



ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2021

CITY OF
McGregor, Texas

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***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

of the

City of McGregor, Texas

**For the Year Ended
September 30, 2021**

Prepared by

Carolyn Baker
Finance Director



City of McGregor, Texas

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INTRODUCTORY SECTION





April 18, 2022

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of McGregor (the "City") for the fiscal year ended September 30, 2021. 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, 2021. 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 5,321 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 requested.

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 in January 2020. This certification has generated multiple inquiries with the potential of hundreds of millions of dollars in investments. In fiscal year 2021 Knauf Industries, Messer and SpaceX announced new developments within the Industrial Park. We are currently in discussions with various other entities for which we anticipate announcing new developments within the year.

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 Airport is experiencing growth with a waiting list for hangars. In addition the Airport currently has twenty-nine (29) private hangars.

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 2019 the annual station ridership was 5,365. 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 restaurants, antique, clothing and furniture stores.

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 experiencing growth with the addition of new businesses, new homes and new multi-family housing units. 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 been significant interest in the use of the Event Center. The most common uses have been quinceañeras and weddings.

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 nearing completion 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. The street improvements have been completed. The splash pad project is currently moving forward with significant improvements anticipated by end of fiscal year 2022.

In 2018, funds were acquired to fund a 16" water line that connects the Cities of McGregor, Waco and Woodway. All three cities participated in the funding of the waterline and completion incurred in fiscal year 2021.

Park improvements added in FY 19 included new LED lighting for the ballfields, constructing a disc golf course in Amsler Park and new playground equipment placed in Launch Pad Park. Bewley Park is in the planning stages for new updates.

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, various retail stores, a weekly newspaper, a chamber of commerce, a state certified economic development board and numerous dining establishments. 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. Ferguson Enterprises, SpaceX, McGregor ISD, Westview Mano, Trans Tech, Look Trailers, and Heart of Texas Electric Co-Op round out the 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.

Accounting and Budgetary Control

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgements by management. All of the City's internal control evaluations occur within the above

framework. We believe the City's internal controls both adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annually adopted budget serves as the foundation of the City Council's financial and planning control. State law requires the budget to be adopted by the City Council, on an annual basis, before the start of the new fiscal year. In addition, state law requires that the City Council hold public hearings so that citizens may have the opportunity to review and provide comment on the proposed budget. In assist the Mayor and City Council with the annual budget, The City Manager and Departmental Directors prepare program expenditure and revenue estimates for the remainder of the current fiscal year as well as for the upcoming fiscal year. These estimates are submitted to the City Council for consideration for revisions to the current year fiscal budget and for the adoption into the upcoming fiscal year budget. The level of control (the level at which expenditures may not exceed budget) is the fund level. A budgetary comparison to actual activities is provided later in this report for all governmental funds in which budgets are adopted.

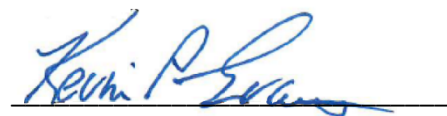
Awards and Acknowledgements

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.

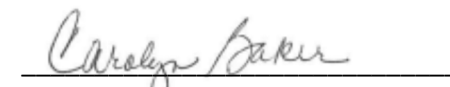
A certificate of Achievement is awarded for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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.

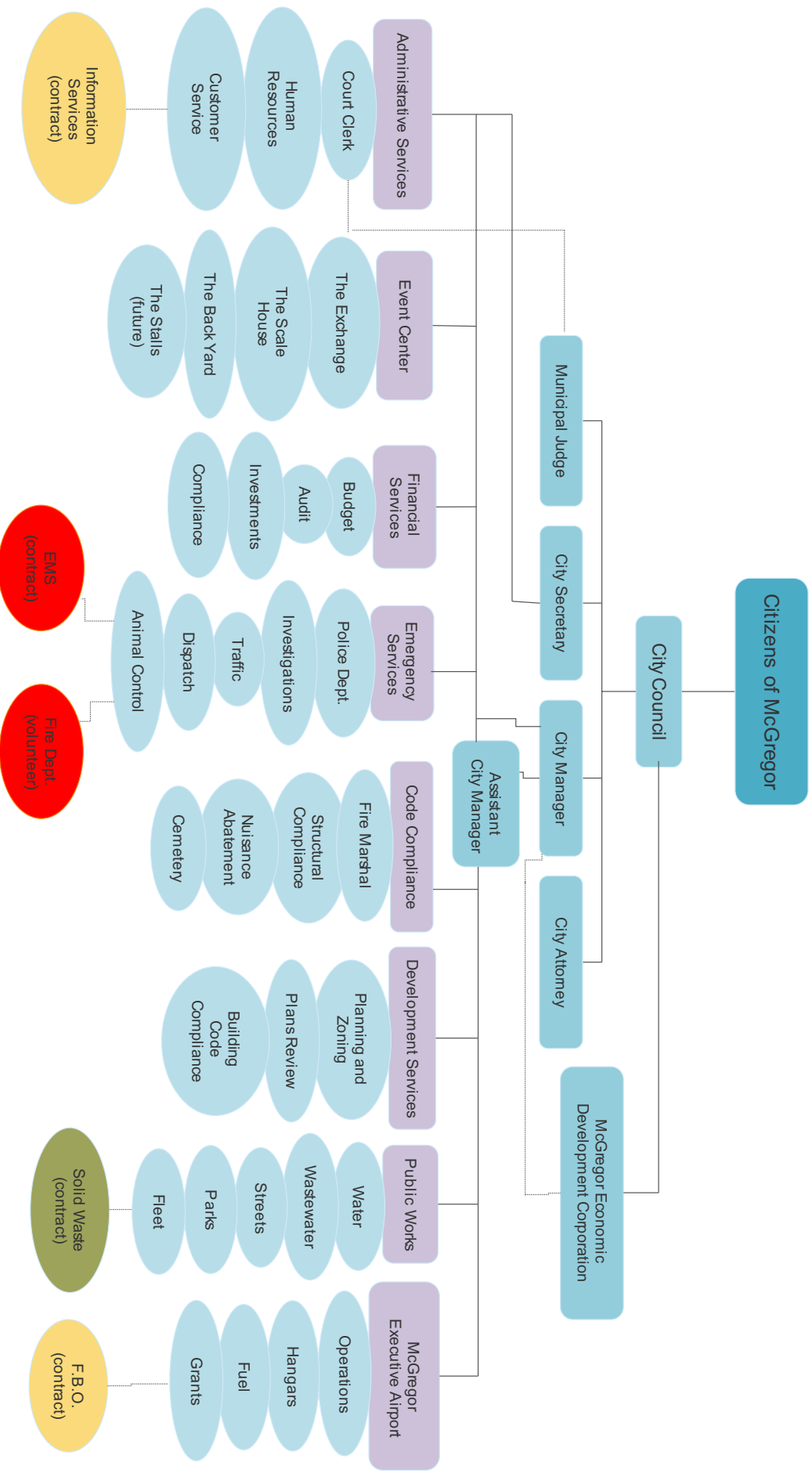
Respectfully Submitted,



Kevin P. Evans, CEcD
City Manager



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

Sherry Adams

Paul Allison

Steven Dutschmann

Renee Flores

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Emphasis of Matter

As discussed in Note IV.H to the financial statements, the City restated its beginning net position/fund balance within business-type activities and the municipal airport fund to reflect corrections to capital assets in the prior year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 18, 2022



City of McGregor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2021

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, 2021. 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 \$31,470,191 at September 30, 2021. Of this, \$7,057,873 (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 \$5,917,245, an increase of \$251,086. This decrease is primarily due to significant capital expenditures during the current year and transfers to the enterprise funds.
- As of the end of the year, the unassigned fund balance of the general fund was \$2,875,664 or 73% of total general fund expenditures.
- The City had an overall increase in net position of \$2,995,824.
- The City's net pension liability totaled \$245,773 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, 2021

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, 2021

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 twelve 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, debt service fund, and capital projects fund, which are considered to be a major funds, and the aggregate nonmajor funds.

The City of McGregor adopts an annual appropriated budget 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, 2021

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 and deferred outflows exceeded liabilities and deferred inflows by \$31,470,191 as of September 30, 2021, in the primary government.

The largest portion of the City's net position, \$23,164,968, 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 decrease of cash on hand. During the year, available cash was on capital infrastructure and payoff of long-term debt obligations.

Business-type activities experienced an increase in current and other assets, which is a direct result of an increase of cash on hand. This increase in cash is primarily due to unspent bond proceeds received during the year.

Other liabilities for governmental activities decreased from the prior year, which is primarily due to the recognition of unearned revenue for land leases caused by receiving prepaid lease payments in the prior year. The balance was elimination during the current 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 and the bond refunding exceeding new debt issuances during the current year.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2021

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 6,718,122	\$ 3,571,227	\$ 10,289,349	\$ 6,734,631	\$ 3,079,260	\$ 9,813,891
Capital assets	16,671,485	23,640,670	40,312,155	16,317,346	23,135,904	39,453,250
Total Assets	23,389,607	27,211,897	50,601,504	23,051,977	26,215,164	49,267,141
Deferred Outflows of Resources	195,594	93,552	289,146	204,321	66,122	270,443
Other liabilities	1,104,719	1,342,981	2,447,700	1,457,093	1,442,614	2,899,707
Long-term liabilities	9,564,187	7,159,532	16,723,719	10,158,540	7,750,083	17,908,623
Total Liabilities	10,668,906	8,502,513	19,171,419	11,615,633	9,192,697	20,808,330
Deferred Inflows of Resources	186,089	62,951	249,040	192,567	62,320	254,887
Net Position:						
Net investment in capital assets	7,182,107	15,982,861	23,164,968	7,492,708	14,945,781	22,438,489
Restricted	1,247,350	-	1,247,350	922,015	-	922,015
Unrestricted	4,300,749	2,757,124	7,057,873	3,033,375	2,080,488	5,113,863
Total Net Position	\$ 12,730,206	\$ 18,739,985	\$ 31,470,191	\$ 11,448,098	\$ 17,026,269	\$ 28,474,367

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2021

Statement of Activities:

