOT) Aviation Division with grants totaling in excess of \$10 million, which includes grants for the expansion of taxiway and hangar facilities, a grant to install a game resistant perimeter fence and a grant to construct apron area, t-hangars and to rehabilitate the runway.

The airport is a public-use, general aviation facility that serves the region’s air transportation requirements. The primary runway 17-35 is 5,501 foot in length and capable to accommodate jets up to 50,000 lbs. dual wheel. Runway 4-22 is a 3,484 foot runway capable of aircraft up to 12,500 lbs. Runway 17-35 is equipped with medium intensity runway lighting, Precision Approach Path Indicator (PAPI). Operations at the airport are supported by VOR and RNAV (GPS) approaches. Additional services include avgas and jet fuel services, major airframes / powerplant repair and avionics repair station.

The airport supports several aviation businesses who provide services for the flying community which include a Fixed Base Operator (FBO), aircraft management / sales, flight school, sightseeing, and air cargo

operations. In addition, the airport hosts the Experimental Aircraft Association Chapter 59 who operate a museum and support the Young Eagles program.

The City also houses the only AMTRAK Station in McLennan County. This facility was built by the Santa Fe Railway and dates to 1904. Amtrak normally boards an estimated 5,000 plus persons annually and is served by two commuter trains daily. In 2020 the annual station ridership was 2,890. Local interest has focused on ways to enhance and beautify this facility in hopes of expanding the tourism base that it represents. It is within walking distance of the downtown area where retail services include several restaurants.

McGregor has a good residential base and is within easy commuting distance to many Waco attractions as well as Interstate 35. A mix of residential housing (single and multi-family) is being constructed; such expansion is a necessary component of supporting the industrial base of the City.

The City is anticipating growth with the addition of new businesses, a new multi-family housing unit nearing completion and six new multi-family housing units being planned for the future. While the City of McGregor welcomes the growth, the City must be able to keep up with the growing demand for services. The City Council and staff must continue to work towards a sustainable level of finances so demands for services are met on a timely basis.

Long-term Financial Planning

In recent years the City has attended to its capital planning needs to prepare for growth and expansion in the community. This includes preparation and adoption of a master water plan, a park recreation and open space master plan and a master wastewater plan. City staff continually reviews the comprehensive master plan, zoning ordinances and the subdivision regulations.

The capital expansion of the City's aging infrastructure was the subject of a "cost of service and water/wastewater rate study" in April, 2009. Based on the results of that study the City implemented revised water and wastewater rates designed to provide for the delivery of current services; establish a defined revenue source for debt service on new improvements; and set up a long-term capital reserve. The City continues to improve or replace infrastructure. Attending to the infrastructure needs of the City is one of the best ways to enhance economic development. Improved water and wastewater systems will service industrial, commercial, retail and residential prospects who seek to locate in McGregor.

In 2013, the City of McGregor, in cooperation with the McGregor Economic Development Corporation, the McGregor Chamber of Commerce, and the McGregor Independent School District, completed a long-term planning process known as "McGregor Vision 2030, Pushing the Limits." The plan was reviewed and reevaluated during fiscal year 2017. As a part of this process the City and EDC joined together to purchase an abandoned building which has been converted into an event center. There has already been significant interest in the use of the Event Center.

City-wide street improvements including utility line relocations and acquisition of road maintenance equipment was attained with the proceeds from the Series 2016 CO's. Work is now in Phase 3 of the Street Bond project. In addition, the City added an additional overhead storage tank to increase water capacity. In 2017, CO's were issued to construct city-wide street improvements (including utility line relocations), construct a splash pad, Water and Wastewater System improvements, City Hall renovations and City Park improvements. The Water and Wastewater System improvements and City Hall renovations were completed in FY 2018 and FY 2019.

In 2018, funds were acquired to fund a 16" water line that connects the Cities of McGregor, Waco and Woodway. All three cities are participating in the funding of the waterline and completion is anticipated in FY 2020.

Park improvements added in fiscal year 2019 include new LED lighting for the ballfields, a disc golf course was constructed in Amsler Park and new playground equipment was placed in Launch Pad Park.

Local Economy

Due to its excellent location, McGregor provides a host of services to support the farming and ranching industry. These include numerous feed and farm related retail operations that provide resources as well as jobs for local residents.

McGregor is home to two automobile dealerships, three financial institutions, financial planning and accounting services, legal services, a weekly newspaper, a chamber of commerce, a state certified economic development board and numerous dining establishments. Foster-Wheeler operates a plant in the City for the manufacture of pressurized tanks used in electric generation and other industrial purposes. Behlen Country Manufacturing, a maker of farming equipment and a major employer, has set up operations in McGregor and purchased the building previously owned by Smead Manufacturing. The Trane Company builds HVAC units and is one of the City's top ten employers.

McGregor's air, highway, and rail transportation systems provide ideal access to the community. Enhanced public access can be a catalyst to development and expanded opportunities for business, commercial, industrial and retail activity.

The McGregor Industrial park is home to Ferguson Industries (the world's largest distributor of Kohler products) and Space Exploration Technologies, Inc. (Space X), which has contracts with NASA to develop rocket engines to enable space freight aircraft to access the International Space Station. The City has recently renewed and expanded a lease agreement with Space X which includes an option for the company to purchase the property. The City has lease agreements with several other vendors in the Industrial Park.

McGregor stands to benefit from a unique mix of rural, urban and regional elements coupled with transportation enhancements that few smaller cities can offer. Added to this are the capital and strategic planning efforts that establish the basis for expanded business opportunity, recreation and quality of life.

Awards and Acknowledgements

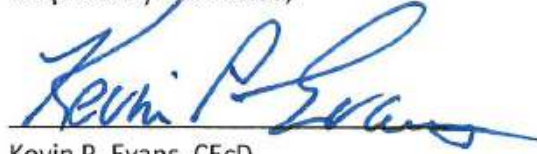
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the city of McGregor for its comprehensive annual financial reports for the fiscal years ended September 30, 2009 through September 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of Achievement is awarded 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.

We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. We would also like to thank the Mayor and City Council members for their

interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

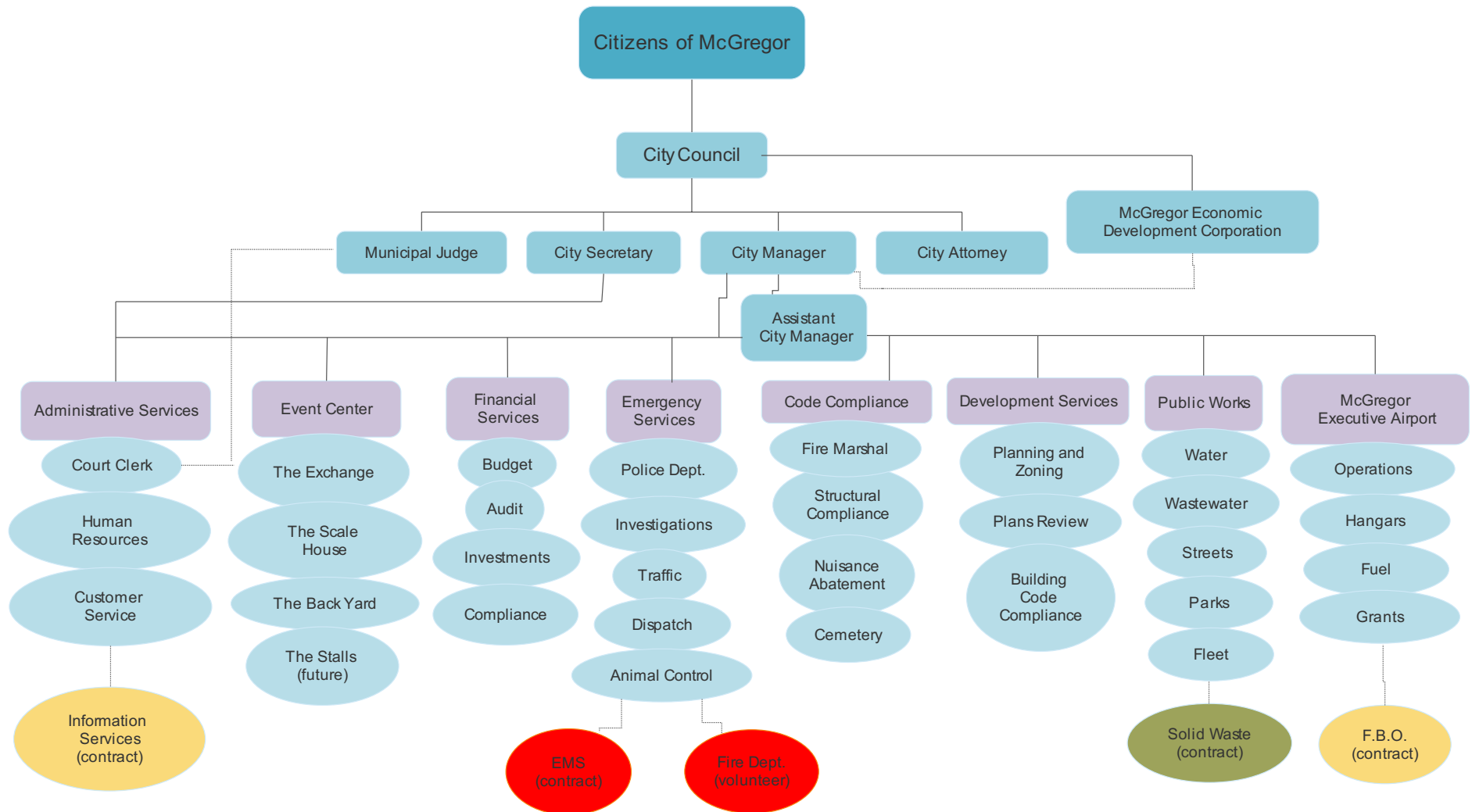
Respectfully Submitted,

A handwritten signature in blue ink, reading "Kevin P. Evans", written over a horizontal line.

Kevin P. Evans, CEcD
City Manager

A handwritten signature in blue ink, reading "Carolyn Baker", written over a horizontal line.

Carolyn Baker
Finance Director





City of McGregor, Texas
City Officials

Elected Officials:

Mayor

Mayor Pro-Tem

Council Member

Council Member

Council Member

Council Member

Jimmy Hering

Andrew Henderson, Sr

Anthony Ocampo

Paul Allison

David Taylor

Jeff Douglas

At-Large

Ward 1

At-Large

Ward 2

Ward 3

Ward 4



Government Finance Officers Association

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

Presented to

**City of McGregor
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of McGregor, 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 McGregor, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, 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, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and general fund budgetary comparison information 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 an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,

the accompanying supplementary information is 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 it.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, flowing script.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
April 14, 2021



City of McGregor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2020

The purpose of the Management's Discussion and Analysis (the "MD&A") is to give the readers an objective and easily readable analysis of the City of McGregor's financial activities for the year ending September 30, 2020. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current-year results with those of the prior year, and discusses the positive and negative aspects of that comparison. GASB Statement No. 34 establishes the content of the minimum requirements for the MD&A. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

The annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as well as an MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

Financial Highlights

- The City's total combined net position was \$26,988,540 at September 30, 2020. Of this, \$5,113,863 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$5,666,160, a decrease of \$983,349. This decrease is primarily due to significant capital expenditures during the current year and transfers to the water fund.
- As of the end of the year, the unassigned fund balance of the general fund was \$2,158,504 or 53% of total general fund expenditures.
- The City had an overall increase in net position of \$1,867,679.
- The City's net pension liability totaled \$354,185 as of year end.

Overview of Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

City of McGregor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

Government-Wide 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 of the City's assets and liabilities. The difference between the two is 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. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other 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 administrative, community, development, emergency, financial, and municipal services. The business-type activities of the City include water, wastewater, and municipal airport operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate McGregor Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City of McGregor. They are usually segregated for specific activities or objectives. The City of McGregor uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The categories of City funds are governmental, proprietary, and fiduciary.

Governmental 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*

City of McGregor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

resources, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City of McGregor maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund, and the aggregate nonmajor funds.

The City of McGregor adopts an annual appropriated budget for its general, debt service, hotel/motel tax, court technology, court building security, cemetery and exchange event center funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution, wastewater collection/treatment, and municipal airport operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes a budgetary comparison schedule for the general fund and schedule of funding progress for Texas Municipal Retirement System. RSI can be found after the basic financial statements.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2020

The combining statements referred to earlier in connection with nonmajor governmental funds and discretely presented component units are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of McGregor, assets exceed liabilities by \$26,988,540 as of September 30, 2020, in the primary government.

The largest portion of the City's net position, \$20,952,662, reflects its investments in capital assets (e.g., land, city hall, park pools, streets, and water and wastewater infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

The most significant change in governmental activities resulted in a significant decrease in cash on hand. Most of the bond proceeds received in the prior periods were spent in the current year for capital infrastructure, which resulted in a large decrease in current assets and an increase in long-term assets when compared to the prior year.

Business-type activities experienced a decrease in current and other assets which is a direct result of a decrease in cash on hand. This decrease in cash is primarily due to the utilization of cash on hand for capital development.

Other current liabilities for governmental activities increased from the prior year, which is primarily due to the decrease in accounts payable as a result of timing of capital project completion in the prior year, offset by an increase in unearned revenue for land leases caused by receiving prepaid lease payments.

Other current liabilities for business-type activities decreased from the prior year primarily as a result of the reduction of an intergovernmental payable to the City of Waco and Woodway, Texas for construction project contributions, as the project was near completion as of the end of the fiscal year.

Long-term assets for both governmental and business-type activities increased over the prior year primarily as a result of increased investment for ongoing city projects.

Long-term liabilities for both governmental and business-type activities decreased over the prior year primarily as a result of principal payments made in the current year.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 6,734,631	\$ 3,079,260	\$ 9,813,891	\$ 7,589,614	\$ 4,788,579	\$ 12,378,193
Capital assets	16,317,346	21,650,077	37,967,423	15,262,590	21,065,322	36,327,912
Total Assets	23,051,977	24,729,337	47,781,314	22,852,204	25,853,901	48,706,105
Deferred Outflows of Resources	204,321	66,122	270,443	422,938	134,071	557,009
Other liabilities	1,457,093	1,442,614	2,899,707	1,333,217	3,265,937	4,599,154
Long-term liabilities	10,158,540	7,750,083	17,908,623	10,969,407	8,422,035	19,391,442
Total Liabilities	11,615,633	9,192,697	20,808,330	12,302,624	11,687,972	23,990,596
Deferred Inflows of Resources	192,567	62,320	254,887	115,153	36,504	151,657
Net Position:						
Net investment in capital assets	7,492,708	13,459,954	20,952,662	7,950,696	12,720,355	20,671,051
Restricted	922,015	-	922,015	729,072	-	729,072
Unrestricted	3,033,375	2,080,488	5,113,863	2,177,597	1,543,141	3,720,738
Total Net Position	\$ 11,448,098	\$ 15,540,442	\$ 26,988,540	\$ 10,857,365	\$ 14,263,496	\$ 25,120,861

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Statement of Activities:

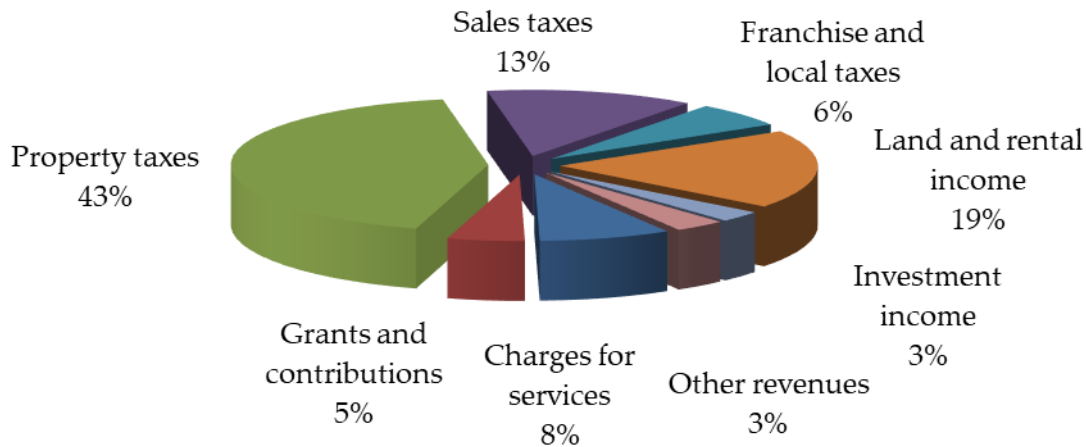
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 513,694	\$ 4,774,311	\$ 5,288,005	\$ 671,383	\$ 4,669,348	\$ 5,340,731
Operating grants and contributions	300,365	53,798	354,163	173,675	49,998	223,673
General revenues:						
Property taxes	2,646,444	-	2,646,444	2,352,875	-	2,352,875
Sales taxes	814,149	-	814,149	753,605	-	753,605
Franchise and local taxes	373,413	-	373,413	405,508	-	405,508
Lease and rental income	1,191,216	221,614	1,412,830	1,149,996	210,235	1,360,231
Investment income	167,020	15,063	182,083	220,567	12,542	233,109
Other revenues	198,599	60,788	259,387	125,053	58,459	183,512
Total Revenues	6,204,900	5,125,574	11,330,474	5,852,662	5,000,582	10,853,244
Expenses						
Administrative services	1,287,466	-	1,287,466	1,290,089	-	1,290,089
Community services	507,068	-	507,068	495,933	-	495,933
Development services	170,719	-	170,719	171,753	-	171,753
Emergency services	1,551,376	-	1,551,376	1,528,149	-	1,528,149
Municipal services	1,103,704	-	1,103,704	1,145,928	-	1,145,928
Financial services	229,546	-	229,546	228,632	-	228,632
Interest and fiscal charges	336,933	291,633	628,566	332,933	353,046	685,979
Water, wastewater, and airport	-	3,984,350	3,984,350	-	4,071,442	4,071,442
Total Expenses	5,186,812	4,275,983	9,462,795	5,193,417	4,424,488	9,617,905
Change in Net Position Before Transfers	1,018,088	849,591	1,867,679	659,245	576,094	1,235,339
Transfers	(427,355)	427,355	-	(1,727,923)	1,727,923	-
Total	(427,355)	427,355	-	(1,727,923)	1,727,923	-
Change in Net Position	590,733	1,276,946	1,867,679	(1,068,678)	2,304,017	1,235,339
Beginning Net Position	10,857,365	14,263,496	25,120,861	11,926,043	11,959,479	23,885,522
Ending Net Position	\$ 11,448,098	\$ 15,540,442	\$ 26,988,540	\$ 10,857,365	\$ 14,263,496	\$ 25,120,861

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

Governmental Activities - Revenues

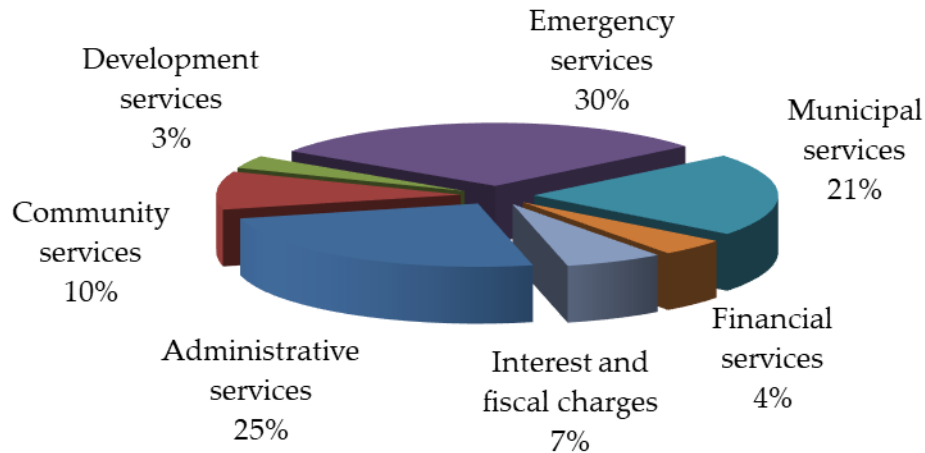


For the year ended September 30, 2020, revenues from governmental activities totaled \$6,204,900. Property tax, sales tax, and lease and rental income are the City's largest revenue sources. Charges for services decreased by \$157,689 or 23% primarily due to a decrease in city police escort/funeral services, court citations, and park recreation fees. Property taxes increased by \$293,569 or 12% due to an increase in assessed values. Sales taxes increased by \$60,544 or 8% due to an increase in online and local sales as driven by the COVID-19 pandemic. Grants and contributions increased by \$126,690 or 73% due primarily to nonrecurring grants received during the year from the Texas Department of Transportation. Investment income decreased \$73,546 or 59% primarily due to the realization of lower interest rates in the current year. Other revenues increased by \$73,546 or 59% as a result of nonrecurring insurance recoveries caused by damaged property in the previous year. All other revenues remained relatively stable when compared to the previous year.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses

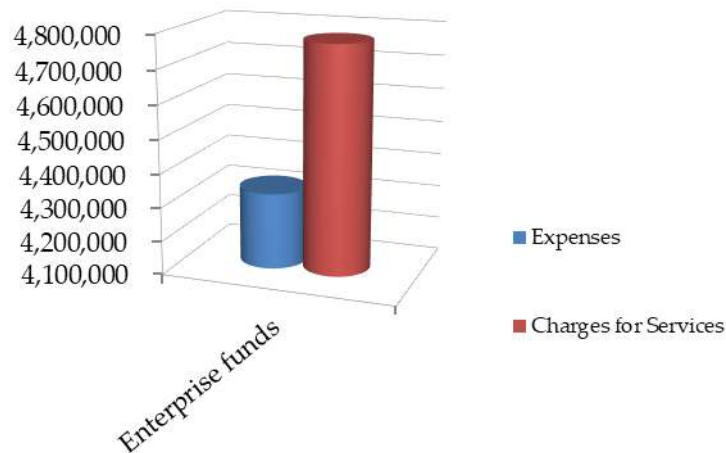


For the year ended September 30, 2020, expenses for governmental activities totaled \$5,186,812. This represents a decrease of \$6,605 from the prior year. The City's largest functional expense is emergency services of \$1,551,376. Emergency services expenses increased by \$42,224 or 4% primarily due to police personnel and benefit costs and increases in communication/dispatch expenditures. All other expenditures remained relatively consistent with the previous year.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2020, charges for services by business-type activities totaled \$4,774,311. This is an increase of \$104,963 or 2% from the previous year. The increase is primarily a result of a greater customer base for garbage services in the current year.

Total expenses decreased \$148,505 or 3% which is primarily due to a change in maintenance, depreciation, and bond interest expenses. Interest and fiscal charges decreased which is consistent with the enterprise debt service schedule.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

As of the end of the year the general fund reflected a total fund balance of \$2,185,699. Of this, \$27,195 is non-spendable prepaid items. Unassigned fund balance totaled \$2,158,504 as of year end. General fund balance increased by \$634,652 due to revenues exceeding current year expenditures and other financing sources. In addition, total expenditures were less than that which was budgeted for.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2020

The debt service fund reflected a total fund balance of \$144,836, an increase of \$12,843 from the prior year. The increase is primarily due to property tax revenues and transfers in exceeding debt service expenditures.

The capital projects fund reflected a total fund balance of \$1,933,993, a decrease of \$1,857,695. This decrease is a direct result of capital outlay expenditures and transfers out to the water fund exceeding interest income.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a total positive budget variance of \$634,652 in the general fund. This is a combination of positive revenue and expenditure variances of \$119,486 and \$515,166, respectively.

There were no general fund budget amendments during the year. The primary reason for the positive revenue variance is due to unanticipated intergovernmental revenues as well as higher than anticipated revenues for sales tax, license and permits and other revenues. The primary reason for the positive expenditure variance is due to expenses for all services being less than appropriations.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$16,317,346 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$21,650,077 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Purchase of new police vehicles totaling \$67,883.
- Purchase of new street department vehicles totaling \$56,588.
- New construction improvements to the Exchange Center amounting to \$1,272,398.
- Street and alleyway improvements of \$281,832.
- Purchase of sewer equipment totaling \$54,580.
- Creekside lift station improvements totaling \$220,916.
- New sewer clarifier improvements totaling \$225,136.
- M/W/W waterline project improvements for \$625,081.
- Purchase of airport equipment totaling \$86,771.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2020

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds, notes payable, and capital leases outstanding of \$18,486,327 (including premiums). During the year, the City had payments on long-term totaling \$1,029,760. More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of McGregor and improving services provided to their public citizens. The City is budgeting for growth in the upcoming year.

The following known factors were considered in preparing the City's operating budget for fiscal year 2020-2021:

- The fiscal year 2021 budget will raise more total property taxes than last year's budget by \$87,972 (3.36%). Of that amount, \$67,551 is tax revenue to be raised from new property added to the tax roll.
- The adopted property tax rate for fiscal year 2020-2021 has decreased from \$0.601413 in the prior year to \$0.578954 per \$100 valuation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of McGregor's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance & Administrative Services, 300 West Main Street, P.O. Box 347, McGregor, Texas 75021.



FINANCIAL STATEMENTS

City of McGregor, Texas

STATEMENT OF NET POSITION (Page 1 of 2) September 30, 2020

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit MEDC
<u>Assets</u>				
Cash and cash equivalents	\$ 6,260,888	\$ 2,073,376	\$ 8,334,264	\$ 475,481
Restricted assets - cash	-	297,182	297,182	-
Receivables, net	445,485	699,474	1,144,959	93,659
Prepaid items	28,258	9,228	37,486	2,072
Total Current Assets	6,734,631	3,079,260	9,813,891	571,212
Capital assets:				
Non-depreciable	7,744,998	6,774,448	14,519,446	416,843
Net depreciable capital assets	8,572,348	14,875,629	23,447,977	8,618
	16,317,346	21,650,077	37,967,423	425,461
Total Assets	23,051,977	24,729,337	47,781,314	996,673
<u>Deferred Outflows of Resources</u>				
Pension contributions	145,863	47,205	193,068	-
Pension change in assumption	12,451	4,029	16,480	-
Pension difference in experience	28,766	9,310	38,076	-
OPEB contributions	907	293	1,200	-
OPEB assumption changes	16,334	5,285	21,619	-
Total Deferred Outflows of Resources	204,321	66,122	270,443	-

See Notes to Financial Statements.

City of McGregor, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2020

	Primary Government			Component Unit MEDC
	Governmental Activities	Business-Type Activities	Total	
<u>Liabilities</u>				
Accounts payable and accrued liabilities	304,893	377,196	682,089	6,952
Customer deposits	-	221,280	221,280	-
Accrued interest payable	40,723	17,426	58,149	-
Intergovernmental advances	-	160,489	160,489	-
Unearned revenue - land lease	563,829	-	563,829	-
Compensated absences - current	68,762	23,260	92,022	3,673
Long-term debt - current	478,886	642,963	1,121,849	-
	<u>1,457,093</u>	<u>1,442,614</u>	<u>2,899,707</u>	<u>10,625</u>
Noncurrent liabilities:				
Net pension liability	267,586	86,599	354,185	-
OPEB liability	135,790	43,946	179,736	-
Compensated absences - noncurrent	7,640	2,584	10,224	647
Long-term debt - noncurrent	9,747,524	7,616,954	17,364,478	-
	<u>10,158,540</u>	<u>7,750,083</u>	<u>17,908,623</u>	<u>647</u>
Total Liabilities	<u>11,615,633</u>	<u>9,192,697</u>	<u>20,808,330</u>	<u>11,272</u>
<u>Deferred Inflows of Resources</u>				
Pension investment losses	184,234	59,623	243,857	-
OPEB difference in experience	8,333	2,697	11,030	-
Total Deferred Inflows of Resources	<u>192,567</u>	<u>62,320</u>	<u>254,887</u>	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	7,492,708	13,459,954	20,952,662	425,461
Restricted for:				
Community development	629,275	-	629,275	-
Economic development	-	-	-	559,940
Debt service	144,836	-	144,836	-
Municipal court	72,639	-	72,639	-
Tourism	75,265	-	75,265	-
Unrestricted	3,033,375	2,080,488	5,113,863	-
Total Net Position	<u>\$ 11,448,098</u>	<u>\$ 15,540,442</u>	<u>\$ 26,988,540</u>	<u>\$ 985,401</u>

See Notes to Financial Statements.

City of McGregor, 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				
Administrative services	\$ 1,287,466	\$ 368,804	\$ 125,365	\$ 150,000
Community services	507,068	-	25,000	-
Development services	170,719	-	-	-
Emergency services	1,551,376	-	-	-
Financial services	229,546	-	-	-
Municipal services	1,103,704	144,890	-	-
Interest and fiscal charges	336,933	-	-	-
Total Governmental Activities	5,186,812	513,694	150,365	150,000
Business-Type Activities				
Water, wastewater, airport	4,275,983	4,774,311	53,798	-
Total Business-Type Activities	4,275,983	4,774,311	53,798	-
Total Primary Government	\$ 9,462,795	\$ 5,288,005	\$ 204,163	150,000
Component unit:				
Economic Development Corporation	368,205	-	-	-
Total Component Unit	\$ 368,205	\$ -	\$ -	-

General Revenues:

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Investment income

Lease and rental income

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component
Governmental Activities	Business-Type Activities	Total	Unit MEDC
\$ (643,297)	\$ -	\$ (643,297)	\$ -
(482,068)	-	(482,068)	-
(170,719)	-	(170,719)	-
(1,551,376)	-	(1,551,376)	-
(229,546)	-	(229,546)	-
(958,814)	-	(958,814)	-
(336,933)	-	(336,933)	-
(4,372,753)	-	(4,372,753)	-
-	552,126	552,126	-
-	552,126	552,126	-
\$ (4,372,753)	\$ 552,126	\$ (3,820,627)	\$ -
-	-	-	(368,205)
\$ -	\$ -	\$ -	\$ (368,205)
2,646,444	-	2,646,444	-
814,149	-	814,149	404,233
373,413	-	373,413	-
167,020	15,063	182,083	3,505
1,191,216	221,614	1,412,830	-
198,599	60,788	259,387	32,282
(427,355)	427,355	-	-
4,963,486	724,820	5,688,306	440,020
590,733	1,276,946	1,867,679	71,815
10,857,365	14,263,496	25,120,861	913,586
\$ 11,448,098	\$ 15,540,442	\$ 26,988,540	\$ 985,401

City of McGregor, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund
<u>Assets</u>			
Cash and cash equivalents	\$ 2,718,686	\$ 144,835	\$ 1,979,649
Receivables, net	410,879	18,441	-
Prepaid items	27,195	-	-
Total Assets	\$ 3,156,760	\$ 163,276	\$ 1,979,649
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 245,521	\$ -	\$ 45,656
Unearned revenue - land lease	563,829	-	-
Total Liabilities	809,350	-	45,656
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	44,450	18,440	-
Unavailable revenue - land lease revenue	114,913	-	-
Unavailable revenue - fines and forfeitures	2,348	-	-
Total Deferred Inflows of Resources	161,711	18,440	-
<u>Fund Balances</u>			
Nonspendable:			
Prepaid items	27,195	-	-
Restricted for:			
Debt service	-	144,836	-
Capital projects	-	-	1,933,993
Community development	-	-	-
Municipal court	-	-	-
Tourism	-	-	-
Committed to:			
Parks	-	-	-
Cemetery	-	-	-
Unassigned reported in:			
General fund	2,158,504	-	-
Total Fund Balances	2,185,699	144,836	1,933,993
Total Liabilities, Deferred Inflows of Resources, and			
Fund Balances	\$ 3,156,760	\$ 163,276	\$ 1,979,649

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,417,718	\$ 6,260,888
16,165	445,485
1,063	28,258
<u>\$ 1,434,946</u>	<u>\$ 6,734,631</u>
\$ 13,716	\$ 304,893
-	563,829
<u>13,716</u>	<u>868,722</u>
-	62,890
19,598	134,511
-	2,348
<u>19,598</u>	<u>199,749</u>
1,063	28,258
-	144,836
-	1,933,993
629,275	629,275
72,639	72,639
75,265	75,265
211,237	211,237
425,404	425,404
(13,251)	2,145,253
<u>1,401,632</u>	<u>5,666,160</u>
<u>\$ 1,434,946</u>	<u>\$ 6,734,631</u>

City of McGregor, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS September 30, 2020

Fund Balances - Total Governmental Funds

Adjustments for the Statement of Net Position:

Capital and intangible assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

- Capital assets - non-depreciable

- Capital assets - net depreciable

Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.