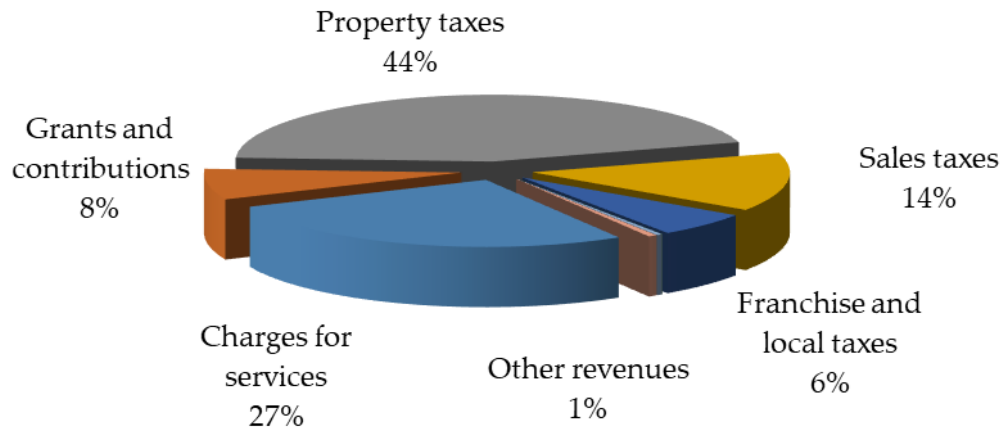
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2021			For the Year Ended September 30, 2020		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities	Primary Government	Activities	Activities	Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 1,696,856	\$ 5,267,454	\$ 6,964,310	\$ 1,704,910	\$ 4,995,925	\$ 6,700,835
Grants and contributions	1,128,961	804,937	1,933,898	300,365	53,798	354,163
General revenues:						
Property taxes	2,793,131	-	2,793,131	2,646,444	-	2,646,444
Sales taxes	888,446	-	888,446	814,149	-	814,149
Franchise and local taxes	375,820	-	375,820	373,413	-	373,413
Investment income	21,511	2,098	23,609	167,020	15,063	182,083
Other revenues	35,094	85,133	120,227	198,599	60,788	259,387
Total Revenues	6,939,819	6,159,622	13,099,441	6,204,900	5,125,574	11,330,474
Administrative services	1,629,524	-	1,629,524	1,287,466	-	1,287,466
Community services	445,998	-	445,998	507,068	-	507,068
Development services	150,474	-	150,474	170,719	-	170,719
Emergency services	1,548,277	-	1,548,277	1,551,376	-	1,551,376
Municipal services	1,079,978	-	1,079,978	1,103,704	-	1,103,704
Financial services	187,523	-	187,523	229,546	-	229,546
Interest and fiscal charges	305,336	285,580	590,916	336,933	291,633	628,566
Water, wastewater, and airport	-	4,470,927	4,470,927	-	3,984,350	3,984,350
Total Expenses	5,347,110	4,756,507	10,103,617	5,186,812	4,275,983	9,462,795
Change in Net Position Before Transfers	1,592,709	1,403,115	2,995,824	1,018,088	849,591	1,867,679
Transfers	(310,601)	310,601	-	(427,355)	427,355	-
Total	(310,601)	310,601	-	(427,355)	427,355	-
Change in Net Position	1,282,108	1,713,716	2,995,824	590,733	1,276,946	1,867,679
Beginning Net Position	11,448,098	17,026,269	28,474,367	10,857,365	15,749,323	26,606,688
Ending Net Position	\$ 12,730,206	\$ 18,739,985	\$ 31,470,191	\$ 11,448,098	\$ 17,026,269	\$ 28,474,367

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2021

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

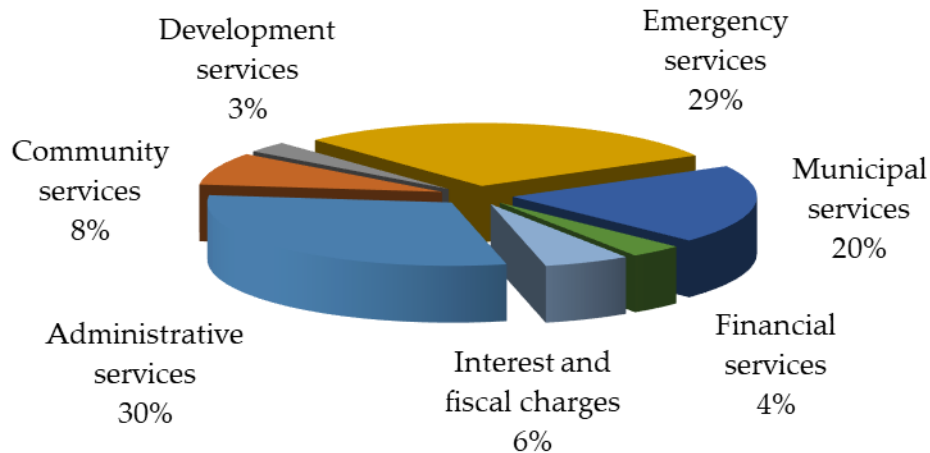


For the year ended September 30, 2021, revenues from governmental activities totaled \$6,939,819. Property tax, sales tax, and charges for services are the City's largest revenue sources. Property taxes increased by \$146,687 or 6% due to an increase in assessed property values. Sales taxes increased by \$74,297 or 9% due to economic growth fueled by local purchases. Grants and contributions increased by \$828,596 or 276% due to nonrecurring grants received for street improvements and American Rescue Plan Act. Investment income decreased \$145,509 or 87% primarily due to a reduction in interest-bearing accounts and the realization of lower interest rates in the current year. Other revenues decreased by \$163,505 or 82% as a result of nonrecurring insurance recoveries received for 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, 2021

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses

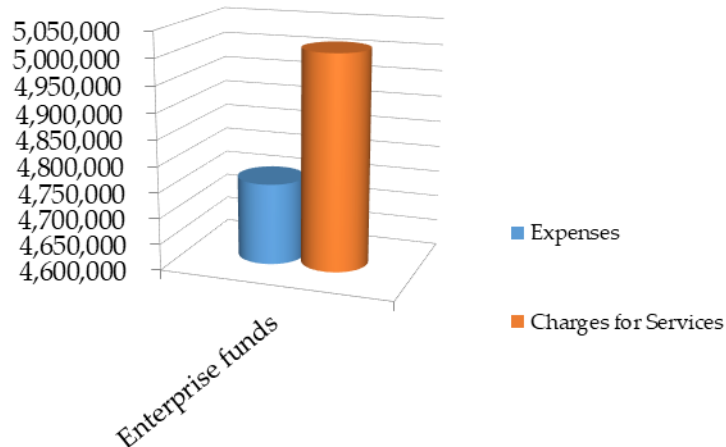


For the year ended September 30, 2021, expenses for governmental activities totaled \$5,347,110. This represents an increase of \$160,298 or 3% from the prior year. The City's largest functional expense is administrative services of \$1,629,524. Administrative services expenses increased by \$342,058 or 27% primarily due to nonrecurring tax abatements paid in the current year and greater electricity expenses. Community services decreased by \$61,070 or 12% primarily due to a reduction in administrative costs caused by two employee resignations and the timing and level of replacements hired. Financial service expenses decreased by \$42,023 or 18% due to a reduction in clerical costs resulting from an employee retirement in the current year. Interest and fiscal charges decreased by \$31,597 or 9% primarily due to the City's long-term debt obligations approaching maturity. All other expenditures remained relatively consistent with the previous year.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2021

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, 2021, charges for services by business-type activities totaled \$5,267,454. This is an increase of \$271,529 or 5% from the previous year. The increase is primarily a result of a growing customer base and increased water consumption compared to the prior year.

Total expenses increased \$480,524 or 11%, which is primarily due to greater system and grounds maintenance, annual depreciation, wastewater department salaries, and nonrecurring bad debt expenses recognized in the current year.

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 \$2,878,664. Of this, \$3,000 is non-spendable prepaid items. Unassigned fund balance totaled \$2,875,664 as of year end. General fund balance increased by \$692,965 primarily due to actual expenditures being less than budgeted appropriations.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2021

The debt service fund reflected a total fund balance of \$165,517, an increase of \$20,681 from the prior year. The increase is primarily due to greater than expected property tax revenues received during the year.

The capital projects fund reflected a total fund balance of \$1,161,221, a decrease of \$772,773. 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 \$692,965 in the general fund. This is a combination of negative revenue and positive expenditure variances of \$26,461 and \$680,051, respectively.

There were no general fund budget amendments during the year. The primary reason for the negative revenue variance is due to less than anticipated land lease revenue. The primary reason for the positive expenditure variance is primarily due to less than anticipated community and municipal services during the year.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$16,671,485 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 \$23,640,670 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Developer contributions in governmental activities totaling \$320,000 for street improvements.
- Roof improvements for Industrial Park totaling \$247,266.
- Purchased vibratory roller for \$30,000.
- Purchased 2015 Towmaster trailer for \$19,500.
- Purchased two Hustler mowers for \$17,830.
- Purchased 2021 Chevy Silverado for police department for \$41,968.
- Street improvements totaling \$426,917.
- Clear well improvements for \$86,530.
- Well 2B pump and two submersible pumps purchased for \$62,347.
- Lift station generators for 9th Street and Spring Valley for \$108,662.

City of McGregor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2021

- Fence improvements for waste water treatment plant and public works building totaling \$92,931.
- Clarifier improvements for \$203,598.

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 \$17,376,382 (including premiums). During the year, the City made payments on long-term totaling \$1,146,849. The City refunded \$2,135,000 of certificates of obligation bonds and issued \$2,210,000 worth of general obligation bonds during the year. 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 2021-2022:

- The fiscal year 2022 budget will raise more total property taxes than last year's budget by \$69,260 (2.53%). Of that amount, \$45,743 is tax revenue to be raised from new property added to the tax roll.
- The adopted property tax rate for fiscal year 2021-2022 has decreased from \$0.578954 in the prior year to \$0.546945 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, 2021

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit MEDC
<u>Assets</u>				
Cash and cash equivalents	\$ 6,345,140	\$ 2,833,431	\$ 9,178,571	\$ 605,028
Restricted assets - cash	-	134,767	134,767	-
Receivables, net	369,982	602,532	972,514	77,550
Prepaid items	3,000	497	3,497	370
Total Current Assets	6,718,122	3,571,227	10,289,349	682,948
Capital assets:				
Non-depreciable	3,930,041	1,837,766	5,767,807	441,843
Net depreciable capital assets	12,741,444	21,802,904	34,544,348	8,062
Total Noncurrent Assets	16,671,485	23,640,670	40,312,155	449,905
Total Assets	23,389,607	27,211,897	50,601,504	1,132,853
<u>Deferred Outflows of Resources</u>				
Deferred charge on bond refunding	-	27,387	27,387	-
Pension contributions	149,165	50,460	199,625	-
Pension change in assumption	7,030	2,378	9,408	-
Pension difference in experience	9,153	3,096	12,249	-
OPEB contributions	2,625	888	3,513	-
OPEB assumption changes	27,621	9,343	36,964	-
Total Deferred Outflows of Resources	195,594	93,552	289,146	-

See Notes to Financial Statements.

City of McGregor, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2021

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		MEDC
<u>Liabilities</u>				
Accounts payable and accrued liabilities	506,659	362,912	869,571	6,854
Customer deposits	-	240,570	240,570	-
Accrued interest payable	38,721	13,571	52,292	-
Intergovernmental advances	-	94,337	94,337	-
Compensated absences - current	58,827	16,591	75,418	2,542
Long-term debt - current	500,512	615,000	1,115,512	-
Total Current Liabilities	1,104,719	1,342,981	2,447,700	9,396
Noncurrent liabilities:				
Net pension liability	183,647	62,126	245,773	-
OPEB liability	155,943	52,753	208,696	-
Compensated absences - noncurrent	6,536	1,844	8,380	282
Long-term debt - noncurrent	9,218,061	7,042,809	16,260,870	-
Total Noncurrent Liabilities	9,564,187	7,159,532	16,723,719	282
Total Liabilities	10,668,906	8,502,513	19,171,419	9,678
<u>Deferred Inflows of Resources</u>				
Pension investment earning	171,100	57,880	228,980	-
OPEB difference in experience	14,989	5,071	20,060	-
Total Deferred Inflows of Resources	186,089	62,951	249,040	-
<u>Net Position</u>				
Net investment in capital assets	7,182,107	15,982,861	23,164,968	449,905
Restricted for:				
Community development	900,914	-	900,914	-
Economic development	-	-	-	673,270
Debt service	165,517	-	165,517	-
Municipal court	78,082	-	78,082	-
Tourism	102,837	-	102,837	-
Unrestricted	4,300,749	2,757,124	7,057,873	-
Total Net Position	\$ 12,730,206	\$ 18,739,985	\$ 31,470,191	\$ 1,123,175

See Notes to Financial Statements.