- Pension contributions

- Pension change in assumption

- Pension difference in experience

- OPEB contributions

- OPEB experience vs assumptions

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

- Unavailable revenue items

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.

- Pension investment losses

- OPEB investment experience

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

- Accrued interest

- Bond premium

- Bonds, notes, and capital leases

- Compensated absences

- Net pension liability

- OPEB liability

Net Position of Governmental Activities

See Notes to Financial Statements.

\$ 5,666,160

7,744,998

8,572,348

145,863

12,451

28,766

907

16,334

199,749

(184,234)

(8,333)

(40,723)

(470,867)

(9,755,543)

(76,402)

(267,586)

(135,790)

\$ 11,448,098

City of McGregor, Texas

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

For the Year Ended September 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund
<u>Revenues</u>			
Property tax	\$ 1,801,089	\$ 843,524	\$ -
Sales tax	814,149	-	-
Franchise and local taxes	349,926	-	-
License and permits	86,150	-	-
Contributions and donations	402	-	-
Land leases	1,170,043	-	-
Intergovernmental revenue	299,863	-	-
Charges for services	180,889	-	-
Fines and forfeitures	134,771	-	-
Investment income	20,375	3,381	85,091
Other revenue	36,482	-	37,900
Total Revenues	4,894,139	846,905	122,991
<u>Expenditures</u>			
Current:			
Administrative services	889,183	1,051	7,100
Community services	435,109	-	-
Development services	171,174	-	-
Emergency services	1,405,033	-	-
Financial services	229,843	-	-
Municipal services	858,534	-	-
Capital outlay	94,162	-	1,546,031
Debt Service:			
Principal	-	470,852	-
Interest and fiscal charges	-	362,359	-
Total Expenditures	4,083,038	834,262	1,553,131
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	811,101	12,643	(1,430,140)
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	33,108	-
Transfers (out)	(176,449)	(32,908)	(427,555)
Insurance recoveries	-	-	-
Total Other Financing Sources (Uses)	(176,449)	200	(427,555)
Net Change in Fund Balances	634,652	12,843	(1,857,695)
Beginning fund balances	1,551,047	131,993	3,791,688
Ending Fund Balances	\$ 2,185,699	\$ 144,836	\$ 1,933,993

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,644,613
-	814,149
23,487	373,413
-	86,150
100	502
-	1,170,043
-	299,863
101,765	282,654
11,951	146,722
58,173	167,020
11,700	86,082
<u>207,176</u>	<u>6,071,211</u>
170,832	1,068,166
6,859	441,968
-	171,174
-	1,405,033
-	229,843
-	858,534
91,600	1,731,793
-	470,852
-	362,359
<u>269,291</u>	<u>6,739,722</u>
(62,115)	(668,511)
243,849	276,957
(67,400)	(704,312)
<u>112,517</u>	<u>112,517</u>
288,966	(314,838)
226,851	(983,349)
1,174,781	6,649,509
<u>\$ 1,401,632</u>	<u>\$ 5,666,160</u>



City of McGregor, 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 changes in fund balances - total governmental funds	\$ (983,349)
---	--------------

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

Capital outlay	1,762,802
Depreciation expense	(708,046)

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

Unavailable revenues	21,172
----------------------	--------

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	(5,714)
Pension expense	19,703
OPEB expense	(12,113)
Accrued interest	(3,505)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) 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 premiums, discounts, and similar items when they are 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.

Amortization of premium	28,931
Principal payments	470,852

Change in Net Position of Governmental Activities	\$ 590,733
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See Notes to Financial Statements.

City of McGregor, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2020

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Municipal Airport Fund</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 352,015	\$ 1,018,349	\$ 703,012
Restricted assets - cash	297,182	-	-
Receivables, net	506,927	183,512	9,035
Prepaid items	5,394	3,195	639
Total Current Assets	<u>1,161,518</u>	<u>1,205,056</u>	<u>712,686</u>
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	5,722,384	430,537	621,527
Net depreciable capital assets	4,357,604	5,940,072	4,577,953
Total Noncurrent Assets	<u>10,079,988</u>	<u>6,370,609</u>	<u>5,199,480</u>
Total Assets	<u>11,241,506</u>	<u>7,575,665</u>	<u>5,912,166</u>
<u>Deferred Outflows of Resources</u>			
Pension contributions	30,196	11,951	5,058
Pension difference in experience	5,955	2,357	998
Pension changes in assumptions	2,577	1,020	432
OPEB contributions	188	74	31
OPEB assumption changes	3,381	1,338	566
Total Deferred Outflows of Resources	<u>42,297</u>	<u>16,740</u>	<u>7,085</u>

See Notes to Financial Statements.

Total

\$	2,073,376
	297,182
	699,474
	9,228
	<hr/>
	3,079,260
	<hr/>

	6,774,448
	14,875,629
	<hr/>
	21,650,077
	<hr/>
	24,729,337
	<hr/>

	47,205
	9,310
	4,029
	293
	5,285
	<hr/>
	66,122
	<hr/>

City of McGregor, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2020

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Municipal Airport Fund</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	290,181	69,881	17,134
Customer deposits	213,180	-	8,100
Accrued interest	17,426	-	-
Intergovernmental advances	160,489	-	-
Compensated absences, current	14,807	6,677	1,776
Long-term debt due within one year	212,950	356,050	73,963
Total Current Liabilities	<u>909,033</u>	<u>432,608</u>	<u>100,973</u>
<u>Long-term Liabilities</u>			
Long-term debt due in more than one year	3,282,012	4,334,942	-
Compensated absences, noncurrent	1,645	742	197
Net pension liability	55,395	21,924	9,280
OPEB liability	28,111	11,126	4,709
Total Long-term Liabilities	<u>3,367,163</u>	<u>4,368,734</u>	<u>14,186</u>
<u>Deferred Inflows of Resources</u>			
Pension investment losses	38,139	15,095	6,389
OPEB difference in experience	1,725	683	289
Total Deferred Inflows of Resources	<u>39,864</u>	<u>15,778</u>	<u>6,678</u>
<u>Net Position</u>			
Net investment in capital assets	6,663,453	1,670,984	5,125,517
Unrestricted	304,290	1,104,301	671,897
Total Net Position	<u>\$ 6,967,743</u>	<u>\$ 2,775,285</u>	<u>\$ 5,797,414</u>

See Notes to Financial Statements.

Total

377,196

221,280

17,426

160,489

23,260

642,963

1,442,614

7,616,954

2,584

86,599

43,946

7,750,083

59,623

2,697

62,320

13,459,954

2,080,488

\$ 15,540,442

City of McGregor, Texas

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

For the Year Ended September 30, 2020

	Water Fund	Wastewater Fund	Municipal Airport Fund
<u>Operating Revenues</u>			
Charges for services	\$ 3,245,432	\$ 1,528,879	\$ -
Lease and rental revenue	-	-	221,614
Grant income	-	-	53,798
Other revenue	25,748	-	35,040
Total Operating Revenues	3,271,180	1,528,879	310,452
<u>Operating Expenses</u>			
Personnel services	554,057	236,603	83,507
Supplies and materials	110,798	58,730	11,766
Contractual services	1,862,411	154,107	16,469
Utilities	94,395	77,577	8,432
Other expenses	19,816	5,954	-
Depreciation	264,019	246,159	179,550
Total Operating Expenses	2,905,496	779,130	299,724
Operating Income	365,684	749,749	10,728
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	7,849	3,843	3,371
Interest expense	(118,111)	(169,703)	(3,819)
Total Nonoperating Revenues (Expenses)	(110,262)	(165,860)	(448)
Income (Loss) Before Transfers	255,422	583,889	10,280
Transfers in	32,332	460,463	-
Transfers (out)	(33,108)	(32,332)	-
Total Transfers	(776)	428,131	-
Change in Net Position	254,646	1,012,020	10,280
Beginning net position	6,713,097	1,763,265	5,787,134
Ending Net Position	\$ 6,967,743	\$ 2,775,285	\$ 5,797,414

See Notes to Financial Statements.

Total	
\$	4,774,311
	221,614
	53,798
	60,788
	<u>5,110,511</u>
	874,167
	181,294
	2,032,987
	180,404
	25,770
	689,728
	<u>3,984,350</u>
	<u>1,126,161</u>
	15,063
	<u>(291,633)</u>
	<u>(276,570)</u>
	849,591
	492,795
	<u>(65,440)</u>
	<u>427,355</u>
	1,276,946
	<u>14,263,496</u>
\$	<u><u>15,540,442</u></u>

City of McGregor, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 1 of 2) For the Year Ended September 30, 2020

	Water Fund	Wastewater Fund
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 3,151,127	\$ 1,518,746
Payments to suppliers and service providers	(2,415,102)	(467,531)
Payments to employees for salaries and benefits	(552,506)	(238,446)
Net Cash Provided (Used) by Operating Activities	183,519	812,769
<u>Cash Flows from Noncapital Financing Activities</u>		
Short term borrowing/(lending) from/(to) other funds	(870,704)	779,211
Transfers in	32,332	460,463
Transfers out	(33,108)	(32,332)
Net Cash Provided (Used) by Noncapital Financing Activities	(871,480)	1,207,342
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capital purchases	(625,080)	(500,632)
Receipts from intergovernmental advances for capital improvements	(1,339,652)	-
Principal paid on debt	(194,550)	(339,450)
Interest paid on debt	(124,221)	(172,733)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,283,503)	(1,012,815)
<u>Cash Flows from Investing Activities</u>		
Interest on investments	7,849	3,843
Net Cash Provided by Investing Activities	7,849	3,843
Net Increase (Decrease) in Cash and Cash Equivalents	(2,963,615)	1,011,139
Beginning cash and cash equivalents	3,612,812	7,210
Ending Cash and Cash Equivalents	\$ 649,197	\$ 1,018,349

See Notes to Financial Statements.

Municipal Airport Fund	Total
\$ 303,807	\$ 4,973,680
(38,188)	(2,920,821)
(85,391)	(876,343)
<u>180,228</u>	<u>1,176,516</u>
91,493	-
-	492,795
-	(65,440)
<u>91,493</u>	<u>427,355</u>
(148,770)	(1,274,482)
-	(1,339,652)
(24,908)	(558,908)
(3,819)	(300,773)
<u>(177,497)</u>	<u>(3,473,815)</u>
3,371	15,063
<u>3,371</u>	<u>15,063</u>
97,595	(1,854,881)
<u>605,417</u>	<u>4,225,439</u>
<u>\$ 703,012</u>	<u>\$ 2,370,558</u>

City of McGregor, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 2 of 2) For the Year Ended September 30, 2020

	Water Fund	Wastewater Fund
<u>Reconciliation of Operating Income</u>		
<u>to Net Cash Provided by Operating Activities</u>		
Operating Income	\$ 365,684	\$ 749,749
Adjustments to reconcile operating income to net cash provided:		
Depreciation	264,019	246,159
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(120,053)	(10,133)
Prepays	(4,897)	(3,195)
Deferred Outflows of Resources:		
Pension contributions	363	281
Pension difference in experience	(27,614)	(11,026)
Pension change in assumptions	(2,577)	(1,020)
OPEB contributions	(2)	-
OPEB assumption changes	(3,547)	(1,404)
Increase (Decrease) in:		
Accounts payable and accrued liabilities	(322,785)	(167,968)
Compensated absences	605	(1,860)
Net pension liability	(64,739)	(26,161)
OPEB liability	6,343	2,413
Deferred Inflows of Resources:		
Pension investment losses	92,282	36,766
OPEB investment experience	437	168
Net Cash Provided (Used) by Operating Activities	\$ 183,519	\$ 812,769

See Notes to Financial Statements.

<u>Municipal Airport Fund</u>	<u>Total</u>
\$ 10,728	\$ 1,126,161
179,550	689,728
(6,645)	(136,831)
(639)	(8,731)
416	1,060
(4,878)	(43,518)
(432)	(4,029)
2	-
(596)	(5,547)
(882)	(491,635)
(1,112)	(2,367)
(12,240)	(103,140)
810	9,566
16,088	145,136
58	663
<u>\$ 180,228</u>	<u>\$ 1,176,516</u>



City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of McGregor, Texas (the “City”) was incorporated under the laws of the State of Texas. The City operates under a Council-Manager form of government as provided by the Home Rule Charter, and provides the following services: emergency services (police and fire), municipal services (streets), community services (recreation), development services (planning and zoning and code enforcement), and general administrative and finance services. Other services include water and sewer operations and sanitation. The City also operates the municipal airport. Fire protection is provided by the McGregor Volunteer Fire Department. The City, for financial purposes, includes all of the funds relevant to the operations of the City of McGregor.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) applicable to government units. The following is a summary of the more 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 of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *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 is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. For financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

Discretely Presented Component Unit

Economic Development Corporation

The McGregor Economic Development Corporation (the "MEDC") serves all citizens of the City and is governed by a board of directors appointed by the McGregor City Council. An Executive Director is appointed by the MEDC board to carry out the Board's administrative and policy initiatives. The MEDC does not provide services entirely, or almost entirely to the City, nor does it maintain debt of any type that are repaid using City resources. The MEDC is a 4B Corporation and is under the Development Corporation Act of 1979 as defined in Section 4B of the Act and is supported by a half-cent sales tax. The scope of public service of the MEDC benefits citizens and is operated primarily within geographic boundaries of the City. Separate financial statements are not prepared. However, additional financial information for the MEDC may be obtained at the City's administrative offices.

C. Basis of Presentation – Government-Wide and Fund 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 government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has a discretely presented component unit which is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. 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

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

separate columns in the fund financial statements. The government reports the following major governmental funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The City records the following major funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, land lease revenue, licenses and permits, fines and forfeitures, and charges for services. Expenditures include administrative, community, development, emergency, financial, and municipal services.

Debt Service Fund

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Fund

The capital projects fund is used to account for the use of debt proceeds to acquire or construct capital assets.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB). The proprietary fund types used by the City include enterprise funds.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

The government reports the following major enterprise funds:

Water Fund

The Water fund is used to account for the water utility services provided by the City.

Wastewater Fund

The Wastewater fund is used to account for the wastewater utility services provided by the City.

Municipal Airport Fund

The Municipal Airport fund is used to account for the activities of the airport owned by the City.

During the course of operations the government 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 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.

D. 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.

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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 government 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, licenses, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). 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 government.