City of McGregor, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
Administrative services	\$ 1,629,524	\$ 1,549,546	\$ 123,488	\$ 320,000
Community services	445,998	-	25,000	-
Development services	150,474	-	660,473	-
Emergency services	1,548,277	-	-	-
Financial services	187,523	-	-	-
Municipal services	1,079,978	147,310	-	-
Interest and fiscal charges	305,336	-	-	-
Total Governmental Activities	<u>5,347,110</u>	<u>1,696,856</u>	<u>808,961</u>	<u>320,000</u>
Business-Type Activities				
Water, wastewater, airport	4,756,507	5,267,454	23,000	781,937
Total Business-Type Activities	<u>4,756,507</u>	<u>5,267,454</u>	<u>23,000</u>	<u>781,937</u>
Total Primary Government	<u>\$ 10,103,617</u>	<u>\$ 6,964,310</u>	<u>\$ 831,961</u>	<u>1,101,937</u>
Component unit:				
Economic Development Corporation	340,818	-	-	-
Total Component Unit	<u>\$ 340,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Investment 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
\$ 363,510	\$ -	\$ 363,510	\$ -
(420,998)	-	(420,998)	-
509,999	-	509,999	-
(1,548,277)	-	(1,548,277)	-
(187,523)	-	(187,523)	-
(932,668)	-	(932,668)	-
(305,336)	-	(305,336)	-
(2,521,293)	-	(2,521,293)	-
-	1,315,884	1,315,884	-
-	1,315,884	1,315,884	-
\$ (2,521,293)	\$ 1,315,884	\$ (1,205,409)	\$ -
-	-	-	(340,818)
\$ -	\$ -	\$ -	\$ (340,818)
2,793,131	-	2,793,131	-
888,446	-	888,446	442,746
375,820	-	375,820	-
21,511	2,098	23,609	463
35,094	85,133	120,227	35,383
(310,601)	310,601	-	-
3,803,401	397,832	4,201,233	478,592
1,282,108	1,713,716	2,995,824	137,774
11,448,098	17,026,269	28,474,367	985,401
\$ 12,730,206	\$ 18,739,985	\$ 31,470,191	\$ 1,123,175

City of McGregor, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund
<u>Assets</u>			
Cash and cash equivalents	\$ 3,081,699	\$ 165,517	\$ 1,165,565
Receivables, net	245,506	22,926	-
Prepaid items	3,000	-	-
Total Assets	\$ 3,330,205	\$ 188,443	\$ 1,165,565
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 281,799	\$ -	\$ 4,344
Total Liabilities	281,799	-	4,344
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	51,330	22,926	-
Unavailable revenue - land lease revenue	118,412	-	-
Unavailable revenue - rental payments	-	-	-
Total Deferred Inflows of Resources	169,742	22,926	-
<u>Fund Balances</u>			
Nonspendable:			
Prepaid items	3,000	-	-
Restricted for:			
Debt service	-	165,517	-
Capital projects	-	-	1,161,221
Community development	-	-	-
Municipal court	-	-	-
Tourism	-	-	-
Committed to:			
Parks	-	-	-
Cemetery	-	-	-
Unassigned reported in:			
General fund	2,875,664	-	-
Total Fund Balances	2,878,664	165,517	1,161,221
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,330,205	\$ 188,443	\$ 1,165,565

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,932,359	\$ 6,345,140
101,550	369,982
-	3,000
<u>\$ 2,033,909</u>	<u>\$ 6,718,122</u>
\$ 220,516	\$ 506,659
<u>220,516</u>	<u>506,659</u>
-	74,256
-	118,412
101,550	101,550
<u>101,550</u>	<u>294,218</u>
-	3,000
-	165,517
-	1,161,221
900,914	900,914
78,082	78,082
102,837	102,837
246,237	246,237
416,187	416,187
(32,414)	2,843,250
<u>1,711,843</u>	<u>5,917,245</u>
<u>\$ 2,033,909</u>	<u>\$ 6,718,122</u>

City of McGregor, Texas

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

September 30, 2021

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 earning

- 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.

\$ 5,917,245

3,930,041
12,741,444

149,165
7,030
9,153
2,625
27,621

294,218

(171,100)
(14,989)

(38,721)
(441,916)
(9,276,657)
(65,363)
(183,647)
(155,943)

\$ 12,730,206

City of McGregor, Texas

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

For the Year Ended September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund
<u>Revenues</u>			
Property tax	\$ 1,941,079	\$ 836,244	\$ -
Sales tax	888,446	-	-
Franchise and local taxes	341,604	-	-
License and permits	123,071	-	-
Contributions and donations	325	-	-
Land leases	941,357	-	-
Intergovernmental revenue	148,163	-	-
Charges for services	252,184	-	-
Fines and forfeitures	138,237	-	-
Investment income	11,257	460	1,778
Other revenue	19,838	-	-
Total Revenues	4,805,561	836,704	1,778
<u>Expenditures</u>			
Current:			
Administrative services	934,990	1,050	-
Community services	385,898	-	-
Development services	103,662	-	-
Emergency services	1,437,323	-	-
Financial services	190,451	-	-
Municipal services	834,410	-	-
Capital outlay	70,615	-	463,749
Debt Service:			
Principal	-	478,886	-
Interest and fiscal charges	-	336,288	-
Total Expenditures	3,957,349	816,224	463,749
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	848,212	20,480	(461,971)
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	30,276	-
Transfers (out)	(155,247)	(30,075)	(310,802)
Total Other Financing			
Sources (Uses)	(155,247)	201	(310,802)
Net Change in Fund Balances	692,965	20,681	(772,773)
Beginning fund balances	2,185,699	144,836	1,933,994
Ending Fund Balances	\$ 2,878,664	\$ 165,517	\$ 1,161,221

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,442	\$ 2,781,765
-	888,446
34,216	375,820
-	123,071
-	325
-	941,357
660,473	808,636
147,483	399,667
11,421	149,658
8,016	21,511
15,256	35,094
<u>881,307</u>	<u>6,525,350</u>
354,900	1,290,940
827	386,725
-	103,662
-	1,437,323
-	190,451
-	834,410
370,614	904,978
-	478,886
-	336,288
<u>726,341</u>	<u>5,963,663</u>
154,966	561,687
155,247	185,523
-	(496,124)
<u>155,247</u>	<u>(310,601)</u>
310,213	251,086
1,401,630	5,666,159
<u>\$ 1,711,843</u>	<u>\$ 5,917,245</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, 2021

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

Net changes in fund balances - total governmental funds	\$	251,086
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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	832,614
Capital contributions	320,000
Depreciation expense	(749,201)
Net effect of capital asset disposals	(49,274)

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

Unavailable revenues	94,469
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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	11,039
Pension expense	75,341
OPEB expense	(13,804)
Accrued interest	2,001

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	28,951
Principal payments	478,886

Change in Net Position of Governmental Activities	\$	1,282,108
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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, 2021

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Municipal Airport Fund</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 918,326	\$ 1,136,959	\$ 778,146
Restricted assets - cash	134,767	-	-
Receivables, net	400,578	173,488	28,466
Prepaid items	497	-	-
Total Current Assets	<u>1,454,168</u>	<u>1,310,447</u>	<u>806,612</u>
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	506,435	187,867	1,143,464
Net depreciable capital assets	9,663,866	6,285,799	5,853,239
Total Noncurrent Assets	<u>10,170,301</u>	<u>6,473,666</u>	<u>6,996,703</u>
Total Assets	<u>11,624,469</u>	<u>7,784,113</u>	<u>7,803,315</u>
<u>Deferred Outflows of Resources</u>			
Deferred charge on bond refunding	27,387	-	-
Pension contributions	22,775	23,354	4,331
Pension difference in experience	1,397	1,433	266
Pension changes in assumptions	1,073	1,101	204
OPEB contributions	401	411	76
OPEB assumption changes	4,217	4,324	802
Total Deferred Outflows of Resources	<u>57,250</u>	<u>30,623</u>	<u>5,679</u>

See Notes to Financial Statements.

Total

\$	2,833,431
	134,767
	602,532
	497
	<hr/>
	3,571,227
	<hr/>

	1,837,766
	21,802,904
	<hr/>
	23,640,670
	<hr/>
	27,211,897
	<hr/>

	27,387
	50,460
	3,096
	2,378
	888
	9,343
	<hr/>
	93,552
	<hr/>

City of McGregor, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2021

	Water Fund	Wastewater Fund	Municipal Airport Fund
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	\$ 292,870	\$ 50,771	\$ 19,271
Customer deposits	231,270	-	9,300
Accrued interest	13,571	-	-
Intergovernmental advances	94,337	-	-
Compensated absences, current	8,629	5,950	2,012
Long-term debt due within one year	285,000	330,000	-
Total Current Liabilities	925,677	386,721	30,583
<u>Noncurrent Liabilities</u>			
Long-term debt due in more than one year	4,354,100	2,688,709	-
Compensated absences, noncurrent	959	661	224
Net pension liability	28,040	28,753	5,333
OPEB liability	23,810	24,415	4,528
Total Noncurrent Liabilities	4,406,909	2,742,538	10,085
Total Liabilities	5,332,586	3,129,259	40,668
<u>Deferred Inflows of Resources</u>			
Pension investment earnings	26,124	26,788	4,968
OPEB difference in experience	2,289	2,347	435
Total Deferred Inflows of Resources	28,413	29,135	5,403
<u>Net Position</u>			
Net investment in capital assets	5,531,201	3,454,957	6,996,703
Unrestricted	789,519	1,201,385	766,220
Total Net Position	\$ 6,320,720	\$ 4,656,342	\$ 7,762,923

See Notes to Financial Statements.

Total	
<hr/>	
\$	362,912
	240,570
	13,571
	94,337
	16,591
	615,000
	<hr/>
	1,342,981
	<hr/>

	7,042,809
	1,844
	62,126
	52,753
	<hr/>
	7,159,532
	<hr/>
	8,502,513
	<hr/>

	57,880
	5,071
	<hr/>
	62,951
	<hr/>

	15,982,861
	2,757,124
	<hr/>
\$	18,739,985
	<hr/>

City of McGregor, Texas

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

For the Year Ended September 30, 2021

	Water Fund	Wastewater Fund	Municipal Airport Fund
<u>Operating Revenues</u>			
Charges for services	\$ 3,511,976	\$ 1,499,560	\$ -
Lease and rental revenue	-	-	255,918
Grant income	-	-	23,000
Other revenue	7,317	-	74,178
Total Operating Revenues	3,519,293	1,499,560	353,096
<u>Operating Expenses</u>			
Personnel services	362,363	420,547	69,641
Supplies and materials	172,605	100,944	46,747
Contractual services	1,822,124	124,242	21,109
Utilities	101,237	64,900	7,289
Other expenses	210,273	9,768	-
Depreciation	411,269	276,072	249,797
Total Operating Expenses	3,079,871	996,473	394,583
Operating Income (Loss)	439,422	503,087	(41,487)
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	329	786	983
Insurance proceeds	-	3,638	-
Loss on disposal of property	(15,759)	-	-
Bond issuance expense	(44,570)	-	-
Interest expense	(122,281)	(101,217)	(1,753)
Total Nonoperating Revenues (Expenses)	(182,281)	(96,793)	(770)
Income (Loss) Before Contributions and Transfers	257,141	406,294	(42,257)
Capital contributions	260,000	-	521,937
Transfers in	107,203	1,474,766	-
Transfers (out)	(1,271,368)	-	-
Total Contributions and Transfers	(904,165)	1,474,766	521,937
Change in Net Position	(647,024)	1,881,060	479,680
Beginning net position	6,967,744	2,775,282	7,283,243
Ending Net Position	\$ 6,320,720	\$ 4,656,342	\$ 7,762,923

See Notes to Financial Statements.