Proprietary, pension and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

E. Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity or Net Position

1. Deposits and Investments

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. For the purpose of the statement of cash flows, the proprietary fund types

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for “money market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as TexSTAR, are reported using the pools’ share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Fair Value

The City has applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when they are utilized rather than when purchased, (i.e., the consumption method). The inventories are reported at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. Restricted Assets

Certain proceeds of governmental and enterprise fund cash and investments are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, legal restrictions, or restrictions in place by outside parties.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, street improvements and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Years
Infrastructure	20 - 40
Buildings and improvements	20 - 50
Land improvements	20 - 50
Machinery & Equipment	3 - 10

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows 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 government only has two items that qualify for reporting in this category. They are the deferred pension contributions which are required to convert the fiscal year contributions to the calendar year 2020 and the deferred investment earnings which represent investment return over/under expectation. Both are reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position 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 government records deferred inflows for the difference in expected and actual actuarial gains and losses of the pension liability. This item is only recorded on the full accrual basis. In addition, the government records a deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government'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.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. A summary of the City's fund balance policy as adopted by the Council follows:

The City staff recommends a fund balance of no less than 90 days with a preferred balance of 120 days.

12. 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 the McGregor Firemen's Relief and Retirement Fund and additions to/deductions from the Fiduciary Net Position have been determined on the same basis as they are reported by pension funds. 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.

13. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. 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 on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

14. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave balances. The

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

The City grants paid vacation leave to its regular full-time employees after twelve months of employment. The amount of vacation to which an employee is entitled depends on the length of continuous service with the City as of the employee's anniversary date. An employee may only accrue and carry over into the next employment year a maximum of 40 hours of vacation leave. Compensatory time off will be credited at a rate of one and one-half hours for each overtime hour worked. Law enforcement personnel and all other City employees may accrue up to 80 hours of compensatory time.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

15. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion due and payable from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and deferred charges are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

16. Estimates

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, hotel/motel tax, and cemetery funds. The

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

A. Expenditures Over Appropriations

As of September 30, 2020, total expenditures exceeded appropriations at the legal level of control in the court technology fund by \$356.

B. Deficit Fund Equity

As of September 30, 2020, the Exchange Event Center fund had a deficit fund balance of \$12,188. The deficit will be eliminated in the future with revenue earned.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2020, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 5,306,244	0.14
Total value	<u>\$ 5,306,244</u>	
Portfolio weighted average maturity		0.14

As of September 30, 2020, the discretely presented component unit had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 322,863	0.12
Total value	<u>\$ 322,863</u>	
Portfolio weighted average maturity		0.12

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA, or equivalent, by at least one nationally recognized rating service.

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. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2020, the market values of pledged securities and FDIC exceeded bank balances.

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 it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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LOGIC

The Local Government Investment Cooperative ("LOGIC") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. LOGIC was created by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

LOGIC operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC uses the amortized cost valuation technique, which generally approximates the market value of the assets, has been deemed to be a proxy for fair value. Accordingly, the fair value of the position in LOGIC are the same as the value of LOGIC shares. There were no limitations or restrictions on withdrawals.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

B. Receivables

The following comprise receivable balances of the primary government at year end:

	General	Debt Service	Nonmajor Governmental Funds	Water	Wastewater	Municipal Airport Fund	Total
Property taxes	\$ 44,492	\$ 18,441	\$ -	\$ -	\$ -	\$ -	\$ 62,933
Sales tax	163,473	-	-	-	-	-	163,473
Franchise taxes	10,357	-	-	-	-	-	10,357
Court	5,871	-	-	-	-	-	5,871
Accounts	8,306	-	16,165	720,135	269,557	9,035	1,023,198
Intergovernmental	150,000	-	-	-	-	-	150,000
Other receivables	28,380	-	-	-	-	-	28,380
Allowance	-	-	-	(213,208)	(86,045)	-	(299,253)
	<u>\$ 410,879</u>	<u>\$ 18,441</u>	<u>\$ 16,165</u>	<u>\$ 506,927</u>	<u>\$ 183,512</u>	<u>\$ 9,035</u>	<u>\$ 1,144,959</u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 3,898,856	\$ -	\$ -	\$ 3,898,856
Construction in progress	2,291,912	1,554,230	-	3,846,142
Total capital assets not being depreciated	<u>6,190,768</u>	<u>1,554,230</u>	<u>-</u>	<u>7,744,998</u>
Capital assets, being depreciated:				
Buildings and improvements	10,696,420	40,222	-	10,736,642
Infrastructure	4,972,898	17,600	-	4,990,498
Machinery and equipment	3,748,663	150,750	-	3,899,413
Intangible assets	97,289	-	-	97,289
Total capital assets being depreciated	<u>19,515,270</u>	<u>208,572</u>	<u>-</u>	<u>19,723,842</u>
Less accumulated depreciation				
Buildings and improvements	(4,352,466)	(241,619)	-	(4,594,085)
Infrastructure	(3,790,082)	(112,654)	-	(3,902,736)
Machinery and equipment	(2,257,120)	(348,909)	-	(2,606,029)
Intangible assets	(43,780)	(4,864)	-	(48,644)
Total accumulated depreciation	<u>(10,443,448)</u>	<u>(708,046)</u>	<u>-</u>	<u>(11,151,494)</u>
Net capital assets being depreciated	<u>9,071,822</u>	<u>(499,474)</u>	<u>-</u>	<u>8,572,348</u>
Total Capital Assets	<u><u>\$ 15,262,590</u></u>	<u><u>\$ 1,054,756</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,317,346</u></u>

Depreciation was charged to governmental functions as follows:

Administrative services	\$ 248,423
Community services	66,006
Emergency services	147,225
Municipal services	246,392
Total Governmental Activities Depreciation Expense	<u><u>\$ 708,046</u></u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,253,829	\$ -	\$ -	\$ 1,253,829
Construction in progress	4,658,741	1,133,132	(271,254)	5,520,619
Total capital assets not being depreciated	<u>5,912,570</u>	<u>1,133,132</u>	<u>(271,254)</u>	<u>6,774,448</u>
Capital assets, being depreciated:				
Buildings and improvements	1,331,184	-	-	1,331,184
Infrastructure	21,685,209	-	271,254	21,956,463
Machinery and equipment	1,083,199	141,350	-	1,224,549
Intangible assets	128,577	-	-	128,577
Total capital assets being depreciated	<u>24,228,169</u>	<u>141,350</u>	<u>271,254</u>	<u>24,640,773</u>
Less accumulated depreciation				
Buildings and improvements	(713,424)	(30,729)	-	(744,153)
Infrastructure	(7,665,816)	(533,742)	-	(8,199,558)
Machinery and equipment	(592,963)	(122,749)	-	(715,712)
Intangible assets	(103,213)	(2,508)	-	(105,721)
Total accumulated depreciation	<u>(9,075,416)</u>	<u>(689,728)</u>	<u>-</u>	<u>(9,765,144)</u>
Net capital assets being depreciated	<u>15,152,753</u>	<u>(548,378)</u>	<u>271,254</u>	<u>14,875,629</u>
Total Capital Assets	<u><u>\$ 21,065,323</u></u>	<u><u>\$ 584,754</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,650,077</u></u>

Depreciation was charged to business-type activities as follows:

Water	\$ 264,019
Wastewater	246,159
Municipal Airport	179,550
Total Business-Type Activities Depreciation Expense	<u><u>\$ 689,728</u></u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

A summary of changes in component-unit activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 416,843	\$ -	\$ -	\$ 416,843
Total capital assets not being depreciated	<u>416,843</u>	<u>-</u>	<u>-</u>	<u>416,843</u>
Capital assets, being depreciated:				
Machinery and equipment	29,843	-	-	29,843
Total capital assets being depreciated	<u>29,843</u>	<u>-</u>	<u>-</u>	<u>29,843</u>
Less accumulated depreciation				
Machinery and equipment	(20,669)	(556)	-	(21,225)
Total accumulated depreciation	<u>(20,669)</u>	<u>(556)</u>	<u>-</u>	<u>(21,225)</u>
Net capital assets being depreciated	<u>9,174</u>	<u>(556)</u>	<u>-</u>	<u>8,618</u>
Total Capital Assets	<u><u>\$ 426,017</u></u>	<u><u>\$ (556)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 425,461</u></u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

D. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
Certificates of obligation	\$ 9,995,000	\$ -	\$ (425,000)	\$ 9,570,000	\$ 435,000
Less deferred amounts:					
For issuance premiums	499,798	-	(28,931)	470,867	-
	<u>10,494,798</u>	<u>-</u>	<u>(453,931)</u>	<u>10,040,867</u>	<u>435,000</u>
Other liabilities:					
Capital leases payable	231,395	-	(45,852)	185,543	43,886
Total Governmental Activities	<u>\$ 10,726,193</u>	<u>\$ -</u>	<u>\$ (499,783)</u>	<u>\$ 10,226,410</u>	<u>\$ 478,886</u>
Long-term liabilities due in more than one year				<u>\$ 9,747,524</u>	
Business-Type Activities:					
Bonds, notes and other payables:					
Certificates of obligation	\$ 8,564,638	\$ -	\$ (534,000)	\$ 8,030,638	\$ 569,000
Less deferred amounts:					
For issuance premiums	164,456	-	(9,140)	155,316	-
	<u>8,729,094</u>	<u>-</u>	<u>(543,140)</u>	<u>8,185,954</u>	<u>569,000</u>
Other liabilities:					
Note payable	98,871	-	(24,908)	73,963	73,963
Total Business-Type Activities	<u>\$ 8,827,965</u>	<u>\$ -</u>	<u>\$ (568,048)</u>	<u>\$ 8,259,917</u>	<u>\$ 642,963</u>
Long-term liabilities due in more than one year				<u>\$ 7,616,954</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Capital leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset. As of September 30, 2020, the total net carrying value of the capital lease assets for governmental activities was \$172,527.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Maturity Date	Original Balance	Current Balance
Governmental Activities:				
2003 Certificates of obligation	3.82%	9/1/2023	\$ 1,455,000	\$ 320,000
2016 Certificates of obligation	3%-5%	8/15/2036	6,865,000	6,345,000
2017 Certificates of obligation	3%-4%	8/15/2036	1,001,300	985,000
2018 Certificates of obligation	2%-4%	8/15/2038	2,090,000	1,920,000
Total Certificates of Obligation			<u>\$ 11,411,300</u>	<u>\$ 9,570,000</u>
2015 Capital lease - Pierce Fire Truck	3.71%	9/1/2047	542,229	185,543
Total Capital Leases			<u>\$ 542,229</u>	<u>\$ 185,543</u>
Total Governmental Activities			<u>\$ 11,953,529</u>	<u>\$ 9,755,543</u>
Business-Type Activities:				
1995 Certificates of obligation	4.88%	5/9/1996	\$ 337,000	\$ 210,638
2010 Certificates of obligation	2%-4.25%	5/15/2010	3,580,000	2,135,000
2013 Certificates of obligation	2%-4%	8/1/2018	2,090,000	480,000
2014 Certificates of obligation	3%-4%	4/15/2014	2,955,000	1,905,000
2017 Certificates of obligation	3%-4%	8/15/2036	1,633,700	1,320,000
2018 Certificates of obligation	3.25%-3.38%	2/1/2018	2,090,000	1,980,000
Total Certificates of Obligation			<u>\$ 12,685,700</u>	<u>\$ 8,030,638</u>
Note payable payable in quarterly payments of \$7,542 including interest at 4.2%, renewed annually, used for airport improvements.	4.00%	9/30/2018	129,040	73,963
Total Notes Payable			<u>\$ 129,040</u>	<u>\$ 73,963</u>
Total Business-Type Activities			<u>\$ 12,814,740</u>	<u>\$ 8,104,601</u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

The annual requirements to amortize governmental activities certificates of obligation bonds outstanding at year end were as follows:

Year Ending September 30,	Governmental Activities Certificates of Obligation		
	Principal	Interest	Total
2021	\$ 435,000	\$ 329,826	\$ 764,826
2022	455,000	312,546	767,546
2023	475,000	294,390	769,390
2024	490,000	275,530	765,530
2025	520,000	254,230	774,230
2026	545,000	231,368	776,368
2027	565,000	214,468	779,468
2028	580,000	197,518	777,518
2029	595,000	180,118	775,118
2030	615,000	162,118	777,118
2031	635,000	143,505	778,505
2032	655,000	123,030	778,030
2033	670,000	101,930	771,930
2034	695,000	80,330	775,330
2035	715,000	57,405	772,405
2036	650,000	33,300	683,300
2037	135,000	11,000	146,000
2038	140,000	5,600	145,600
Total	\$ 9,570,000	\$ 3,008,209	\$ 12,578,209

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

The annual requirements to amortize business-type activities certificates of obligations outstanding at year end were as follows:

Year Ending September 30,	Business-Type Activities Certificates of Obligation		
	Principal	Interest	Total
2021	\$ 569,000	\$ 281,172	\$ 850,172
2022	590,000	261,546	851,546
2023	635,000	241,144	876,144
2024	666,000	219,251	885,251
2025	692,000	196,244	888,244
2026	707,000	172,322	879,322
2027	638,000	147,861	785,861
2028	669,000	125,903	794,903
2029	669,000	102,611	771,611
2030	470,000	78,513	548,513
2031	221,000	60,218	281,218
2032	227,000	52,320	279,320
2033	238,000	44,201	282,201
2034	249,000	35,686	284,686
2035	260,000	26,775	286,775
2036	245,000	18,019	263,019
2037	140,000	9,619	149,619
2038	145,638	4,894	150,532
Total	\$ 8,030,638	\$ 2,078,298	\$ 10,108,936

The annual requirements to amortize governmental activities capital leases outstanding at year ending were as follows:

Capital Leases Payable

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2021	\$ 43,886	\$ 6,873	\$ 50,759
2022	45,512	5,248	50,760
2023	47,198	3,562	50,760
2024	48,947	1,813	50,760
	\$ 185,543	\$ 17,496	\$ 203,039

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

The annual requirements to amortize business-type activities notes payable outstanding at year ending were as follows:

Notes Payable

Year ending September 30,	Business-Type Activities		Total
	Principal	Interest	
2021	\$ 73,963	\$ 2,570	\$ 76,533
	<u>\$ 73,963</u>	<u>\$ 2,570</u>	<u>\$ 76,533</u>

E. Compensated Absences

The following summarizes the changes in the compensated absences balances of the primary government during the year. In general, the City uses the general and utility funds to liquidate governmental and business-type activities compensated absences, respectively.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 70,688	\$ 60,583	\$ (54,869)	\$ 76,402	\$ 68,762
Total Governmental Activities	<u>\$ 70,688</u>	<u>\$ 60,583</u>	<u>\$ (54,869)</u>	<u>\$ 76,402</u>	<u>\$ 68,762</u>
Business-Type Activities:					
Compensated Absences	\$ 28,211	\$ 17,955	\$ (20,322)	\$ 25,844	\$ 23,260
Total Business-Type Activities	<u>\$ 28,211</u>	<u>\$ 17,955</u>	<u>\$ (20,322)</u>	<u>\$ 25,844</u>	<u>\$ 23,260</u>
Component Unit Activities - EDC:					
Compensated Absences	\$ 4,081	\$ 3,912	\$ (3,673)	\$ 4,320	\$ 3,673
Total Component Unit Activities	<u>\$ 4,081</u>	<u>\$ 3,912</u>	<u>\$ (3,673)</u>	<u>\$ 4,320</u>	<u>\$ 3,673</u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

F. Interfund Transactions

Transfers between the primary government funds during the 2020 year were as follows:

Transfer In:					
Transfer Out:	Debt Service	Water Fund	Wastewater Fund	Nonmajor Governmental	Total
General	\$ -	\$ -	\$ -	\$ 176,449	\$ 176,449
Debt service	-	-	32,908	-	32,908
Capital projects	-	-	427,555	-	427,555
Water	33,108	-	-	-	33,108
WasteWater	-	32,332	-	-	32,332
Nonmajor governmental	-	-	-	67,400	67,400
Total	\$ 33,108	\$ 32,332	\$ 460,463	\$ 243,849	\$ 769,752

Transfers were used for various administrative services, debt payment support used to acquire and construct infrastructure, and monetary support for the acquisition and construction of water and waterworks infrastructure.