Total	
\$	5,011,536
	255,918
	23,000
	81,495
	<u>5,371,949</u>
	852,551
	320,296
	1,967,475
	173,426
	220,041
	937,138
	<u>4,470,927</u>
	<u>901,022</u>
	2,098
	3,638
	(15,759)
	(44,570)
	(225,251)
	<u>(279,844)</u>
	621,178
	781,937
	1,581,969
	(1,271,368)
	<u>1,092,538</u>
	1,713,716
	<u>17,026,269</u>
\$	<u><u>18,739,985</u></u>

City of McGregor, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 1 of 2)

For the Year Ended September 30, 2021

	Water Fund	Wastewater Fund	Municipal Airport Fund
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 3,625,642	\$ 1,509,584	\$ 333,665
Payments to suppliers and service providers	(2,280,562)	(315,772)	(71,169)
Payments to employees for salaries and benefits	(399,900)	(401,763)	(73,375)
Net Cash Provided (Used) by Operating Activities	945,180	792,049	189,121
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers in	107,203	1,474,766	-
Transfers out	(1,271,368)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,164,165)	1,474,766	-
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital purchases	(257,341)	(379,129)	(39,254)
Proceeds from bond issuance	2,210,000	-	-
Current year refunding	(704,550)	(1,430,450)	-
Insurance proceeds	-	3,638	-
Receipts from intergovt. advances for capital investments	(66,152)	-	-
Principal paid on debt	(355,200)	(238,800)	(73,963)
Bond issuance costs	(75,000)	-	-
Interest paid on debt	(129,205)	(104,250)	(1,753)
Net Cash Provided (Used) by Capital and Related Financing Activities	622,552	(2,148,991)	(114,970)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	329	786	983
Net Cash Provided by Investing Activities	329	786	983
Net Increase (Decrease) in Cash and Cash Equivalents	403,896	118,610	75,134
Beginning cash and cash equivalents	649,197	1,018,349	703,012
Ending Cash and Cash Equivalents	\$ 1,053,093	\$ 1,136,959	\$ 778,146

See Notes to Financial Statements.

Total	
\$	5,468,891
	(2,667,503)
	(875,038)
	<u>1,926,350</u>
	1,581,969
	<u>(1,271,368)</u>
	310,601
	(675,724)
	2,210,000
	(2,135,000)
	3,638
	(66,152)
	(667,963)
	(75,000)
	<u>(235,208)</u>
	(1,641,409)
	2,098
	<u>2,098</u>
	597,640
	<u>2,370,558</u>
\$	<u><u>2,968,198</u></u>

City of McGregor, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 2 of 2)

For the Year Ended September 30, 2021

	Water Fund	Wastewater Fund	Municipal Airport Fund
<u>Reconciliation of Operating Income</u>			
<u>to Net Cash Provided by Operating Activities</u>			
Operating Income	\$ 439,422	\$ 503,087	\$ (41,487)
Adjustments to reconcile operating income to net cash provided:			
Depreciation	411,269	276,072	249,797
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	106,349	10,024	(19,431)
Prepays	4,897	3,195	639
Deferred Outflows of Resources:			
Pension contributions	7,421	(11,403)	727
Pension difference in experience	4,558	924	732
Pension change in assumptions	1,504	(81)	228
OPEB contributions	(213)	(337)	(45)
OPEB assumption changes	(836)	(2,986)	(236)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	20,780	(19,113)	3,337
Compensated absences	(6,864)	(808)	263
Net pension liability	(27,355)	6,829	(3,947)
OPEB liability	(4,301)	13,289	(181)
Deferred Inflows of Resources:			
Pension investment earnings	(12,015)	11,693	(1,421)
OPEB investment experience	564	1,664	146
Net Cash Provided (Used) by Operating Activities	\$ 945,180	\$ 792,049	\$ 189,121
<u>Schedule of Non-Cash Capital and Related Financing Activities</u>			
Contributed capital assets	\$ 260,000	\$ -	\$ 521,937

See Notes to Financial Statements.

<u>Total</u>	
\$	901,022
	937,138
	96,942
	8,731
	(3,255)
	6,214
	1,651
	(595)
	(4,058)
	5,004
	(7,409)
	(24,473)
	8,807
	(1,743)
	2,374
\$	<u>1,926,350</u>

\$ 781,937



City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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.

<u>Asset Description</u>	<u>Estimated Useful Years</u>
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 2021 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, 2021

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
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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
September 30, 2021

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, court technology, court building security, cemetery, and exchange event center funds. The original budget is

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

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. Deficit Fund Equity

The Exchange Event Center fund had a deficit fund balance of \$32,414, as of September 30, 2021. This deficit will be replenished in the subsequent period.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2021, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 4,180,315	0.16
Total value	<u>\$ 4,180,315</u>	
Portfolio weighted average maturity		0.16

As of September 30, 2021, the discretely presented component unit had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 323,073	0.12
Total value	<u>\$ 323,073</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 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

City of McGregor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

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, 2021, 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, 2021

B. Receivables

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

	General	Debt Service	Nonmajor Governmental Funds	Water	Wastewater	Municipal Airport	Total
Property taxes	\$ 51,330	\$ 22,926	\$ -	\$ -	\$ -	\$ -	\$ 74,256
Sales tax	156,100	-	-	-	-	-	156,100
Franchise taxes	10,392	-	-	-	-	-	10,392
Accounts	8,488	-	101,550	837,538	268,682	28,466	1,244,724
Other receivables	19,196	-	-	-	-	-	19,196
Allowance	-	-	-	(436,960)	(95,194)	-	(532,154)
	<u>\$ 245,506</u>	<u>\$ 22,926</u>	<u>\$ 101,550</u>	<u>\$ 400,578</u>	<u>\$ 173,488</u>	<u>\$ 28,466</u>	<u>\$ 972,514</u>

The following comprise receivable balances of the discretely presented component unit at year end:

	EDC
Sales tax	<u>\$ 77,550</u>
	<u>\$ 77,550</u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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	3,846,142	432,925	(4,247,882)	31,185
Total capital assets not being depreciated	<u>7,744,998</u>	<u>432,925</u>	<u>(4,247,882)</u>	<u>3,930,041</u>
Capital assets, being depreciated:				
Buildings and improvements	10,736,642	290,390	2,203,876	13,230,908
Machinery and equipment	3,899,413	109,299	(233,708)	3,775,004
Infrastructure	4,990,498	320,000	2,044,006	7,354,504
Intangible assets	97,289	-	-	97,289
Total capital assets being depreciated	<u>19,723,842</u>	<u>719,689</u>	<u>4,014,174</u>	<u>24,457,705</u>
Less accumulated depreciation				
Buildings and improvements	(4,594,085)	(273,790)	-	(4,867,875)
Machinery and equipment	(2,606,029)	(333,813)	184,434	(2,755,408)
Infrastructure	(3,902,736)	(136,734)	-	(4,039,470)
Intangible assets	(48,644)	(4,864)	-	(53,508)
Total accumulated depreciation	<u>(11,151,494)</u>	<u>(749,201)</u>	<u>184,434</u>	<u>(11,716,261)</u>
Net capital assets being depreciated	<u>8,572,348</u>	<u>(29,512)</u>	<u>4,198,608</u>	<u>12,741,444</u>
Total Capital Assets	<u><u>\$ 16,317,346</u></u>	<u><u>\$ 403,413</u></u>	<u><u>\$ (49,274)</u></u>	<u><u>\$ 16,671,485</u></u>

Depreciation was charged to governmental functions as follows:

Administrative services	\$ 269,805
Community services	74,425
Emergency services	139,796
Municipal services	265,175
Total Governmental Activities Depreciation Expense	<u><u>\$ 749,201</u></u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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	5,520,619	754,983	(5,691,665)	583,937
Total capital assets not being depreciated	<u>6,774,448</u>	<u>754,983</u>	<u>(5,691,665)</u>	<u>1,837,766</u>
Capital assets, being depreciated:				
Buildings and improvements	1,331,184	92,933	-	1,424,117
Machinery and equipment	1,224,549	191,860	(15,168)	1,401,241
Infrastructure	23,813,749	417,885	-	24,231,634
Intangible assets	128,577	-	5,675,906	5,804,483
Total capital assets being depreciated	<u>26,498,059</u>	<u>702,678</u>	<u>5,660,738</u>	<u>32,861,475</u>
Less accumulated depreciation				
Buildings and improvements	(744,153)	(37,367)	-	(781,520)
Machinery and equipment	(715,712)	(145,003)	15,168	(845,547)
Infrastructure	(8,571,015)	(752,259)	-	(9,323,274)
Intangible assets	(105,721)	(2,509)	-	(108,230)
Total accumulated depreciation	<u>(10,136,601)</u>	<u>(937,138)</u>	<u>15,168</u>	<u>(11,058,571)</u>
Net capital assets being depreciated	<u>16,361,458</u>	<u>(234,460)</u>	<u>5,675,906</u>	<u>21,802,904</u>
Total Capital Assets	<u><u>\$ 23,135,906</u></u>	<u><u>\$ 520,523</u></u>	<u><u>\$ (15,759)</u></u>	<u><u>\$ 23,640,670</u></u>

Depreciation was charged to business-type activities as follows:

Water	\$ 411,269
Wastewater	276,072
Municipal Airport	249,797
Total Business-Type Activities Depreciation Expense	<u><u>\$ 937,138</u></u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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	\$ 25,000	\$ -	\$ 441,843
Total capital assets not being depreciated	<u>416,843</u>	<u>25,000</u>	<u>-</u>	<u>441,843</u>
Capital assets, being depreciated:				
Machinery and equipment	<u>29,843</u>	<u>-</u>	<u>-</u>	<u>29,843</u>
Total capital assets being depreciated	<u>29,843</u>	<u>-</u>	<u>-</u>	<u>29,843</u>
Less accumulated depreciation				
Machinery and equipment	<u>(21,225)</u>	<u>(556)</u>	<u>-</u>	<u>(21,781)</u>
Total accumulated depreciation	<u>(21,225)</u>	<u>(556)</u>	<u>-</u>	<u>(21,781)</u>
Net capital assets being depreciated	<u>8,618</u>	<u>(556)</u>	<u>-</u>	<u>8,062</u>
Total Capital Assets	<u><u>\$ 425,461</u></u>	<u><u>\$ 24,444</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 449,905</u></u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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>Refunding</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	\$ 9,570,000	\$ -	\$ -	\$ (435,000)	\$ 9,135,000	\$ 455,000
Less deferred amounts:						
For issuance premiums	470,867	-	-	(28,951)	441,916	-
	<u>10,040,867</u>	<u>-</u>	<u>-</u>	<u>(463,951)</u>	<u>9,576,916</u>	<u>455,000</u>
Other liabilities:						
Capital leases payable	185,543	-	-	(43,886)	141,657	45,512
Total Governmental Activities	<u>\$ 10,226,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (507,837)</u>	<u>\$ 9,718,573</u>	<u>\$ 500,512</u>
Long-term liabilities due in more than one year					<u>\$ 9,218,061</u>	
Business-Type Activities:						
Bonds, notes and other payables:						
General obligation refunding bond	\$ -	\$ 2,210,000	\$ -	\$ (200,000)	\$ 2,010,000	\$ 210,000
Certificates of obligation	8,030,638	-	(2,135,000)	(394,000)	5,501,638	405,000
Less deferred amounts:						
For issuance premiums	155,316	-	-	(9,145)	146,171	-
	<u>8,185,954</u>	<u>2,210,000</u>	<u>(2,135,000)</u>	<u>(603,145)</u>	<u>7,657,809</u>	<u>615,000</u>
Other liabilities:						
Note payable	73,963	-	-	(73,963)	-	-
Total Business-Type Activities	<u>\$ 8,259,917</u>	<u>\$ 2,210,000</u>	<u>\$ (2,135,000)</u>	<u>\$ (677,108)</u>	<u>\$ 7,657,809</u>	<u>\$ 615,000</u>
Long-term liabilities due in more than one year					<u>\$ 7,042,809</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, 2021, the total net carrying value of the capital lease assets for governmental activities was \$123,224.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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	\$ 220,000
2016 Certificates of obligation	3%-5%	8/15/2036	6,865,000	6,140,000
2017 Certificates of obligation	3%-4%	8/15/2036	1,001,300	940,000
2018 Certificates of obligation	2%-4%	8/15/2038	2,090,000	1,835,000
Total Certificates of Obligation			<u>\$ 11,411,300</u>	<u>\$ 9,135,000</u>
2015 Capital lease - Pierce Fire Truck	3.71%	9/1/2047	542,229	141,657
Total Capital Leases			<u>\$ 542,229</u>	<u>\$ 141,657</u>
Total Governmental Activities			<u>\$ 11,953,529</u>	<u>\$ 9,276,657</u>
Business-Type Activities:				
1995 Certificates of obligation	4.88%	5/9/1996	\$ 337,000	\$ 201,638
2013 Certificates of obligation	2%-4%	8/1/2018	2,090,000	405,000
2014 Certificates of obligation	3%-4%	4/15/2014	2,955,000	1,715,000
2017 Certificates of obligation	3%-4%	8/15/2036	1,633,700	1,260,000
2018 Certificates of obligation	3.25%-3.38%	2/1/2018	2,090,000	1,920,000
Total Certificates of Obligation			<u>\$ 9,105,700</u>	<u>\$ 5,501,638</u>
2021 General obligation refunding		8/15/2030	\$ 2,210,000	\$ 2,010,000
Total General Obligations			<u>\$ 2,210,000</u>	<u>\$ 2,010,000</u>
Total Business-Type Activities			<u>\$ 11,315,700</u>	<u>\$ 7,511,638</u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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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
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	<u>\$ 9,135,000</u>	<u>\$ 2,678,383</u>	<u>\$ 11,813,383</u>