G. Restricted Net Position

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted net position for the primary government was \$922,015. Of which, \$777,179 is restricted by enabling legislation.

The following is a list of restricted net position of the City:

	Governmental Activities	EDC
Restricted for:		
Debt service	\$ 144,836	\$ -
* Community development	629,275	-
* Municipal court	72,639	-
* Tourism	75,265	-
Economic development	-	559,940
Total	\$ 922,015	\$ 559,940

* Restricted by enabling legislation

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations, if indicated.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

D. Defined Benefit Pension Plans

Texas Municipal Retirement System

1. Plan Description

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

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

2. 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 plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

Plan provisions for the City were as follows:

	<u>Plan Year 2019</u>	<u>Plan Year 2018</u>
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

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	35
Inactive employees entitled to but not yet receiving benefits	47
Active employees	<u>56</u>
Total	<u>138</u>

3. Contributions

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

Employees for the City of McGregor, Texas were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of McGregor, Texas were 10.36% and 9.87% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$268,808, and were equal to the required contributions.

4. 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

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

actuarial valuation as of that date. In general, the City uses the general and utility funds to liquidate governmental and business-type activities net pension liabilities, respectively.

Actuarial assumptions

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

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

Salary increases 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 is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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 in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	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	10.0%	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.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/18	\$ 7,617,927	\$ 6,829,643	\$ 788,284
Changes for the year:			
Service cost	410,051	-	410,051
Interest	520,593	-	520,593
Difference between expected and actual experience	106,753	-	106,753
Changes of assumptions	23,553	-	23,553
Contributions – employer	-	276,259	(276,259)
Contributions – employee	-	167,939	(167,939)
Net investment income	-	1,056,996	(1,056,996)
Benefit payments, including refunds of emp. contributions	(220,919)	(220,919)	-
Administrative expense	-	(5,966)	5,966
Other changes	-	(179)	179
Net changes	840,031	1,274,130	(434,099)
Balance at 12/31/19	\$ 8,457,958	\$ 8,103,773	\$ 354,185

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 1,623,723	\$ 354,185	\$ (678,322)

Pension Plan Fiduciary Net Position

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

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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

For the year ended September 30, 2020, the city recognized pension expense of \$244,612.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	\$ 38,076	\$ -
Investment returns	-	(243,587)
Changes in assumptions	16,480	-
Contributions subsequent to the measurement date	193,068	-
Total	\$ 247,624	\$ (243,587)

The City reported \$193,068 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2021.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2020	\$	(60,605)
2021		(37,629)
2022		28,132
2023		(119,199)
2024		-
Thereafter		-
	\$	(189,301)

Other Postemployment Benefits

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

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

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	22
Inactive employees entitled to but not yet receiving benefits	7
Active employees	56
Total	85

The City's contributions to the TMRS SDBF for the years ended 2020, 2019 and 2018 were \$1,661, \$1,719 and \$1,803, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2018	0.07%	0.07%	100.0%
2019	0.06%	0.06%	100.0%
2020	0.06%	0.06%	100.0%

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2019, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	2.75%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 2.75%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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

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

1% Decrease 1.75%	Current Single Rate Assumption 2.75%	1% Increase 3.75%
\$ 214,222	\$ 179,736	\$ 152,557

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/18	\$ 142,833
Changes for the year:	
Service Cost	12,036
Interest	5,491
Difference between expected and actual experience	(7,012)
Changes of assumptions	28,067
Benefit payments	(1,679)
Net changes	36,903
Balance at 12/31/19	\$ 179,736

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$20,024.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in experience	\$ -	\$ 11,030
Assumption changes	21,619	-
Contributions subsequent to measurement date	1,200	-
Total	\$ 22,820	\$ 11,030

The City reported \$1,200 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that 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 expense as follows:

Year ended December 31:

2020	\$ 2,497
2021	2,497
2022	1,308
2023	2,623
2024	1,664
Thereafter	-
	\$ 10,589

E. Construction Commitments

The City has active construction projects as of September 30, 2020. At year end, the City's commitments with contractors are as follows:

Governmental Funds

Project	Project Budget Appropriation	Construction in Progress (Spent to Date)	Remaining Commitment
Road Bond Project	\$ 2,600,615	\$ 2,511,506	\$ 89,109
The Exchange	2,246,073	2,238,091	7,982
Total Construction in Progress	\$ 4,846,688	\$ 4,749,597	\$ 97,091

Proprietary Funds

Project	Project Budget Appropriation	Construction in Progress (Spent to Date)	Remaining Commitment
Waterline Project	\$ 1,045,655	\$ 995,885	\$ 49,770
Total Construction in Progress	\$ 1,045,655	\$ 995,885	\$ 49,770

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

F. Deferred Compensation Plan

The City has established a deferred compensation plan (the 457 plan) in accordance with Internal Revenue Code, Section 457. The 457 plan, available to all employees, permits them to defer a portion of their salaries until future years. The benefits of the plan are not available to employees until termination, retirement, or unforeseeable emergency. Benefits are available to employee's beneficiaries in case of death.

All amounts of compensation deferred under the 457 plan, all property rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan) subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of the general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City that the City has no liability for investment losses under the 457 plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the 457 plan assets to satisfy the claims of general creditors in the future.

The City's deferred compensation plan is administered by a private corporation under contract with the City. Participant and City contributions totaled \$6,894 for the year ended September 30, 2020.

G. Subsequent Events

Effective March 31, 2021, a lease in which the City operates as the lessor, expired. The property was leased for \$37,500 a month. The City is actively trying to refill the lease vacancy.

There were no other material subsequent events through April 14, 2021, the date the financial statements were available to be issued.



REQUIRED SUPPLEMENTARY INFORMATION



City of McGregor, Texas

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

For the Year Ended September 30, 2020

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property tax	\$ 1,812,898	\$ 1,801,089	\$ (11,809)
Sales tax	804,000	814,149	10,149
Franchise and local taxes	359,500	349,926	(9,574)
License and permits	60,400	86,150	25,750
Donations	250	402	152
Land leases	1,170,329	1,170,043	(286)
Intergovernmental revenue	149,863	299,863	150,000
Charges for services	185,412	180,889	(4,523)
Fines and forfeitures	199,500	134,771	(64,729)
Investment income	20,001	20,375	374
Other revenue	12,500	36,482	23,982
Total Revenues	4,774,653	4,894,139	119,486
<u>Expenditures</u>			
Current:			
Administrative services	930,824	889,183	41,641
Community services	541,382	435,109	106,273
Development services	191,468	171,174	20,294
Emergency services	1,473,233	1,405,033	68,200
Financial services	235,001	229,843	5,158
Municipal services	1,085,896	858,534	227,362
Capital outlay	140,400	94,162	46,238
Total Expenditures	4,598,204	4,083,038	515,166
Revenues Over (Under) Expenditures	176,449	811,101	634,652
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(176,449)	(176,449)	-
Total Other Financing Sources (Uses)	(176,449)	(176,449)	-
Net Change in Fund Balance	\$ -	634,652	\$ 634,652
Beginning fund balance		1,551,047	
Ending Fund Balance		\$ 2,185,699	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of McGregor, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Total pension liability				
Service cost	\$ 256,209	\$ 316,522	\$ 336,061	\$ 359,347
Interest	399,957	431,040	443,892	460,475
Differences between expected and actual experience	9,483	(165,367)	(267,540)	(172,348)
Changes of assumptions	-	69,368	-	-
Benefit payments, including refunds of participant contributions	(252,695)	(250,836)	(234,882)	(321,894)
Net change in total pension liability	412,954	400,727	277,531	325,580
Total pension liability - beginning	5,711,914	6,124,868	6,525,595	6,803,126
Total pension liability - ending (a)	6,124,868	6,525,595	6,803,126	7,128,706
Plan fiduciary net position				
Contributions - employer	\$ 234,946	\$ 244,043	\$ 243,674	\$ 266,010
Contributions - members	124,640	137,618	138,582	147,374
Net investment income	282,972	7,870	369,298	829,284
Benefit payments, including refunds of participant contributions	(252,695)	(250,836)	(234,882)	(321,894)
Administrative expenses	(2,955)	(4,794)	(4,173)	(4,295)
Other	(243)	(236)	(224)	(218)
Net change in plan fiduciary net position	386,665	133,665	512,275	916,261
Plan fiduciary net position - beginning	4,946,906	5,333,571	5,467,236	5,979,511
Plan fiduciary net position - ending (b)	\$ 5,333,571	\$ 5,467,236	\$ 5,979,511	\$ 6,895,772
Fund's net pension liability - ending (a) -	\$ 791,297	\$ 1,058,359	\$ 823,615	\$ 232,934
 Plan fiduciary net position as a percentage of the total pension liability	 87.08%	 83.78%	 87.89%	 96.73%
Covered payroll	\$ 2,077,329	\$ 2,293,641	\$ 2,309,696	\$ 2,456,230
Fund's net pension liability as a percentage of covered payroll	 38.09%	 46.14%	 35.66%	 9.48%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

<u>12/31/2018</u>	<u>12/31/2019</u>	¹
\$ 381,185	\$ 410,051	
484,589	520,593	
(96,162)	106,753	
-	23,553	
(280,391)	(220,919)	
<u>489,221</u>	<u>840,031</u>	
<u>7,128,706</u>	<u>7,617,927</u>	
<u>7,617,927</u>	<u>8,457,958</u>	
\$ 269,194	\$ 276,259	
155,904	167,939	
(206,633)	1,056,996	
(280,391)	(220,919)	
(3,992)	(5,966)	
(211)	(179)	
<u>(66,129)</u>	<u>1,274,130</u>	
<u>6,895,772</u>	<u>6,829,643</u>	
<u>\$ 6,829,643</u>	<u>\$ 8,103,773</u>	
<u>\$ 788,284</u>	<u>\$ 354,185</u>	

89.65%	95.81%
\$ 2,598,369	\$ 2,798,981
30.34%	12.65%

City of McGregor, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>
Actuarially determined employer contributions	\$ 236,903	\$ 244,043	\$ 256,652	\$ 270,104
Contributions in relation to the actuarially determined contribution	\$ 257,771	\$ 250,486	\$ 262,793	\$ 270,104
Contribution deficiency (excess)	\$ (20,868)	\$ (6,443)	\$ (6,141)	\$ -
Annual covered payroll	<u>\$ 2,245,525</u>	<u>\$ 2,293,641</u>	<u>\$ 2,385,874</u>	<u>\$ 2,575,821</u>
Employer contributions as a percentage of covered payroll	11.48%	10.92%	11.01%	10.49%

1) This schedule is presented to illustrate the requirement to show information for ten fiscal years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

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	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality

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

Other Information:

Notes

There were no benefit changes during the year.

<u>9/30/2019</u>	<u>9/30/2020</u> ¹
\$ 274,452	\$ 268,808
<u>\$ 274,452</u>	<u>\$ 268,808</u>
<u>\$ -</u>	<u>\$ -</u>
<u><u>\$ 2,745,242</u></u>	<u><u>\$ 2,768,077</u></u>
10.00%	9.71%

City of McGregor, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN Years Ended December 31,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	¹
Total OPEB liability				
Service cost	\$ 8,842	\$ 10,653	\$ 12,036	
Interest	4,839	5,004	5,491	
Differences between expected and actual experience	-	(8,449)	(7,012)	
Changes of assumptions	10,337	(9,316)	28,067	
Benefit payments, including refunds of participant contributions	(1,719)	(1,819)	(1,679)	
Net change in total OPEB liability	<u>22,299</u>	<u>(3,927)</u>	<u>36,903</u>	
Total OPEB liability - beginning	<u>\$ 124,461</u>	<u>\$ 146,760</u>	<u>\$ 142,833</u>	
Total OEPB liability - ending	<u><u>\$ 146,760</u></u>	<u><u>\$ 142,833</u></u>	<u><u>\$ 179,736</u></u>	²
 Covered payroll	 \$ 2,456,230	 \$ 2,598,369	 \$ 2,798,981	
Fund's OPEB liability as a percentage of covered	5.98%	5.50%	6.42%	

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

***OTHER SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES***



NONMAJOR GOVERNMENTAL FUNDS

COURT TECHNOLOGY FUND

The fund accounts for technology fees that are restricted by enabling legislation for the use of improving the City's court technology.

COURT BUILDING FUND

The fund accounts for security fees that are restricted by enabling legislation for the use of improving the City's court security.

HOTEL MOTEL TAX FUND

The fund accounts for funds derived from hotel and motel occupancy taxes and is legally restricted to promote tourism within the City.

INDUSTRIAL PARK DEVELOPMENT

The fund accounts for the funds restricted for development of the Industrial Park.

PARK DEVELOPMENT

The fund accounts for the funds restricted for development of parks.

CEMETARY FUND

The fund accounts for the funds restricted for the maintenance and operations of the cemetery.

EXCHANGE EVENT CENTER

The fund accounts for the funds restricted for development of the Exchange Event Center.