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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 & Refunding Bonds		
	Principal	Interest	Total
2022	\$ 615,000	\$ 206,325	\$ 821,325
2023	660,000	190,740	850,740
2024	686,000	173,803	859,803
2025	702,000	156,090	858,090
2026	712,000	137,862	849,862
2027	638,000	119,295	757,295
2028	664,000	103,569	767,569
2029	659,000	87,142	746,142
2030	450,000	70,566	520,566
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	<u>\$ 7,511,638</u>	<u>\$ 1,497,122</u>	<u>\$ 9,008,760</u>

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	
2022	\$ 45,512	\$ 5,248	\$ 50,760
2023	47,198	3,562	50,760
2024	48,947	1,813	50,760
	<u>\$ 141,657</u>	<u>\$ 10,623</u>	<u>\$ 152,280</u>

E. Current Year Refunding

On May 19, 2021, the City issued \$2,210,000 in general obligation refunding bonds with an interest rate of 1.23%. The proceeds were used to refund \$2,135,000 of outstanding 2010

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

certificate of obligation bonds which had an interest rate ranging from 2-3% over the life of the bonds.

The net carrying amount of the old debt exceeded the reacquisition price by \$30,430. This amount was amortized over the remaining life of the refunding debt. This refunding reduced its total debt service payments by \$261,981 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$242,570.

F. Deferred Loss on Refunding

A deferred loss resulting from the issuance of the 2021 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for business-type activity totaled \$27,387. Current year amortization expense for business-type activities totaled \$3,043.

G. 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	\$ 76,402	\$ 65,363	\$ (76,402)	\$ 65,363	\$ 58,827
Total Governmental Activities	<u>\$ 76,402</u>	<u>\$ 65,363</u>	<u>\$ (76,402)</u>	<u>\$ 65,363</u>	<u>\$ 58,827</u>
Long-term Liabilities Due in More than One Year				<u>\$ 6,536</u>	
Business-Type Activities:					
Compensated Absences	\$ 25,844	\$ 18,435	\$ (25,844)	\$ 18,435	\$ 16,591
Total Business-Type Activities	<u>\$ 25,844</u>	<u>\$ 18,435</u>	<u>\$ (25,844)</u>	<u>\$ 18,435</u>	<u>\$ 16,591</u>
Long-term Liabilities Due in More than One Year				<u>\$ 1,844</u>	
Component Unit Activities - EDC:					
Compensated Absences	\$ 4,320	\$ 2,834	\$ (4,330)	\$ 2,824	\$ 2,542
Total Component Unit Activities	<u>\$ 4,320</u>	<u>\$ 2,834</u>	<u>\$ (4,330)</u>	<u>\$ 2,824</u>	<u>\$ 2,542</u>
Long-term Liabilities Due in More than One Year				<u>\$ 282</u>	

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

H. Interfund Transactions

Transfers between the primary government funds during the 2021 year were as follows:

Transfer In:					
Transfer Out:	Debt Service	Water Fund	Wastewater Fund	Nonmajor Governmental	Total
General	\$ -	\$ -	\$ -	\$ 155,247	\$ 155,247
Debt service	-	-	30,075	-	30,075
Capital projects	-	107,203	203,599	-	310,802
Water	30,276	-	1,241,092	-	1,271,368
Total	\$ 30,276	\$ 107,203	\$ 1,474,766	\$ 155,247	\$ 1,767,492

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.

I. 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 \$1,247,350. Of which, \$180,919 is restricted by enabling legislation.

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

	Governmental Activities	EDC
Restricted for:		
Debt service	\$ 165,517	\$ -
Community development	900,914	-
* Municipal court	78,082	-
* Tourism	102,837	-
Economic development	-	673,270
Total	\$ 1,247,350	\$ 673,270

* Restricted by enabling legislation

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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, 2021

D. Defined Benefit Pension Plans

Texas Municipal Retirement System

1. Plan Description

The City of McGregor, Texas participates as one of 895 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 annual comprehensive financial report that can be obtained at www.tmr.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, 2021

Plan provisions for the City were as follows:

	<u>Plan Year 2020</u>	<u>Plan Year 2019</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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	51
Active employees	<u>49</u>
Total	<u>140</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 9.65% and 9.66% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$267,234, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.50% per year, including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees 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, 2021

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 2021 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, 2021

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/19	\$ 8,457,958	\$ 8,103,773	\$ 354,185
Changes for the year:			
Service cost	389,290	-	389,290
Interest	570,677	-	570,677
Difference between expected and actual experience	(33,913)	-	(33,913)
Changes of assumptions	-	-	-
Contributions – employer	-	260,697	(260,697)
Contributions – employee	-	162,092	(162,092)
Net investment income	-	615,838	(615,838)
Benefit payments, including refunds of emp. contributions	(396,249)	(396,249)	-
Administrative expense	-	(3,980)	3,980
Other changes	-	(181)	181
Net changes	529,805	638,217	(108,412)
Balance at 12/31/20	\$ 8,987,763	\$ 8,741,990	\$ 245,773

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%
\$ 1,563,814	\$ 245,773	\$ (825,593)

Pension Plan Fiduciary Net Position

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

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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

For the year ended September 30, 2021, the city recognized pension expense of \$170,262.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	\$ 12,249	\$ -
Investment returns	-	(228,980)
Changes in assumptions	9,408	-
Contributions subsequent to the measurement date	199,625	-
Total	\$ 221,282	\$ (228,980)

The City reported \$199,625 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, 2022.

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:		
2021	\$	(61,767)
2022		3,994
2023		(135,766)
2024		(13,784)
2025		-
Thereafter		-
	\$	(207,323)

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 coverage

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	6
Active employees	49
Total	81

The City's contributions to the TMRS SDBF for the years ended 2021, 2020 and 2019 were \$3,933, \$1,661 and \$1,719, 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
2019	0.06%	0.06%	100.0%
2020	0.06%	0.06%	100.0%
2021	0.17%	0.17%	100.0%

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2020, 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, 2020 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	2.00%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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 2.00%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

1% Decrease 1.00%	Current Single Rate Assumption 2.00%	1% Increase 3.00%
\$ 251,182	\$ 208,696	\$ 175,696

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/19	\$ 179,736
Changes for the year:	
Service Cost	14,588
Interest	5,121
Difference between expected and actual experience	(14,642)
Changes of assumptions	25,493
Benefit payments	(1,600)
Net changes	28,960
Balance at 12/31/20	\$ 208,696

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$24,246.

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

At September 30, 2021, 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	\$ -	\$ (20,060)
Assumption changes	36,964	-
Contributions subsequent to measurement date	3,513	-
Total	\$ 40,477	\$ (20,060)

The City reported \$3,513 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, 2022.

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

Year ended December 31:

2021	\$ 4,537
2022	3,348
2023	4,663
2024	3,705
2025	651
Thereafter	-
	<u>\$ 16,904</u>

E. Construction Commitments

The City has no remaining construction commitment on construction projects as of September 30, 2021.

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

City of McGregor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

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 \$8,960 for the year ended September 30, 2021.

G. Tax Abatements

The City has entered into sales tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. Under the terms of the City's agreements, the City will refund a percentage of the City's portion of sales tax paid by the businesses. There are currently two existing agreements in which the City abated \$72,161 during the current year.

H. Restatement

The City restated its beginning net position within business-type activities and the municipal airport fund to properly reflect corrections to capital assets in the prior year. The below table summarize the changes to net position accordingly.

	Business-Type Activities	Municipal Airport Fund
Prior year ending net position		
as reported	\$ 15,540,440	\$ 5,797,414
Correct capital assets	1,485,829	1,485,829
Restated beginning net assets	<u>\$ 17,026,269</u>	<u>\$ 7,283,243</u>

I. Subsequent Events

On March 15, 2022, the City issued a Combination Tax & Revenue Certificate of Obligation bond. The bond was in the amount of \$16,974,000 with an interest rate of 2.11% and a maturity date of August 15, 2032.

There were no other material subsequent events through April 18, 2022, 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, 2021

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property tax	\$ 1,905,397	\$ 1,941,079	\$ 35,682
Sales tax	756,400	888,446	132,046
Franchise and local taxes	319,500	341,604	22,104
License and permits	87,400	123,071	35,671
Donations	400	325	(75)
Land leases	1,297,481	941,357	(356,124)
Intergovernmental revenue	148,163	148,163	-
Charges for services	158,280	252,184	93,904
Fines and forfeitures	116,000	138,237	22,237
Investment income	23,001	11,257	(11,744)
Other revenue	20,000	19,838	(162)
Total Revenues	4,832,022	4,805,561	(26,461)
<u>Expenditures</u>			
Current:			
Administrative services	1,009,418	934,990	74,428
Community services	545,301	385,898	159,403
Development services	127,151	103,662	23,489
Emergency services	1,502,367	1,437,323	65,044
Financial services	230,753	190,451	40,302
Municipal services	1,061,164	834,410	226,754
Capital outlay	161,246	70,615	90,631
Total Expenditures	4,637,400	3,957,349	680,051
Revenues Over (Under) Expenditures	194,622	848,212	653,590
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(194,622)	(155,247)	39,375
Total Other Financing Sources (Uses)	(194,622)	(155,247)	39,375
Net Change in Fund Balance	\$ -	692,965	\$ 692,965
Beginning fund balance		2,185,699	
Ending Fund Balance		\$ 2,878,664	

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-employee 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>	<u>12/31/2020</u> ¹
\$	381,185	\$ 410,051	\$ 389,290
	484,589	520,593	570,677
	(96,162)	106,753	(33,913)
	-	23,553	-
	(280,391)	(220,919)	(396,249)
	<u>489,221</u>	<u>840,031</u>	<u>529,805</u>
	<u>7,128,706</u>	<u>7,617,927</u>	<u>8,457,958</u>
	<u>7,617,927</u>	<u>8,457,958</u>	<u>8,987,763</u>
\$	269,194	\$ 276,259	\$ 260,697
	155,904	167,939	162,092
	(206,633)	1,056,996	615,838
	(280,391)	(220,919)	(396,249)
	(3,992)	(5,966)	(3,980)
	(211)	(179)	(181)
	<u>(66,129)</u>	<u>1,274,130</u>	<u>638,217</u>
	<u>6,895,772</u>	<u>6,829,643</u>	<u>8,103,773</u>
\$	<u>6,829,643</u>	<u>\$ 8,103,773</u>	<u>\$ 8,741,990</u>
\$	<u>788,284</u>	<u>\$ 354,185</u>	<u>\$ 245,773</u>
	89.65%	95.81%	97.27%
\$	2,598,369	\$ 2,798,981	\$ 2,701,526
	30.34%	12.65%	9.10%

City of McGregor, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	9/30/2015	9/30/2016	9/30/2017	9/30/2018
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	\$ 2,245,525	\$ 2,293,641	\$ 2,385,874	\$ 2,575,821
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	24 years
Asset Valuation Method	10 Year smoothed market; 12% 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>	<u>9/30/2021</u> ¹
\$ 274,452	\$ 268,808	\$ 267,234
<u>\$ 274,452</u>	<u>\$ 268,808</u>	<u>\$ 267,234</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u><u>\$ 2,745,242</u></u>	<u><u>\$ 2,768,077</u></u>	<u><u>\$ 2,767,121</u></u>
10.00%	9.71%	9.66%

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,

	2017	2018	2019	2020	¹
Total OPEB liability					
Service cost	\$ 8,842	\$ 10,653	\$ 12,036	\$ 14,588	
Interest	4,839	5,004	5,491	5,121	
Differences between expected and actual experience	-	(8,449)	(7,012)	(14,642)	
Changes of assumptions	10,337	(9,316)	28,067	25,493	
Benefit payments, including refunds of participant contributions	(1,719)	(1,819)	(1,679)	(1,600)	
Net change in total OPEB liability	22,299	(3,927)	36,903	28,960	
Total OPEB liability - beginning	\$ 124,461	\$ 146,760	\$ 142,833	\$ 179,736	
Total OPEB liability - ending	\$ 146,760	\$ 142,833	\$ 179,736	\$ 208,696	²
 Covered-employee payroll	 \$ 2,456,230	 \$ 2,598,369	 \$ 2,798,981	 \$ 2,701,526	
Fund's OPEB liability as a percentage of covered-employee payroll	 5.98%	 5.50%	 6.42%	 7.73%	

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.

CEMETERY 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.

GRANT FUND

The fund accounts for the funds received from restricted grant funds.

MCGREGOR PID

The fund accounts for funds derived from property assessments within the district restricted for costs associated with the specific assessed area within the City.

City of McGregor, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Special Revenue Funds			
	Court Technology Fund	Court Building Security	Hotel Motel Tax Fund	Industrial Park Development
<u>Assets</u>				
Cash and cash equivalents	\$ 34,307	\$ 43,775	\$ 103,427	\$ 411,193
Receivables, net	-	-	-	-
Total Assets	\$ 34,307	\$ 43,775	\$ 103,427	\$ 411,193
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 590	\$ 175,194
Total Liabilities	-	-	590	175,194
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - rental payments	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
<u>Fund Balances</u>				
Restricted for:				
Community development	-	-	-	235,999
Municipal court	34,307	43,775	-	-
Tourism	-	-	102,837	-
Committed to:				
Parks	-	-	-	-
Cemetery	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	34,307	43,775	102,837	235,999
Total Liabilities, and Fund Balances	\$ 34,307	\$ 43,775	\$ 103,427	\$ 411,193

Special Revenue Funds

Park Development	Cemetery Fund	Exchange		Grant Fund	McGregor PID	Total
		Event Center				
\$ 246,237	\$ 416,659	\$ 11,846	\$ 660,473	\$ 4,442	\$ 1,932,359	
-	-	101,550	-	-	101,550	
<u>\$ 246,237</u>	<u>\$ 416,659</u>	<u>\$ 113,396</u>	<u>\$ 660,473</u>	<u>\$ 4,442</u>	<u>\$ 2,033,909</u>	
\$ -	\$ 472	\$ 44,260	\$ -	\$ -	\$ 220,516	
-	472	44,260	-	-	220,516	
-	-	101,550	-	-	101,550	
-	-	101,550	-	-	101,550	
-	-	-	660,473	4,442	900,914	
-	-	-	-	-	78,082	
-	-	-	-	-	102,837	
246,237	-	-	-	-	246,237	
-	416,187	-	-	-	416,187	
-	-	(32,414)	-	-	(32,414)	
<u>246,237</u>	<u>416,187</u>	<u>(32,414)</u>	<u>660,473</u>	<u>4,442</u>	<u>1,711,843</u>	
<u>\$ 246,237</u>	<u>\$ 416,659</u>	<u>\$ 113,396</u>	<u>\$ 660,473</u>	<u>\$ 4,442</u>	<u>\$ 2,033,909</u>	

City of McGregor, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2021

	Special Revenue Funds			
	Court Technology Fund	Court Building Security	Hotel Motel Tax Fund	Industrial Park Development
<u>Revenues</u>				
Property tax	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	34,216	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	3,005	3,266	-	-
Investment income	-	-	-	1,032
Other revenue	-	-	-	-
Total Revenues	<u>3,005</u>	<u>3,266</u>	<u>34,216</u>	<u>1,032</u>
<u>Expenditures</u>				
Current:				
Administrative services	-	-	6,644	178,940
Community services	827	-	-	-
Capital outlay	-	-	-	370,614
Total Expenditures	<u>827</u>	<u>-</u>	<u>6,644</u>	<u>549,554</u>
Revenues Over (Under) Expenditures	<u>2,178</u>	<u>3,266</u>	<u>27,572</u>	<u>(548,522)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	155,247
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,247</u>
Net Change in Fund Balances	<u>2,178</u>	<u>3,266</u>	<u>27,572</u>	<u>(393,275)</u>
Beginning fund balances	32,129	40,509	75,265	629,274
Ending Fund Balances	<u>\$ 34,307</u>	<u>\$ 43,775</u>	<u>\$ 102,837</u>	<u>\$ 235,999</u>

Special Revenue Funds

Park Development	Cemetery Fund	Event Center	Grant Fund	McGregor PID	Total
\$ -	\$ -	\$ -	\$ -	\$ 4,442	\$ 4,442
-	-	-	-	-	34,216
35,000	-	112,483	-	-	147,483
-	-	-	660,473	-	660,473
-	5,150	-	-	-	11,421
-	6,984	-	-	-	8,016
-	9,100	6,156	-	-	15,256
<u>35,000</u>	<u>21,234</u>	<u>118,639</u>	<u>660,473</u>	<u>4,442</u>	<u>881,307</u>
-	30,451	138,865	-	-	354,900
-	-	-	-	-	827
-	-	-	-	-	370,614
<u>-</u>	<u>30,451</u>	<u>138,865</u>	<u>-</u>	<u>-</u>	<u>726,341</u>
35,000	(9,217)	(20,226)	660,473	4,442	154,966
-	-	-	-	-	155,247
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,247</u>
35,000	(9,217)	(20,226)	660,473	4,442	310,213
211,237	425,404	(12,188)	-	-	1,401,630
<u>\$ 246,237</u>	<u>\$ 416,187</u>	<u>\$ (32,414)</u>	<u>\$ 660,473</u>	<u>\$ 4,442</u>	<u>\$ 1,711,843</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, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Hotel occupancy taxes	\$ 18,000	\$ 34,216	\$ 16,216
Total Revenues	<u>18,000</u>	<u>34,216</u>	<u>16,216</u>
<u>Expenditures</u>			
Current:			
Adminisitrative services	18,000	6,644	11,356
Total Expenditures	<u>18,000</u>	<u>6,644</u>	<u>11,356</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>27,572</u>	<u>\$ 27,572</u>
Beginning fund balances		75,265	
Ending Fund Balances		<u>\$ 102,837</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
COURT TECHNOLOGY FUND
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 2,500	\$ 3,005	\$ 505
Total Revenues	<u>2,500</u>	<u>3,005</u>	<u>505</u>
<u>Expenditures</u>			
Current:			
Community services	2,500	827	1,673
Total Expenditures	<u>2,500</u>	<u>827</u>	<u>1,673</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>2,178</u>	<u>\$ 2,178</u>
Beginning fund balances		32,129	
Ending Fund Balances		<u>\$ 34,307</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
COURT BUILDING SECURITY
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 2,400	\$ 3,266	\$ 866
Total Revenues	<u>2,400</u>	<u>3,266</u>	<u>866</u>
<u>Expenditures</u>			
Current:			
Administrative services	120	-	120
Total Expenditures	<u>120</u>	<u>-</u>	<u>120</u>
Revenues Over (Under) Expenditures	<u>2,280</u>	<u>3,266</u>	<u>986</u>
Net Change in Fund Balances	<u>\$ 2,280</u>	<u>3,266</u>	<u>\$ 986</u>
Beginning fund balances		40,509	
Ending Fund Balances		<u>\$ 43,775</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
CEMETERY FUND
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 3,500	\$ 5,150	\$ 1,650
Other revenue	6,500	9,100	2,600
Investment income	25,000	6,984	(18,016)
Total Revenues	35,000	21,234	(13,766)
<u>Expenditures</u>			
Current:			
Administrative services	35,000	30,451	4,549
Total Expenditures	35,000	30,451	4,549
Net Change in Fund Balances	\$ -	(9,217)	\$ (9,217)
Beginning fund balances		425,404	
Ending Fund Balances		\$ 416,187	

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, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 83,400	\$ 112,483	\$ 29,083
Miscellaneous Income	500	6,156	5,656
Total Revenues	83,900	118,639	34,739
<u>Expenditures</u>			
Current:			
Administrative services	141,723	138,865	2,858
Total Expenditures	141,723	138,865	2,858
Revenues Over (Under) Expenditures	(57,823)	(20,226)	37,597
<u>Other Financing Sources (Uses)</u>			
Transfers in	45,823	-	(45,823)
Total Other Financing Sources (Uses)	45,823	-	(45,823)
Net Change in Fund Balances	\$ (12,000)	(20,226)	\$ (8,226)
Beginning fund balances		(12,188)	
Ending Fund Balances		\$ (32,414)	

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, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property taxes	\$ 811,935	\$ 836,244	\$ 24,309
Investment income	1,334	460	(874)
Total Revenues	813,269	836,704	23,435
<u>Expenditures</u>			
Current:			
Administrative services	1,200	1,050	150
Debt Service:			
Principal	538,886	478,886	60,000
Interest and fiscal charges	383,750	336,288	47,462
Total Expenditures	923,836	816,224	107,612
Revenues Over (Under) Expenditures	(110,567)	20,480	131,047
<u>Other Financing Sources (Uses)</u>			
Transfers in	107,250	30,276	(76,974)
Transfers (out)	-	(30,075)	(30,075)
Total Other Financing Sources (Uses)	107,250	201	(107,049)
Net Change in Fund Balance	\$ (3,317)	20,681	\$ 23,998
Beginning fund balance		144,836	
Ending Fund Balance		\$ 165,517	

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, 2021

	<u>MEDC</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 605,028
Receivables, net	77,550
Prepaid items	370
Total Current Assets	<u>682,948</u>
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	6,854
Total Liabilities	<u>6,854</u>
<u>Fund Balances</u>	
Nonspendable:	
Prepaid items	370
Restricted for:	
Economic development	675,724
Total Fund Balance	<u>676,094</u>
Total Liabilities and Fund Balance	<u><u>\$ 682,948</u></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, 2021

Fund Balance	\$	676,094
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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	441,843
Capital assets - net depreciable	8,062

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

Compensated absences	(2,824)
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Net Position of the Discretely Presented Component Unit	\$	<u>1,123,175</u>
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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, 2021

	MEDC
<u>Revenues</u>	
Sales taxes	\$ 442,746
Investment income	463
Other revenues	35,383
Total Revenues	478,592
<u>Expenditures</u>	
General government	218,595
Transfers to the City	148,163
Total Expenditures	366,758
Excess of Revenues Over (Under) Expenditures	111,834
Net Change in Fund Balance	111,834
Beginning fund balance	564,260
Ending Fund Balance	\$ 676,094

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, 2021

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

Net changes in fund balance	\$ 111,834
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	25,000
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	1,496
Change in Net Position of the Discretely Presented Component Unit	\$ 137,774

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, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Sales taxes	\$ 375,000	\$ 442,746	\$ 67,746
Other revenue	51,891	35,383	(16,508)
Investment income	3,000	463	(2,537)
Total Revenues	429,891	478,592	48,701
<u>Expenditures</u>			
Current:			
General government	281,461	218,595	62,866
Debt Service:			
Transfers to the City	148,430	148,163	267
Total Expenditures	429,891	366,758	63,133
Revenues Over (Under) Expenditures	-	111,834	111,834
Net Change in Fund Balance	\$ -	111,834	\$ 111,834
Beginning fund balance		564,260	
Ending Fund Balance		\$ 676,094	

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 annual comprehensive 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.