City of McGregor, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Special Revenue Funds		
	Court Technology Fund	Court Building Security	Hotel Motel Tax Fund
<u>Assets</u>			
Cash and cash equivalents	\$ 32,129	\$ 40,510	\$ 75,265
Receivables, net	-	-	-
Prepaid items	-	-	-
Total Assets	\$ 32,129	\$ 40,510	\$ 75,265
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - rental payments	-	-	-
Total Deferred Inflows of Resources	-	-	-
<u>Fund Balances</u>			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Community development	-	-	-
Municipal court	32,129	40,510	-
Tourism	-	-	75,265
Committed to:			
Parks	-	-	-
Cemetery	-	-	-
Unassigned	-	-	-
Total Fund Balances	32,129	40,510	75,265
Total Liabilities, and Fund Balances	\$ 32,129	\$ 40,510	\$ 75,265

Special Revenue Funds

Industrial Park Development	Park Development	Cemetery Fund	Exchange Event Center	Total
\$ 630,724	\$ 211,237	\$ 425,556	\$ 2,297	\$ 1,417,718
-	-	-	16,165	16,165
-	-	-	1,063	1,063
<u>\$ 630,724</u>	<u>\$ 211,237</u>	<u>\$ 425,556</u>	<u>\$ 19,525</u>	<u>\$ 1,434,946</u>
\$ 1,449	\$ -	\$ 152	\$ 12,115	\$ 13,716
<u>1,449</u>	<u>-</u>	<u>152</u>	<u>12,115</u>	<u>13,716</u>
-	-	-	19,598	19,598
<u>-</u>	<u>-</u>	<u>-</u>	<u>19,598</u>	<u>19,598</u>
-	-	-	1,063	1,063
629,275	-	-	-	629,275
-	-	-	-	72,639
-	-	-	-	75,265
-	211,237	-	-	211,237
-	-	425,404	-	425,404
-	-	-	(13,251)	(13,251)
<u>629,275</u>	<u>211,237</u>	<u>425,404</u>	<u>(12,188)</u>	<u>1,401,632</u>
<u>\$ 630,724</u>	<u>\$ 211,237</u>	<u>\$ 425,556</u>	<u>\$ 19,525</u>	<u>\$ 1,434,946</u>

City of McGregor, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	Special Revenue Funds		
	Court Technology Fund	Court Building Security	Hotel Motel Tax Fund
<u>Revenues</u>			
Contributions and donations	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	23,487
Charges for services	-	-	-
Fines and forfeitures	3,115	2,936	-
Investment income	-	-	-
Other revenue	-	-	-
Total Revenues	3,115	2,936	23,487
<u>Expenditures</u>			
Current:			
Administrative services	-	-	8,240
Community services	4,156	-	400
Capital outlay	-	-	-
Total Expenditures	4,156	-	8,640
Revenues Over (Under) Expenditures	(1,041)	2,936	14,847
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	-	-
Transfers (out)	-	-	-
Insurance recoveries	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(1,041)	2,936	14,847
Beginning fund balances	33,170	37,574	60,418
Ending Fund Balances	\$ 32,129	\$ 40,510	\$ 75,265

Special Revenue Funds

Industrial Park Development	Park Development	Cemetery Fund	Exchange Event Center	Total
\$ -	\$ 100	\$ -	\$ -	\$ 100
-	-	-	-	23,487
-	75,000	-	26,765	101,765
-	-	5,900	-	11,951
1,035	-	57,138	-	58,173
-	-	11,700	-	11,700
<u>1,035</u>	<u>75,100</u>	<u>74,738</u>	<u>26,765</u>	<u>207,176</u>
52,043	-	4,196	106,353	170,832
-	2,303	-	-	6,859
74,600	17,000	-	-	91,600
<u>126,643</u>	<u>19,303</u>	<u>4,196</u>	<u>106,353</u>	<u>269,291</u>
<u>(125,608)</u>	<u>55,797</u>	<u>70,542</u>	<u>(79,588)</u>	<u>(62,115)</u>
176,449	-	-	67,400	243,849
-	(67,400)	-	-	(67,400)
112,517	-	-	-	112,517
<u>288,966</u>	<u>(67,400)</u>	<u>-</u>	<u>67,400</u>	<u>288,966</u>
163,358	(11,603)	70,542	(12,188)	226,851
465,917	222,840	354,862	-	1,174,781
<u>\$ 629,275</u>	<u>\$ 211,237</u>	<u>\$ 425,404</u>	<u>\$ (12,188)</u>	<u>\$ 1,401,632</u>

City of McGregor, Texas

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

HOTEL MOTEL TAX FUND

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Hotel occupancy taxes	\$ 25,000	\$ 23,487	\$ (1,513)
Total Revenues	25,000	23,487	(1,513)
<u>Expenditures</u>			
Current:			
Adminisitrative services	25,000	8,240	16,760
Community services	-	400	(400)
Total Expenditures	25,000	8,640	16,360
Net Change in Fund Balances	\$ -	14,847	\$ 14,847
Beginning fund balances		60,418	
Ending Fund Balances		\$ 75,265	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of McGregor, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COURT TECHNOLOGY FUND
For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 3,800	\$ 3,115	\$ (685)
Total Revenues	<u>3,800</u>	<u>3,115</u>	<u>(685)</u>
<u>Expenditures</u>			
Current:			
Community services	3,800	4,156	(356) *
Total Expenditures	<u>3,800</u>	<u>4,156</u>	<u>(356)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>(1,041)</u>	<u>\$ (1,041)</u>
Beginning fund balances		33,170	
Ending Fund Balances		<u>\$ 32,129</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

* Expenditures exceeded appropriations at the legal level of control.

City of McGregor, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COURT BUILDING SECURITY
For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 2,900	\$ 2,936	\$ 36
Total Revenues	<u>2,900</u>	<u>2,936</u>	<u>36</u>
Net Change in Fund Balances	<u>\$ 2,900</u>	<u>2,936</u>	<u>\$ 36</u>
Beginning fund balances		37,574	
Ending Fund Balances		<u>\$ 40,510</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of McGregor, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CEMETARY FUND
For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 5,000	\$ 5,900	\$ 900
Other revenue	7,500	11,700	4,200
Investment income	25,000	57,138	32,138
Total Revenues	37,500	74,738	37,238
<u>Expenditures</u>			
Current:			
Administrative services	37,500	4,196	33,304
Total Expenditures	37,500	4,196	33,304
Net Change in Fund Balances	\$ -	70,542	\$ 70,542
Beginning fund balances		354,862	
Ending Fund Balances		\$ 425,404	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of McGregor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL EXCHANGE EVENT CENTER

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 79,400	\$ 26,765	\$ (52,635)
Total Revenues	<u>79,400</u>	<u>26,765</u>	<u>(52,635)</u>
<u>Expenditures</u>			
Current:			
Administrative services	127,734	106,353	21,381
Total Expenditures	<u>127,734</u>	<u>106,353</u>	<u>21,381</u>
Revenues Over (Under) Expenditures	<u>(48,334)</u>	<u>(79,588)</u>	<u>(31,254)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	48,334	67,400	19,066
Total Other Financing Sources (Uses)	<u>48,334</u>	<u>67,400</u>	<u>19,066</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>(12,188)</u>	<u>\$ (12,188)</u>
Beginning fund balances		-	
Ending Fund Balances		<u>\$ (12,188)</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of McGregor, Texas

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

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property taxes	\$ 833,837	\$ 843,524	\$ 9,687
Investment income	-	3,381	3,381
Total Revenues	833,837	846,905	13,068
<u>Expenditures</u>			
Current:			
Administrative services	1,114	1,051	63
Debt Service:			
Principal	573,410	470,852	102,558
Interest and fiscal charges	404,572	362,359	42,213
Total Expenditures	979,096	834,262	144,834
Revenues Over (Under) Expenditures	(145,259)	12,643	157,902
<u>Other Financing Sources (Uses)</u>			
Transfers in	73,051	33,108	(39,943)
Transfers (out)	-	(32,908)	(32,908)
Total Other Financing Sources (Uses)	73,051	200	(72,851)
Net Change in Fund Balance	\$ (72,208)	12,843	\$ 85,051
Beginning fund balance		131,993	
Ending Fund Balance		\$ 144,836	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles

City of McGregor, Texas
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
September 30, 2020

	<u>MEDC</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 475,481
Receivables, net	93,659
Prepaid items	2,072
Total Current Assets	<u>571,212</u>
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	6,952
Total Liabilities	<u>6,952</u>
<u>Fund Balances</u>	
Nonspendable:	
Prepaid items	2,072
Restricted for:	
Economic development	562,188
Total Fund Balance	<u>564,260</u>
Total Liabilities and Fund Balance	<u>\$ 571,212</u>

See Notes to Financial Statements.

City of McGregor, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNIT

September 30, 2020

Fund Balance	\$	564,260
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Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	416,843
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Capital assets - net depreciable	8,618
----------------------------------	-------

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Compensated absences	(4,320)
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Net Position of the Discretely Presented Component Unit	\$	985,401
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City of McGregor, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2020

	MEDC
<u>Revenues</u>	
Sales taxes	\$ 404,233
Investment income	3,505
Other revenues	32,282
Total Revenues	440,020
<u>Expenditures</u>	
General government	217,546
Transfers to the City	149,863
Total Expenditures	367,409
Excess of Revenues Over (Under) Expenditures	72,611
Net Change in Fund Balance	72,611
Beginning fund balance	491,650
Ending Fund Balance	\$ 564,261

See Notes to Financial Statements.

City of McGregor, Texas
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE DISCRETELY PRESENTED
COMPONENT UNIT 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 changes in fund balance	\$ 72,611
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(556)
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	(240)
Change in Net Position of the Discretely Presented Component Unit	\$ 71,815

City of McGregor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Sales taxes	\$ 400,000	\$ 404,233	\$ 4,233
Other revenue	31,111	32,282	1,171
Investment income	8,100	3,505	(4,595)
Total Revenues	439,211	440,020	809
<u>Expenditures</u>			
Current:			
General government	290,781	217,546	73,235
Transfers to the City	148,430	149,863	(1,433)
Total Expenditures	439,211	367,409	71,802
Revenues Over (Under) Expenditures	-	72,611	72,611
Net Change in Fund Balance	\$ -	72,611	\$ 72,611
Beginning fund balance		491,650	
Ending Fund Balance		\$ 564,261	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

STATISTICAL SECTION

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.

Contents	Page
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Financial Trends	106
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	117
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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	127
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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	137
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	140
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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.

City of McGregor, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net Investment in capital assets	\$ 8,514,235	\$ 7,341,896	\$ 6,587,315	\$ 2,232,702
Restricted	3,223,171	1,789,766	689,894	3,399,512
Unrestricted	(1,280,102)	(176,386)	545,008	1,331,179
Total governmental activities net position	<u>\$ 10,457,304</u>	<u>\$ 8,955,276</u>	<u>\$ 7,822,217</u>	<u>\$ 6,963,393</u>
Business-type activities				
Net Investment in capital assets	\$ 8,129,891	\$ 9,382,207	\$ 11,898,065	\$ 12,253,701
Unrestricted	(758,734)	754,482	(397,943)	643,959
Total business-type activities net position	<u>\$ 7,371,157</u>	<u>\$ 10,136,689</u>	<u>\$ 11,500,122</u>	<u>\$ 12,897,660</u>
Primary government				
Net Investment in capital assets	\$ 16,644,126	\$ 16,724,103	\$ 18,485,380	\$ 14,486,403
Restricted	3,223,171	1,789,766	689,894	3,399,512
Unrestricted	(2,038,836)	578,096	147,065	1,975,138
Total primary government net position	<u>\$ 17,828,461</u>	<u>\$ 19,091,965</u>	<u>\$ 19,322,339</u>	<u>\$ 19,861,053</u>

Source: Annual Financial Reports.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 2,760,176	\$ 4,297,188	\$ 4,105,894	\$ 10,029,806	\$ 7,950,696	\$ 7,492,708
1,532,606	7,366,461	917,996	920,645	729,072	922,015
1,713,103	(4,877,582)	1,978,952	975,592	2,177,597	3,033,375
<u>\$ 6,005,885</u>	<u>\$ 6,786,067</u>	<u>\$ 7,002,842</u>	<u>\$ 11,926,043</u>	<u>\$ 10,857,365</u>	<u>\$ 11,448,098</u>
\$ 14,908,336	\$ 14,939,638	\$ 16,189,001	10,523,268	12,720,355	13,459,954
(791,536)	(213,450)	(253,657.00)	1,436,211	1,543,141	2,080,488
<u>\$ 14,116,800</u>	<u>\$ 14,726,188</u>	<u>\$ 15,935,344</u>	<u>\$ 11,959,479</u>	<u>\$ 14,263,496</u>	<u>\$ 15,540,442</u>
\$ 17,668,512	\$ 19,236,826	\$ 20,294,895	\$ 20,553,074	\$ 20,671,051	\$ 20,952,662
1,532,606	7,366,461	917,996	920,645	729,072	922,015
921,567	(5,091,032)	1,725,295	2,411,803	3,720,738	5,113,863
<u>\$ 20,122,685</u>	<u>\$ 21,512,255</u>	<u>\$ 22,938,186</u>	<u>\$ 23,885,522</u>	<u>\$ 25,120,861</u>	<u>\$ 26,988,540</u>

City of McGregor, Texas

CHANGES IN NET ASSETS

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses				
Governmental activities:				
Administrative services	\$ 981,790	\$ 632,107	\$ 689,519	\$ 1,071,192
Community services	274,133	245,030	304,337	376,790
Development services	187,968	139,519	208,405	182,845
Emergency services	1,024,507	1,253,459	1,840,992	1,417,876
Financial services	185,514	157,792	183,412	171,062
Municipal services	363,613	1,192,621	1,310,704	823,860
Interest on long term debt	360,375	(1,627)	267,062	65,839
Total governmental activities expenses	<u>3,377,900</u>	<u>3,618,901</u>	<u>4,804,431</u>	<u>4,109,464</u>
Business-type activities:				
Water	1,916,808	1,923,782	1,917,337	2,082,947
Sewer	594,138	652,040	738,034	606,388
Executive Airport	192,174	211,086	254,332	280,330
Rachael Arms Apartments	209,402	216,830	208,312	204,121
Interest expense	-	-	-	-
Total business-type activities expenses	<u>2,912,522</u>	<u>3,003,738</u>	<u>3,118,015</u>	<u>3,173,786</u>
Total primary government expenses	<u>\$ 6,290,422</u>	<u>\$ 6,622,639</u>	<u>\$ 7,922,446</u>	<u>\$ 7,283,249</u>
Program Revenues				
Governmental activities:				
Fees, Fines, and Charges for Services:				
Administrative services	\$ 18,400	\$ 923,775	\$ 1,110,124	\$ 173,656
Community services	12,463	46,404	61,345	106,154
Development services	347,258	4,257	1,457	14,413
Financial services	36,786	-	-	-
Emergency services	168,442	28,778	201,827	52,721
Municipal services	5,559	40,142	59,754	58,814
Operating grants and contributions	-	7,445	(201,491)	-
Capital grants and contributions	-	-	-	36,551
Total governmental activities program revenues	<u>588,908</u>	<u>1,050,801</u>	<u>1,233,016</u>	<u>442,309</u>
Business-type activities:				
Charges for services:				
Water	2,074,848	2,034,307	2,275,500	2,235,258
Sewer	912,692	952,261	1,000,064	1,078,002
Executive Airport	156,678	104,553	170,916	219,433
Rachael Arms Apartments	262,385	258,850	233,100	196,789
Operating grants and contributions	-	-	-	-
Capital grants and contributions	176,061	1,426,792	17,562	267,400
Total business-type activities program revenues	<u>3,582,664</u>	<u>4,776,763</u>	<u>3,697,142</u>	<u>3,996,883</u>
Total primary government program revenues	<u>\$ 4,171,572</u>	<u>\$ 5,827,564</u>	<u>\$ 4,930,158</u>	<u>\$ 4,439,193</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,052,375	\$ 1,223,412	\$ 1,157,753	\$ 248,231	\$ 1,290,089	\$ 1,287,466
457,681	422,317	538,399	637,790	495,933	507,068
377,438	132,723	187,700	501,075	171,753	170,719
1,436,745	1,417,828	1,429,388	1,446,600	1,528,149	1,551,376
174,936	190,523	195,514	213,879	228,632	229,546
956,979	1,553,159	1,358,182	1,880,715	1,145,928	1,103,704
84,846	43,998	693,699	573,709	332,933	336,933
<u>4,541,000</u>	<u>4,983,960</u>	<u>5,560,635</u>	<u>5,501,999</u>	<u>5,193,417</u>	<u>5,186,812</u>
2,519,534	2,467,382	2,532,137	2,816,430	2,944,448	2,905,496
592,445	713,562	721,928	638,333	814,532	779,130
277,047	276,748	277,360	309,258	312,462	299,724
214,467	199,688	126,124	-	-	-
-	-	-	-	353,046	291,633
<u>3,603,493</u>	<u>3,657,380</u>	<u>3,657,549</u>	<u>3,764,021</u>	<u>4,424,488</u>	<u>4,275,983</u>
<u>\$ 8,144,493</u>	<u>\$ 8,641,340</u>	<u>\$ 9,218,184</u>	<u>\$ 9,266,020</u>	<u>\$ 9,617,905</u>	<u>\$ 9,462,795</u>
\$ 362,204	\$ 429,016	\$ 324,532	\$ 189,724	\$ 526,601	\$ 368,804
62,439	119,622	101,102	223,280	-	-
2,842	21,546	7,364	1,596	-	-
-	-	-	-	-	-
56,706	56,398	120,773	54,218	-	-
94,538	60,404	109,542	55,795	144,782	144,890
-	-	-	-	173,675	150,365
-	-	-	-	-	150,000
<u>578,729</u>	<u>686,986</u>	<u>663,313</u>	<u>524,613</u>	<u>845,058</u>	<u>814,059</u>
2,429,813	2,531,952	2,813,013	2,892,496	3,095,244	3,245,432
1,101,217	1,124,221	1,396,294	1,420,602	1,574,104	1,528,879
209,860	247,856	249,239	240,955	210,235	221,614
247,185	246,367	102,041	-	-	-
-	-	-	-	49,998	53,798
24,059	76,992	50,000	34,178	-	-
<u>4,012,134</u>	<u>4,227,388</u>	<u>4,610,587</u>	<u>4,588,231</u>	<u>4,929,581</u>	<u>5,049,723</u>
<u>\$ 4,590,863</u>	<u>\$ 4,914,374</u>	<u>\$ 5,273,900</u>	<u>\$ 5,112,844</u>	<u>\$ 5,774,639</u>	<u>\$ 5,863,782</u>