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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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities				
Net Investment in capital assets	\$ 7,341,896	\$ 6,587,315	\$ 2,232,702	\$ 2,760,176
Restricted	1,789,766	689,894	3,399,512	1,532,606
Unrestricted	(176,386)	545,008	1,331,179	1,713,103
Total governmental activities net position	<u>\$ 8,955,276</u>	<u>\$ 7,822,217</u>	<u>\$ 6,963,393</u>	<u>\$ 6,005,885</u>
Business-type activities				
Net Investment in capital assets	\$ 9,382,207	\$ 11,898,065	\$ 12,253,701	\$ 14,908,336
Unrestricted	754,482	(397,943)	643,959	(791,536)
Total business-type activities net position	<u>\$ 10,136,689</u>	<u>\$ 11,500,122</u>	<u>\$ 12,897,660</u>	<u>\$ 14,116,800</u>
Primary government				
Net Investment in capital assets	\$ 16,724,103	\$ 18,485,380	\$ 14,486,403	\$ 17,668,512
Restricted	1,789,766	689,894	3,399,512	1,532,606
Unrestricted	578,096	147,065	1,975,138	921,567
Total primary government net position	<u>\$ 19,091,965</u>	<u>\$ 19,322,339</u>	<u>\$ 19,861,053</u>	<u>\$ 20,122,685</u>

Source: Annual Financial Reports.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 4,297,188	\$ 4,105,894	\$ 10,029,806	\$ 7,950,696	\$ 7,492,708	\$ 7,182,107
2,488,879	917,996	920,645	729,072	922,015	1,247,350
1,438,751	1,978,952	975,592	2,177,597	3,033,375	4,300,749
<u>\$ 8,224,818</u>	<u>\$ 7,002,842</u>	<u>\$ 11,926,043</u>	<u>\$ 10,857,365</u>	<u>\$ 11,448,098</u>	<u>\$ 12,730,206</u>
\$ 14,939,638	\$ 16,189,001	10,523,268	12,720,355	14,945,781	15,982,861
(213,450)	(253,657.00)	1,436,211	1,543,141	2,080,488	2,757,124
<u>\$ 14,726,188</u>	<u>\$ 15,935,344</u>	<u>\$ 11,959,479</u>	<u>\$ 14,263,496</u>	<u>\$ 17,026,269</u>	<u>\$ 18,739,985</u>
\$ 19,236,826	\$ 20,294,895	\$ 20,553,074	\$ 20,671,051	\$ 22,438,489	\$ 23,164,968
2,488,879	917,996	920,645	729,072	922,015	1,247,350
1,225,301	1,725,295	2,411,803	3,720,738	5,113,863	7,057,873
<u>\$ 22,951,006</u>	<u>\$ 22,938,186</u>	<u>\$ 23,885,522</u>	<u>\$ 25,120,861</u>	<u>\$ 28,474,367</u>	<u>\$ 31,470,191</u>

City of McGregor, Texas

CHANGES IN NET ASSETS Last Ten Fiscal Years (Unaudited) (accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses				
Governmental activities:				
Administrative services	\$ 632,107	\$ 689,519	\$ 1,071,192	\$ 1,052,375
Community services	245,030	304,337	376,790	457,681
Development services	139,519	208,405	182,845	377,438
Emergency services	1,253,459	1,840,992	1,417,876	1,436,745
Financial services	157,792	183,412	171,062	174,936
Municipal services	1,192,621	1,310,704	823,860	956,979
Interest on long term debt	(1,627)	267,062	65,839	84,846
Total governmental activities expenses	<u>3,618,901</u>	<u>4,804,431</u>	<u>4,109,464</u>	<u>4,541,000</u>
Business-type activities:				
Water	1,923,782	1,917,337	2,082,947	2,519,534
Sewer	652,040	738,034	606,388	592,445
Executive Airport	211,086	254,332	280,330	277,047
Rachael Arms Apartments	216,830	208,312	204,121	214,467
Interest expense	-	-	-	-
Total business-type activities expenses	<u>3,003,738</u>	<u>3,118,015</u>	<u>3,173,786</u>	<u>3,603,493</u>
Total primary government expenses	<u>\$ 6,622,639</u>	<u>\$ 7,922,446</u>	<u>\$ 7,283,249</u>	<u>\$ 8,144,493</u>
Program Revenues				
Governmental activities:				
Fees, Fines, and Charges for Services:				
Administrative services	\$ 923,775	\$ 1,110,124	\$ 173,656	\$ 362,204
Community services	46,404	61,345	106,154	62,439
Development services	4,257	1,457	14,413	2,842
Financial services	-	-	-	-
Emergency services	28,778	201,827	52,721	56,706
Municipal services	40,142	59,754	58,814	94,538
Land leases	-	-	798,647	1,176,021
Operating grants and contributions	7,445	(201,491)	-	-
Capital grants and contributions	-	-	36,551	-
Total governmental activities program revenues	<u>1,050,801</u>	<u>1,233,016</u>	<u>1,240,956</u>	<u>1,754,750</u>
Business-type activities:				
Charges for services:				
Water	2,034,307	2,275,500	2,235,258	2,429,813
Sewer	952,261	1,000,064	1,078,002	1,101,217
Executive Airport	104,553	170,916	219,433	209,860
Rachael Arms Apartments	258,850	233,100	196,789	247,185
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,426,792	17,562	267,400	24,059
Total business-type activities program revenues	<u>4,776,763</u>	<u>3,697,142</u>	<u>3,996,883</u>	<u>4,012,134</u>
Total primary government program revenues	<u>\$ 5,827,564</u>	<u>\$ 4,930,158</u>	<u>\$ 5,237,840</u>	<u>\$ 5,766,884</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1,223,412	\$ 1,157,753	\$ 248,231	\$ 1,290,089	\$ 1,287,466	\$ 1,629,524
422,317	538,399	637,790	495,933	507,068	445,998
132,723	187,700	501,075	171,753	170,719	150,474
1,417,828	1,429,388	1,446,600	1,528,149	1,551,376	1,548,277
190,523	195,514	213,879	228,632	229,546	187,523
1,553,159	1,358,182	1,880,715	1,145,928	1,103,704	1,079,978
43,998	693,699	573,709	332,933	336,933	305,336
<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>	<u>5,347,110</u>
2,467,382	2,532,137	2,816,430	2,944,448	2,905,496	3,095,630
713,562	721,928	638,333	814,532	779,130	996,473
276,748	277,360	309,258	312,462	299,724	394,583
199,688	126,124	-	-	-	-
-	-	-	353,046	291,633	269,821
<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>4,756,507</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>	<u>\$ 10,103,617</u>
\$ 429,016	\$ 324,532	\$ 189,724	\$ 526,601	\$ 368,804	\$ 624,288
119,622	101,102	223,280	-	-	-
21,546	7,364	1,596	-	-	-
-	-	-	-	-	-
56,398	120,773	54,218	-	-	-
60,404	109,542	55,795	144,782	144,890	147,310
1,152,840	1,175,469	1,180,818	1,149,996	1,191,216	925,258
-	-	-	173,675	150,365	808,961
-	-	-	-	150,000	320,000
<u>1,839,826</u>	<u>1,838,782</u>	<u>1,705,431</u>	<u>1,995,054</u>	<u>2,005,275</u>	<u>2,825,817</u>
2,531,952	2,813,013	2,892,496	3,095,244	3,245,432	3,511,976
1,124,221	1,396,294	1,420,602	1,574,104	1,528,879	1,499,560
247,856	249,239	240,955	210,235	221,614	-
246,367	102,041	-	-	-	-
-	-	-	49,998	53,798	23,000
76,992	50,000	34,178	-	-	781,937
<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>5,816,473</u>
<u>\$ 6,067,214</u>	<u>\$ 6,449,369</u>	<u>\$ 6,293,662</u>	<u>\$ 6,924,635</u>	<u>\$ 7,054,998</u>	<u>\$ 8,642,290</u>

City of McGregor, Texas

CHANGES IN NET ASSETS Last Ten Fiscal Years (Unaudited) (accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net (Expense) Revenue				
Governmental Activities	\$ (2,568,100)	\$ (3,571,417)	\$ (2,868,508)	\$ (2,786,250)
Business-type Activities	1,773,025	579,127	823,098	408,641
Total Primary government net expense	<u>\$ (795,075)</u>	<u>\$ (2,992,290)</u>	<u>\$ (2,045,410)</u>	<u>\$ (2,377,609)</u>
General Revenues				
and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property taxes	\$ 1,236,801	\$ 1,468,099	\$ 1,556,572	\$ 1,733,625
Sales taxes	474,750	566,952	667,679	813,304
Franchise taxes	282,236	291,920	30,659	335,800
Other taxes	20,804	12,179	292,585	10,003
Licenses and permits	-	-	-	-
Investment earnings	5,257	3,525	47,736	9,677
Reimbursements	-	-	-	-
Gain on sale/retirement of capital assets	-	87,665		55,502
Miscellaneous	34,140	331,643	57,885	257,436
Transfers	(987,915)	(767,174)	(568,047)	(965,915)
Total Governmental Activities	<u>1,066,073</u>	<u>1,994,809</u>	<u>2,085,069</u>	<u>2,249,432</u>
Business-type Activities:				
Investment earnings	334	539	6,394	495
Gain on sale/retirement of capital assets	-	5,786	-	-
Miscellaneous	4,259	31,642	-	-
Lease and rental income	-	-	-	-
Transfers	987,915	746,340	568,047	965,915
Total Business-type Activities	<u>992,508</u>	<u>784,307</u>	<u>574,440</u>	<u>966,409</u>
Total Primary Government	<u>\$ 2,058,581</u>	<u>\$ 2,779,116</u>	<u>\$ 2,659,509</u>	<u>\$ 3,215,841</u>
Change in Net Position				
Governmental Activities	\$ (1,502,027)	\$ (1,576,608)	\$ (783,439)	\$ (536,818)
Business-type Activities	2,765,533	1,363,434	1,397,538	1,375,050
Total Primary Government	<u>\$ 1,263,506</u>	<u>\$ (213,174)</u>	<u>\$ 614,099</u>	<u>\$ 838,232</u>