City of McGregor, Texas

CHANGES IN NET ASSETS

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net (Expense) Revenue				
Governmental Activities	\$ (2,788,992)	\$ (2,568,100)	\$ (3,571,417)	\$ (3,667,155)
Business-type Activities	670,142	1,773,025	579,127	823,098
Total Primary government net expense	<u>\$ (2,118,850)</u>	<u>\$ (795,075)</u>	<u>\$ (2,992,290)</u>	<u>\$ (2,844,057)</u>
General Revenues				
and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property taxes	\$ 1,260,409	\$ 1,236,801	\$ 1,468,099	\$ 1,556,572
Sales taxes	421,734	474,750	566,952	667,679
Franchise taxes	294,855	282,236	291,920	30,659
Other taxes	-	20,804	12,179	292,585
Land leases	-	-	-	798,647
Licenses and permits	-	-	-	-
Investment earnings	6,772	5,257	3,525	47,736
Reimbursements	-	-	-	-
Gain on sale/retirement of capital assets	-	-	87,665	-
Miscellaneous	84,791	34,140	331,643	57,885
Transfers	135,760	(987,915)	(767,174)	(568,047)
Total Governmental Activities	<u>2,204,321</u>	<u>1,066,073</u>	<u>1,994,809</u>	<u>2,883,716</u>
Business-type Activities:				
Investment earnings	648	334	539	6,394
Gain on sale/retirement of capital assets	-	-	5,786	-
Miscellaneous	84,508	4,259	31,642	-
Transfers	(135,760)	987,915	746,340	568,047
Total Business-type Activities	<u>(50,604)</u>	<u>992,508</u>	<u>784,307</u>	<u>574,440</u>
Total Primary Government	<u>\$ 2,153,717</u>	<u>\$ 2,058,581</u>	<u>\$ 2,779,116</u>	<u>\$ 3,458,156</u>
Change in Net Position				
Governmental Activities	\$ (584,671)	\$ (1,502,027)	\$ (1,576,608)	\$ (783,439)
Business-type Activities	619,538	2,765,533	1,363,434	1,397,538
Total Primary Government	<u>\$ 34,867</u>	<u>\$ 1,263,506</u>	<u>\$ (213,174)</u>	<u>\$ 614,099</u>

Source: Annual Financial Reports.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ (3,962,271)	\$ (4,296,974)	\$ (4,897,322)	\$ (4,977,386)	\$ (4,348,359)	\$ (4,372,753)
408,641	570,008	953,038	824,210	505,093	773,740
<u>\$ (3,553,630)</u>	<u>\$ (3,726,966)</u>	<u>\$ (3,944,284)</u>	<u>\$ (4,153,176)</u>	<u>\$ (3,843,266)</u>	<u>\$ (3,599,013)</u>
\$ 1,733,625	\$ 1,931,277	\$ 2,012,269	\$ 2,195,430	\$ 2,352,875	\$ 2,646,444
813,304	806,115	794,137	788,941	753,605	814,149
335,800	348,688	349,614	353,102	405,508	373,413
10,003	22,213	32,989	25,960	-	-
1,176,021	1,152,840	1,175,469	1,180,818	1,149,996	1,191,216
-	-	-	-	-	-
9,677	91,018	116,256	153,830	220,567	167,020
-	-	-	-	-	-
55,502	2,030	1,512	78,591	9,026	-
257,436	762,960	124,958	345,555	116,027	198,599
(965,915)	390,113	506,894	(1,198,027)	(1,727,923)	(427,355)
<u>3,425,453</u>	<u>5,507,254</u>	<u>5,114,098</u>	<u>3,924,200</u>	<u>3,279,681</u>	<u>4,963,486</u>
495	426	3,013	6,757	12,542	15,063
-	422,767	752,699	-	-	-
-	6,300	7,300	7,700	58,459	60,788
965,915	(390,113)	(506,894)	1,198,984	1,727,923	427,355
<u>966,409</u>	<u>39,380</u>	<u>256,118</u>	<u>1,213,441</u>	<u>1,798,924</u>	<u>503,206</u>
<u>\$ 4,391,862</u>	<u>\$ 5,546,634</u>	<u>\$ 5,370,216</u>	<u>\$ 5,137,641</u>	<u>\$ 5,078,605</u>	<u>\$ 5,466,692</u>
\$ (536,818)	\$ 1,210,280	\$ 216,776	\$ (1,053,186)	\$ (1,068,678)	\$ 590,733
1,375,050	609,388	1,209,156	2,037,651	2,304,017	1,276,946
<u>\$ 838,232</u>	<u>\$ 1,819,668</u>	<u>\$ 1,425,932</u>	<u>\$ 984,465</u>	<u>\$ 1,235,339</u>	<u>\$ 1,867,679</u>

City of McGregor, Texas
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-
Unreserved	-	-	-	87,221
Unassigned	1,158,076	962,074	990,965	1,185,459
Total general fund	<u>\$ 1,158,076</u>	<u>\$ 962,074</u>	<u>\$ 990,965</u>	<u>\$ 1,272,680</u>
All Other Governmental Funds				
Reserved for debt service	\$ -	\$ -	\$ -	\$ -
Reserved for restricted purposes	-	-	-	-
Nonspendable	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects fund	-	-	-	-
Restricted for				
Debt service fund	49,015	34,095	43,051	72,342
Special revenue funds	151,120	182,996	229,426	289,961
Capital projects fund	3,009,483	1,572,675	341,741	2,974,397
Committed	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 3,209,618</u>	<u>\$ 1,789,766</u>	<u>\$ 614,218</u>	<u>\$ 3,336,700</u>

Source: Annual Financial Reports

Note: The City implemented GASB statement No. 54 "Fund Reporting and Governmental Fund Type Definitions" in fiscal year 2011, and opted not to restate the

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,475	27,195
96,366	-	-	-	-	-
1,909,105	2,466,488	3,412,771	1,496,561	1,549,572	2,158,504
<u>\$ 2,005,471</u>	<u>\$ 2,466,488</u>	<u>\$ 3,412,771</u>	<u>\$ 1,496,561</u>	<u>\$ 1,551,047</u>	<u>\$ 2,185,699</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	1,063
-	-	-	-	-	-
-	-	-	-	-	-
75,968	136,235	126,736	131,071	131,993	144,836
299,657	365,715	791,260	1,288,230	597,079	777,179
1,156,981	6,864,511	5,959,341	6,535,759	3,791,688	1,933,993
-	-	-	-	577,702	636,641
-	-	-	-	-	(13,251)
<u>\$ 1,532,606</u>	<u>\$ 7,366,461</u>	<u>\$ 6,877,337</u>	<u>\$ 7,955,060</u>	<u>\$ 5,098,462</u>	<u>\$ 3,480,461</u>

City of McGregor, Texas
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES:				
Taxes	\$ 1,975,367	\$ 2,038,935	\$ 2,351,315	\$ 2,516,836
Administrative fees	11,400	92,129	179,438	172,330
Licenses and permits	36,786	30,086	34,576	37,413
Investment income	2,074	5,257	3,524	47,735
Fines and forfeitures	162,614	129,763	140,943	127,967
Charges for services	-	-	-	-
Leases	339,641	766,752	1,064,477	982,058
Contributions and donations	-	-	-	-
Intergovernmental	-	7,445	-	-
Miscellaneous	109,684	34,139	162,504	193,626
Total Revenues	<u>2,637,566</u>	<u>3,104,506</u>	<u>3,936,777</u>	<u>4,077,963</u>
EXPENDITURES:				
Administrative services	842,239	780,853	990,151	885,645
Community services	268,591	229,052	271,928	287,054
Development services	73,896	139,519	208,406	182,844
Emergency services	1,001,417	1,172,881	1,442,506	1,340,926
Financial services	197,122	158,988	176,382	171,062
Municipal services	396,297	338,733	298,294	452,293
Capital outlay	1,445,322	102,200	338,499	714,839
Debt Service:				
Principal retirement	300,867	527,770	642,909	739,225
Interest and fiscal charges	262,897	282,449	267,749	261,356
Administrative charges				71,985
Total Expenditures	<u>4,788,648</u>	<u>3,732,445</u>	<u>4,636,824</u>	<u>5,107,229</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,151,082)</u>	<u>(627,939)</u>	<u>(700,047)</u>	<u>(1,029,266)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	618,146	692,181	466,050	559,740
Transfers out	(482,386)	(1,680,096)	(1,233,223)	(1,127,787)
Long-term debt issued (paid)	1,463,719	-	238,000	3,982,573
Leases	-	-	-	618,936
Proceeds from sale of capital assets	-	-	82,565	-
Insurance recoveries	-	-	-	-
Debt Proceeds	-	-	-	-
Premium on bond issuance	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,599,479</u>	<u>(987,915)</u>	<u>(446,608)</u>	<u>4,033,462</u>
NET CHANGE IN FUND BALANCES	<u>\$ (551,603)</u>	<u>\$ (1,615,854)</u>	<u>\$ (1,146,655)</u>	<u>\$ 3,004,196</u>
Debt service as a percentage of noncapital expenditures	20.3%	28.7%	26.9%	30.1%

Source: Annual Financial Reports

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 2,917,755	\$ 3,015,170	\$ 3,189,009	\$ 3,337,472	\$ 3,525,185	\$ 3,832,175
145,937	164,287	26,516	36,692	-	-
38,414	87,373	48,912	92,183	88,180	86,150
9,676	91,018	94,593	153,830	220,567	167,020
342,368	288,993	315,253	176,326	158,632	146,722
-	-	-	-	438,421	282,654
1,176,021	1,152,840	1,175,469	1,180,818	1,139,665	1,170,043
-	-	-	-	25,245	502
-	-	-	-	148,430	299,863
339,558	357,937	372,052	677,289	38,991	86,082
<u>4,969,729</u>	<u>5,157,618</u>	<u>5,221,804</u>	<u>5,654,610</u>	<u>5,783,316</u>	<u>6,071,211</u>
834,516	866,674	903,537	936,441	1,044,190	1,068,166
367,944	406,706	511,052	615,292	464,602	441,968
218,672	129,350	187,700	252,891	176,742	171,174
1,345,669	1,299,886	1,307,839	1,329,047	1,433,899	1,405,033
174,936	185,643	195,514	213,879	235,257	229,843
682,279	748,004	1,011,915	867,047	926,913	858,534
107,641	1,590,079	2,427,049	3,991,234	1,834,749	1,731,793
994,953	988,092	753,858	916,654	462,691	470,852
348,509	294,942	673,075	609,363	364,524	362,359
-	72,645	97,433	149,252	-	-
<u>5,075,119</u>	<u>6,582,021</u>	<u>8,068,972</u>	<u>9,881,100</u>	<u>6,943,567</u>	<u>6,739,722</u>
<u>(105,390)</u>	<u>(1,424,403)</u>	<u>(2,847,168)</u>	<u>(4,226,490)</u>	<u>(1,160,251)</u>	<u>(668,511)</u>
971,778	1,025,601	2,448,915	1,522,652	331,442	293,498
(1,937,693)	(635,488)	(1,942,021)	(2,720,679)	(2,059,365)	(720,853)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	9,026	-
-	-	-	-	77,036	112,517
-	7,329,163	2,635,000	4,105,000	-	-
-	-	162,433	169,052	-	-
<u>(965,915)</u>	<u>7,719,276</u>	<u>3,304,327</u>	<u>3,076,025</u>	<u>(1,641,861)</u>	<u>(314,838)</u>
<u>\$ (1,071,305)</u>	<u>\$ 6,294,873</u>	<u>\$ 457,159</u>	<u>\$ (1,150,465)</u>	<u>\$ (2,802,112)</u>	<u>\$ (983,349)</u>
37.1%	35.3%	25.3%	25.9%	16.1%	16.7%



City of McGregor, Texas
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

Year	Property	Sales & Hotel-Motel	Franchise	Total
2011	\$ 1,258,778	\$ 421,734	\$ 294,855	\$ 1,975,367
2012	1,261,145	495,554	282,236	2,038,935
2013	1,492,443	575,422	291,920	2,359,785
2014	1,556,572	698,338	292,585	2,547,495
2015	1,758,648	823,307	335,800	2,917,755
2016	1,838,154	828,328	348,688	3,015,170
2017	2,012,269	824,895	349,614	3,186,779
2018	2,195,388	812,217	353,102	3,360,707
2019	2,366,072	780,667	378,900	3,525,639
2020	2,644,613	814,149	373,413	3,832,175

Source: Annual Financial Reports.

City of McGregor, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Tax Year	Estimated Market Value		Less: Tax-Exempt Property
		Real Property	Personal Property	
2011	2010	\$ 208,905,300	\$ 76,315,772	\$ 58,075,159
2012	2011	216,094,669	79,413,750	61,497,330
2013	2012	217,847,354	255,038,435	229,882,990
2014	2013	222,786,614	79,067,700	47,276,416
2015	2014	278,385,456	100,037,270	95,833,323
2016	2015	288,347,670	127,408,930	112,857,097
2017	2016	311,646,499	126,618,740	101,345,296
2018	2017	325,810,971	129,619,510	114,416,686
2019	2018	369,842,588	139,597,140	114,774,165
2020	2019	402,333,192	159,884,770	135,082,011

Source: McClennan County Appraisal District

Total Taxable Assesed Value		Total Direct Tax Rate
\$	227,145,913	\$ 0.541364
	234,011,089	0.530184
	243,002,799	0.530184
	254,577,898	0.600000
	282,589,403	0.595000
	302,899,503	0.595000
	336,919,943	0.595000
	341,013,795	0.594010
	394,665,563	0.594010
	427,135,951	0.601413



City of McGregor, Texas

DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)

Last Ten Fiscal Years

(Unaudited)

City Direct Rates				Overlapping Rates			
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	McGregor Independent School District	Midway Independent School District	McLennan County	McLennan Community College
2011	\$ 0.49855	\$ 0.04282	\$ 0.54136	\$ 1.19000	\$ 1.32000	\$ 0.46426	\$ 0.15631
2012	0.48725	0.04294	0.53018	1.19000	1.32000	0.46426	0.15282
2013	0.40133	0.19867	0.60000	1.18500	1.32000	0.48426	0.15153
2014	0.41307	0.18694	0.60000	1.35500	1.32000	0.53529	0.15153
2015	0.39614	0.19886	0.59500	1.35500	1.32000	0.53529	0.14953
2016	0.40747	0.18753	0.59500	1.35500	1.32000	0.52529	0.14972
2017	0.39641	0.19859	0.59500	1.33380	1.32000	0.52529	0.14890
2018	0.41071	0.18330	0.59401	1.33000	1.32000	0.50529	0.15035
2019	0.41370	0.18031	0.59401	1.33000	1.32000	0.48529	0.14770
2020	0.40946	0.19196	0.60141	1.27610	1.12500	0.48529	0.14770

Source: McLennan County Appraisal District

Note:

A typical property tax bill would consist of the City, School District, Community College, and County taxes.

City of McGregor, Texas
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago
(Unaudited)

<u>Taxpayer</u>	2020		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value *
Ferguson Enterprises	\$ 76,701,868	1	17.96%
Space X Company	28,012,680	2	6.56%
Pumpco Inc	7,987,650	3	1.87%
Waste Connections Lone Star, Inc.	5,414,590	4	1.87%
Transtech Fabrications, LLC	5,236,473	5	1.23%
Purina Mills LLC	4,327,935	6	1.01%
First National Bank of McGregor	4,252,350	7	1.00%
Waco TX Realty LLC	3,596,460	8	0.84%
Behlen Manufacturing Co	3,566,340	9	0.83%
Automotive Properties LP	3,366,140	10	0.79%
Total	<u>\$ 142,462,486</u>		<u>33.35%</u>
* Total Assessed Value at September 30, 2020:	\$ 427,135,951		

Source: McLennan County Appraisal District

<u>Taxpayer</u>	2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value *
Ferguson Enterprises	\$ 23,766,489	1	10.46%
Land O'Lakes Farmland Feed LLC	8,066,868	2	3.55%
Smead Manufacturing. Co.	7,359,234	3	3.24%
Space X Company	5,572,083	4	2.45%
RTLIC Industries, Inc	3,636,101	5	1.60%
John McClaren Chevrolet	3,190,163	6	1.40%
Haalo LTD	2,992,861	7	1.32%
Oncor Electricity Delivery	2,825,480	8	1.24%
Heart of Texas Electric Co-op	2,353,314	9	1.04%
Westview Manor Holdings Inc	1,909,047	10	0.84%
Total	<u>\$ 61,671,640</u>		<u>27.15%</u>
* Total Assessed Value at September 30, 2011:	\$ 227,145,913		

City of McGregor, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy		Adjustments to Levy in Subsequent Years		Adjusted Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy	
							Amount	Percentage of Levy
2011	\$	1,243,591	\$	(1,884)	\$	1,241,707	\$ 1,211,287	97.40%
2012		1,240,969		(984)		1,239,985	1,223,578	98.60%
2013		1,458,857		(1,974)		1,456,883	1,420,948	97.40%
2014		1,540,098		(1,188)		1,538,910	1,511,879	98.17%
2015		1,718,623		(5,220)		1,713,403	1,686,090	98.11%
2016		1,835,042		(10,412)		1,824,630	1,786,487	97.35%
2017		2,009,296		(151)		2,009,145	1,962,491	98.02%
2018		2,180,419		(168)		2,180,251	2,142,383	98.26%
2019		2,346,442		(469)		2,345,973	2,309,523	98.43%
2020		2,613,352		-		2,613,352	2,566,579	98.21%

Source: McLennan County Tax Office

Collections in Subsequent Years		Total Collections	
		Amount	Percentage of Levy
\$	28,025	\$ 1,239,312	99.81%
	13,355	1,236,933	99.75%
	33,171	1,454,119	99.81%
	24,702	1,536,581	99.85%
	23,302	1,709,392	99.77%
	28,536	1,815,023	99.47%
	31,863	1,994,354	99.26%
	29,245	2,171,628	99.60%
	21,152	2,330,675	99.35%
	-	2,566,579	98.21%



City of McGregor, Texas
DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	McGregor City Direct Rate	McGregor EDC Rate	McLennan County Rate	State Rate	Combined Rate
2011	1.00%	0.50%	0.50%	6.25%	8.25%
2012	1.00%	0.50%	0.50%	6.25%	8.25%
2013	1.00%	0.50%	0.50%	6.25%	8.25%
2014	1.00%	0.50%	0.50%	6.25%	8.25%
2015	1.00%	0.50%	0.50%	6.25%	8.25%
2016	1.00%	0.50%	0.50%	6.25%	8.25%
2017	1.00%	0.50%	0.50%	6.25%	8.25%
2018	1.00%	0.50%	0.50%	6.25%	8.25%
2019	1.00%	0.50%	0.50%	6.25%	8.25%
2020	1.00%	0.50%	0.50%	6.25%	8.25%

Source: Texas Comptroller of Public Accounts.

City of McGregor, Texas
RATIO OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Governmental Activities			
	Combination Tax and Revenue Certificates of Obligation	Time Warrants	Notes Payable	Capital Leases
2011	\$ 5,445,574	\$ 1,463,719	\$ -	\$ 88,347
2012	5,172,746	1,321,819	-	13,405
2013	4,891,543	1,001,829	-	-
2014	8,441,443	661,829	-	768,457
2015	7,917,004	311,829	-	647,943
2016	14,228,691	-	-	550,052
2017	16,795,053	-	-	420,651
2018	10,911,468	-	-	306,347
2019	10,494,798	-	-	231,395
2020	10,040,864	-	-	185,543

Source: Annual Financial Reports

Business-Type Activities					
Combination Tax and Revenue Certificates of Obligation	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$ -	\$ 323,958	\$ 22,964	\$ 7,344,562	8.91%	\$ 1,484
-	297,918	-	6,805,888	7.13%	1,364
-	271,540	-	6,164,912	6.17%	1,228
-	244,450	-	10,116,179	11.52%	2,007
-	216,299	-	9,093,075	9.83%	1,803
-	187,746	49,770	15,016,259	16.34%	2,978
-	158,907	34,209	17,408,820	17.26%	3,443
9,323,564	129,040	15,849	20,686,268	19.86%	4,042
8,729,094	98,871	-	19,554,158	18.24%	3,839
8,185,949	73,963	-	18,486,319	17.10%	3,594



City of McGregor, Texas
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	Certificates of Obligations	Less: Amounts Available in Debt Service Fund	Total		
2011	\$ 5,445,574	\$ 49,015	\$ 5,396,559	2.38%	\$ 1,090
2012	5,172,746	34,095	5,138,651	2.20%	1,030
2013	4,891,543	33,283	4,858,260	2.00%	967
2014	8,441,443	72,342	8,369,101	3.29%	1,660
2015	8,228,833	75,968	8,152,865	2.89%	1,617
2016	14,228,691	136,235	14,092,456	4.65%	2,795
2017	16,795,053	121,518	16,673,535	4.95%	3,298
2018	10,911,468	137,458	10,774,010	3.16%	2,105
2019	10,494,798	131,993	10,362,805	2.63%	2,035
2020	10,040,864	144,836	9,896,028	2.32%	1,924

Source: Annual Financial Reports.



City of McGregor, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2020

(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Coryell County	\$ -	0.220%	\$ -
McGregor Independent School District	23,901,343	77.15%	18,439,886
McLennan County	41,890,000	2.16%	904,824
McLennan Community College	55,350,000	2.16%	1,195,560
Midway Independent School District	86,944,005	0.31%	269,526
Subtotal, overlapping debt	\$ 208,085,348		20,809,797
City of McGregor (direct debt)			<u>10,226,407</u>
Total direct and overlapping debt			<u><u>\$ 31,036,204</u></u>

Note: The percentage of overlapping debt applicable is estimated using taxable assessed values that were obtained from the McLennan County Appraisal District. Applicable percentages were estimated by determining the portion of the taxing authorities' taxable assessed values that are within the City's boundaries and dividing it by the taxing authorities's total taxable assessed values. (Texas Municipal Reports TMR #1909)

Source: Municipal Advisory Council of Texas

City of McGregor, Texas
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Annual debt requirement limit	\$ 5,851,594	\$ 5,850,277	\$ 6,072,909	\$ 6,364,447
Total net debt applicable to limit	<u>98,582</u>	<u>98,565</u>	<u>107,259</u>	<u>109,312</u>
Legal debt margin	<u>\$ 5,753,012</u>	<u>\$ 5,751,712</u>	<u>\$ 5,965,650</u>	<u>\$ 6,255,135</u>
Total net debt applicable to the limit as a percentage of debt limit	1.68%	1.68%	1.77%	1.77%

Source: Annual Financial Reports.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 7,064,735	\$ 7,479,506	\$ 8,183,279	\$ 8,525,345	\$ 9,866,639	\$ 10,678,399
109,312	92,982	493,549	587,384	771,681	764,826
<u>\$ 6,955,423</u>	<u>\$ 7,386,524</u>	<u>\$ 7,689,730</u>	<u>\$ 7,937,961</u>	<u>\$ 9,094,958</u>	<u>\$ 9,913,573</u>
1.55%	1.24%	6.03%	6.89%	7.8%	7.2%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 427,135,951
Debt limit (\$2.50 per \$100 valuation)	10,678,399
Debt applicable to limit:	
2003, 2016, portion of 2017, and 2018A Certificates of Obligation - principal & int.	764,826
Legal debt margin	<u>\$ 9,913,573</u>



City of McGregor, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years
 (Unaudited)

Year	City of McGregor	McLennan Co. Personal Income	McLennan Co. Per Capita Personal Income	Median Age (2)	McGregor ISD School Enrollment	McLennan Co. Unemployment Rate
	Estimated Population (1)	(thousands of dollars) (2)	(2)		(4)	(5)
2011	4,949	82,395	16,649	35.3	1,318	3.9%
2012	4,990	95,460	19,130	36.6	1,366	2.2%
2013	5,022	99,996	19,912	34.5	1,402	3.8%
2014	5,041	87,779	17,413	32.2	1,404	4.0%
2015	5,042	92,504	18,347	31.6	1,425	4.1%

Year	City of McGregor	City of McGregor Personal Income	City of McGregor Per Capita Personal Income	Median Age (3)	McGregor ISD School Enrollment	City of McGregor Unemployment Rate
	Estimated Population (1)	(thousands of dollars) (2)	(2)		(4)	(5)
2016	5,042	91,879	18,223	31.4	1,425	3.9%
2017	5,056	100,870	19,951	34.3	1,461	5.3%
2018	5,118	104,151	20,350	34.3	1,421	2.9%
2019	5,093	107,197	21,048	34.7	1,493	2.7%
2020	5,144	108,132	21,021	35.7	1,504	2.3%

Sources: (1) U.S. Census Bureau (2009-2017); 2018 estimate, U.S. Census Bureau 2019
 (2) U.S. Census Bureau (2009-2017); 2018 estimate, U.S. Census Bureau 2019
 (3) U.S. Census Bureau (2009-2017); 2018 estimate, U.S. Census Bureau 2019
 (4) McGregor Independent School District
 (5) Texas Workforce Commission (2008 - 2009); U.S. Census Bureau (2010;2019); Greater Waco Chamber of Commerce (2011-2012; 2015;2017)Homefacts (2014).

City of McGregor, Texas

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

(Unaudited)

2020

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Space Exploration, Inc.	591	1	15.32%
McGregor ISD	255	2	6.61%
The Trane Company	197	3	5.11%
Ferguson Enterprises	156	4	4.04%
Westview Manor	135	5	3.50%
Behlen	130	6	3.37%
Trans Tech	87	7	2.26%
Look Trailers	78	8	2.02%
Heart of Texas Electric Co-op	67	9	1.74%
City of McGregor	57	10	1.48%
Total	<u>1,753</u>		<u>45.44%</u>
City Total	<u>3,858</u>		

Source: US Census Bureau and MEDC

Note: Percentages based on assumed total city employment of 75% of total population

2011

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Convergys Management Group	537	1	14.47%
Smead Manufacturing	395	2	10.64%
The Trane Company	350	3	9.43%
McGregor ISD	241	4	6.49%
Ferguson Enterprises	185	5	4.98%
Pace American	175	6	4.71%
Westview Manor	150	7	4.04%
Space X	103	8	2.77%
Duster Campers	80	9	2.16%
General Micrographics	70	10	1.89%
Total	2,286		61.59%
City Total	3,712		

City of McGregor, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

**Last Ten Fiscal Years
(Unaudited)**

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Administrative services	4	4	4	4	4	4
Community services	3	6	6	6	6.5	6.5
Development services	2	1	1	1	1	1
Emergency services	17	19	19	19	18	18
Financial services	1	2	2	2	2	2
Municipal services	5	4	4	4	7	9
Water	6	6	6	6	7	7
Sewer	5	5	5	5	5	5
MEDC	-	1	1	1.5	1.5	2
Airport	1	1	1	1	1	1
The Exchange	-	-	-	-	-	-
Rachael Arms Apartments	<u>1</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Total	<u><u>45</u></u>	<u><u>50.5</u></u>	<u><u>50.5</u></u>	<u><u>51</u></u>	<u><u>54.5</u></u>	<u><u>57</u></u>

Source: City Records

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
4	2.5	2.5	2.5
7	8	8	8
2	2	2	2
18	18	18	18
2	2	2	2
9	11.5	11.5	8
7	6.5	6.5	6.25
5	5	5	5.75
2	2	2	2
1	2	2	1
-	-	1	1
-	-	-	-
57	59.5	60.5	56.5

City of McGregor, Texas
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Development Services					
Building permits	335	284	282	227	264
Building inspections	600	550	600	425	525
Code enforcement inspections	125	325	560	400	428
Emergency Services					
Adult arrests	129	189	216	241	236
Juvenile arrests	16	13	31	11	7
Crimes cleared/closed	833	883	767	308	302
Animals impounded	88	145	106	175	268
Fire Investigations*	-	-	-	-	-
Fire Inspections*	-	-	-	-	-
Municipal Services					
Streets repaired (Blocks)	9	3	6	2	14
Potholes repaired	360	375	475	250	51
Water					
Water leaks repaired	72	82	112	60	57
New service connections	245	250	11	20	34
Reconnections	275	600	276	304	302
Daily average consumption	1,561,600	1,967,091	1,993,530	865,000	901,000
Wastewater					
Sewer mains cleaned in footage	55,400	55,400	21,000	28,980	14,215

Source: City Departments. Prior year data not available.

*Change in procedure to determine closed case

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
455	482	426	475	438
863	925	640	905	682
440	451	456	294	295
228	162	153	135	56
3	18	8	6	3
126	103	68	28	118
102	214	201	135	106
-	-	-	13	3
-	-	-	15	15
52	72	23	21	29
65	48	47	53	500
44	68	110	76	59
11	16	33	68	46
293	3	6	-	6
959,723	963,899	1,032,616	840,258	883,004
16,625	9,500	11,925	15,820	9,181

City of McGregor, Texas
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Community Services						
Parks (acres)	86	86	86	86	86	86
Playgrounds	4	4	4	4	4	4
Swimming Pools	1	1	1	1	1	1
Tennis Courts	4	4	4	4	1	1
Basketball Courts					3	3
Senior Center	1	1	1	1	1	1
Emergency Services						
Police Stations	1	1	1	1	1	1
Police and Animal Control Vehicles	7	11	11	11	11	11
Fire Stations	2	2	2	2	2	2
Municipal Services						
Streets- Paved (miles)	67	67	67	67	67	67
Traffic signals	3	3	3	3	3	3
Signs Replaced*	-	-	-	-	71	41
Water						
Water Mains (miles)	67	58	60	60	61	61
Fire Hydrants	125	128	130	132	147	155
Storage capacity (thousands of gallons)	1,950	2,100	1,725	1,725	1,725	1,725
Wastewater						
Sanitary Sewers (miles)	67	60	60	60	62	62
Treatment capacity (thousands of gallons)	1,100	1,100	1,100	1,100	1,100	1,100

Source: City Departments. *Data for earlier years is not available.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
113	113	113	113
4	4	4	4
1	1	1	1
1	1	1	1
3	3	3	3
1	1	1	1
1	1	1	1
11	11	13	13
2	2	2	2
67	68	68	68
3	4	4	4
51	45	59	24
62	56	56	61
168	184	184	186
1,725	2375	2375	2375
63	63	63	63
1,100	1100	1100	1100