Source: Annual Financial Reports.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ (3,144,134)	\$ (3,721,853)	\$ (3,796,568)	\$ (3,198,363)	\$ (3,181,537)	\$ (2,521,293)
570,008	953,038	824,210	505,093	773,740	1,059,966
<u>\$ (2,574,126)</u>	<u>\$ (2,768,815)</u>	<u>\$ (2,972,358)</u>	<u>\$ (2,693,270)</u>	<u>\$ (2,407,797)</u>	<u>\$ (1,461,327)</u>

\$ 1,931,277	\$ 2,012,269	\$ 2,195,430	\$ 2,352,875	\$ 2,646,444	\$ 2,793,131
806,115	794,137	788,941	753,605	814,149	888,446
348,688	349,614	353,102	405,508	373,413	375,820
22,213	32,989	25,960	-	-	-
-	-	-	-	-	-
91,018	116,256	153,830	220,567	167,020	21,511
-	-	-	-	-	-
2,030	1,512	78,591	9,026	-	-
762,960	124,958	345,555	116,027	198,599	35,094
390,113	506,894	(1,198,027)	(1,727,923)	(427,355)	(310,601)
<u>4,354,414</u>	<u>3,938,629</u>	<u>2,743,382</u>	<u>2,129,685</u>	<u>3,772,270</u>	<u>3,803,401</u>

426	3,013	6,757	12,542	15,063	2,098
422,767	752,699	-	-	-	-
6,300	7,300	7,700	58,459	60,788	85,133
-	-	-	-	-	255,918
(390,113)	(506,894)	1,198,984	1,727,923	427,355	310,601
<u>39,380</u>	<u>256,118</u>	<u>1,213,441</u>	<u>1,798,924</u>	<u>503,206</u>	<u>653,750</u>
<u>\$ 4,393,794</u>	<u>\$ 4,194,747</u>	<u>\$ 3,956,823</u>	<u>\$ 3,928,609</u>	<u>\$ 4,275,476</u>	<u>\$ 4,457,151</u>

\$ 1,210,280	\$ 216,776	\$ (1,053,186)	\$ (1,068,678)	\$ 590,733	\$ 1,282,108
609,388	1,209,156	2,037,651	2,304,017	1,276,946	1,713,716
<u>\$ 1,819,668</u>	<u>\$ 1,425,932</u>	<u>\$ 984,465</u>	<u>\$ 1,235,339</u>	<u>\$ 1,867,679</u>	<u>\$ 2,995,824</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-
Unreserved	-	-	87,221	96,366
Unassigned	962,074	990,965	1,185,459	1,909,105
Total general fund	<u>\$ 962,074</u>	<u>\$ 990,965</u>	<u>\$ 1,272,680</u>	<u>\$ 2,005,471</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	34,095	43,051	72,342	75,968
Special revenue funds	182,996	229,426	289,961	299,657
Capital projects fund	1,572,675	341,741	2,974,397	1,156,981
Committed	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 1,789,766</u>	<u>\$ 614,218</u>	<u>\$ 3,336,700</u>	<u>\$ 1,532,606</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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,475	27,195	3,000
-	-	-	-	-	-
2,466,488	3,412,771	1,496,561	1,549,572	2,158,504	2,875,664
<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>	<u>\$ 2,878,664</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	1,063	-
-	-	-	-	-	-
-	-	-	-	-	-
136,235	126,736	131,071	131,993	144,836	165,517
365,715	791,260	1,288,230	597,079	777,179	1,081,833
6,864,511	5,959,341	6,535,759	3,791,688	1,933,993	1,161,221
-	-	-	577,702	636,641	662,424
-	-	-	-	(13,251)	(32,414)
<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>	<u>\$ 3,038,581</u>

City of McGregor, Texas

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
REVENUES:				
Taxes	\$ 2,038,935	\$ 2,351,315	\$ 2,516,836	\$ 2,917,755
Administrative fees	92,129	179,438	172,330	145,937
Licenses and permits	30,086	34,576	37,413	38,414
Investment income	5,257	3,524	47,735	9,676
Fines and forfeitures	129,763	140,943	127,967	342,368
Charges for services	-	-	-	-
Leases	766,752	1,064,477	982,058	1,176,021
Contributions and donations	-	-	-	-
Intergovernmental	7,445	-	-	-
Miscellaneous	34,139	162,504	193,626	339,558
Total Revenues	<u>3,104,506</u>	<u>3,936,777</u>	<u>4,077,963</u>	<u>4,969,729</u>
EXPENDITURES:				
Administrative services	780,853	990,151	885,645	834,516
Community services	229,052	271,928	287,054	367,944
Development services	139,519	208,406	182,844	218,672
Emergency services	1,172,881	1,442,506	1,340,926	1,345,669
Financial services	158,988	176,382	171,062	174,936
Municipal services	338,733	298,294	452,293	682,279
Capital outlay	102,200	338,499	714,839	107,641
Debt Service:				
Principal retirement	527,770	642,909	739,225	994,953
Interest and fiscal charges	282,449	267,749	261,356	348,509
Administrative charges			71,985	-
Total Expenditures	<u>3,732,445</u>	<u>4,636,824</u>	<u>5,107,229</u>	<u>5,075,119</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(627,939)</u>	<u>(700,047)</u>	<u>(1,029,266)</u>	<u>(105,390)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	692,181	466,050	559,740	971,778
Transfers out	(1,680,096)	(1,233,223)	(1,127,787)	(1,937,693)
Long-term debt issued (paid)	-	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>(987,915)</u>	<u>(446,608)</u>	<u>4,033,462</u>	<u>(965,915)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,615,854)</u>	<u>\$ (1,146,655)</u>	<u>\$ 3,004,196</u>	<u>\$ (1,071,305)</u>
Debt service as a percentage of noncapital expenditures	28.7%	26.9%	30.1%	37.1%

Source: Annual Financial Reports

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 3,015,170	\$ 3,189,009	\$ 3,337,472	\$ 3,525,185	\$ 3,832,175	\$ 4,046,031
164,287	26,516	36,692	-	-	-
87,373	48,912	92,183	88,180	86,150	123,071
91,018	94,593	153,830	220,567	167,020	21,511
288,993	315,253	176,326	158,632	146,722	149,658
-	-	-	438,421	282,654	399,667
1,152,840	1,175,469	1,180,818	1,139,665	1,170,043	941,357
-	-	-	25,245	502	325
-	-	-	148,430	299,863	808,636
357,937	372,052	677,289	38,991	86,082	35,094
<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>	<u>6,525,350</u>
866,674	903,537	936,441	1,044,190	1,068,166	1,290,940
406,706	511,052	615,292	464,602	441,968	386,725
129,350	187,700	252,891	176,742	171,174	103,662
1,299,886	1,307,839	1,329,047	1,433,899	1,405,033	1,437,323
185,643	195,514	213,879	235,257	229,843	190,451
748,004	1,011,915	867,047	926,913	858,534	834,410
1,590,079	2,427,049	3,991,234	1,834,749	1,731,793	904,978
988,092	753,858	916,654	462,691	470,852	478,886
294,942	673,075	609,363	364,524	362,359	336,288
72,645	97,433	149,252	-	-	-
<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>5,963,663</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>	<u>561,687</u>
1,025,601	2,448,915	1,522,652	331,442	293,498	185,523
(635,488)	(1,942,021)	(2,720,679)	(2,059,365)	(720,853)	(496,124)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	9,026	-	-
-	-	-	77,036	112,517	-
7,329,163	2,635,000	4,105,000	-	-	-
-	162,433	169,052	-	-	-
<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>(310,601)</u>
<u>\$ 6,294,873</u>	<u>\$ 457,159</u>	<u>\$ (1,150,465)</u>	<u>\$ (2,802,112)</u>	<u>\$ (983,349)</u>	<u>\$ 251,086</u>
35.3%	25.3%	25.9%	16.1%	16.7%	15.9%



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

Year	Property	Sales & Hotel-Motel	Franchise	Total
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
2021	2,781,427	1,362,427	331,212	4,475,066

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	
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
2021	2020	487,632,933	173,449,090	155,710,893

Source: McClennan County Appraisal District

Total Taxable Assesed Value		Total Direct Tax Rate
\$	234,011,089	\$ 0.530184
	243,002,799	0.530184
	254,577,898	0.600000
	254,577,898	0.595000
	282,589,403	0.595000
	302,899,503	0.595000
	341,013,795	0.594010
	394,665,563	0.594010
	427,135,951	0.601413
	505,371,130	0.578954



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
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	0.60000	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
2021	0.40470	0.17425	0.57895	1.16728	1.23640	0.46872	0.14978

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>	2021		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value *
Ferguson Enterprises	\$ 73,033,036	1	14.45%
Space X Company	43,057,280	2	8.52%
First National Bank of McGregor	6,505,770	3	1.29%
Transtech Fabrications, LLC	5,033,358	4	1.00%
De Lage Landen Financial Services LLC	4,917,400	5	0.97%
Oncor Electric Delivery Co LLC	4,655,680	6	0.92%
Lotsa Indians LLC	4,403,333	7	0.87%
Waste Connections Lone Star, Inc	3,810,350	8	0.75%
Spirit Master Funding VI LLC	3,804,470	9	0.75%
Purina Mills LLC	3,504,230	10	0.69%
Total	<u>\$ 152,724,907</u>		<u>30.22%</u>
* Total Assessed Value at September 30, 2021:	\$ 505,371,130		

Source: McLennan County Appraisal District

<u>Taxpayer</u>	2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value *
Ferguson Enterprises	\$ 24,940,775	1	10.66%
Land O'Lakes Farmland Feed LLC	8,486,908	2	3.63%
Smead Manufacturing. Co.	6,843,168	3	2.92%
Space X Company	6,259,098	4	2.67%
Tubular Structures Int LLC	3,801,773	5	1.62%
John McClaren Chevrolet	3,700,785	6	1.58%
Haalo LTD	2,992,861	7	1.28%
Oncor Electricity Delivery	2,747,260	8	1.17%
Heart of Texas Electric Co-op	2,394,732	9	1.02%
Westview Manor Holdings Inc	1,909,047	10	0.82%
Total	<u>\$ 64,076,407</u>		<u>27.38%</u>
* Total Assessed Value at September 30, 2012:	\$ 234,011,089		

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
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		(10,551)		1,824,491	1,786,487	97.35%
2017		2,009,296		(309)		2,008,987	1,962,491	97.67%
2018		2,180,419		(306)		2,180,113	2,142,383	98.02%
2019		2,346,442		884		2,347,326	2,309,523	98.26%
2020		2,613,352		1,130		2,614,482	2,566,579	98.21%
2021		2,734,269		-		2,734,269	2,693,454	98.51%

Source: McLennan County Tax Office

Collections in Subsequent Years		Total Collections	
		Amount	Percentage of Levy
\$	13,691	\$ 1,237,269	99.78%
	33,536	1,454,484	99.84%
	25,180	1,537,059	99.88%
	24,138	1,710,228	99.81%
	29,940	1,816,427	99.56%
	34,281	1,996,772	99.39%
	32,179	2,174,562	99.75%
	30,021	2,339,544	99.67%
	29,737	2,596,316	99.31%
	-	2,693,454	98.51%



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%
2021	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
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	10,040,867	-	-	185,543
2021	9,576,916	-	-	141,657

Source: Annual Financial Reports

Business-Type Activities

Combination												
Tax and		General		Total		Percentage						
Revenue		Obligation	Notes	Capital	Primary	of Personal	Per					
Certificates of		Refunding Bonds	Payable	Leases	Government	Income	Capita					
Obligation												
\$	-	\$	-	\$	297,918	\$	-	\$	6,805,888	8.26%	\$	1,375
	-		-		271,540		-		6,164,912	6.46%		1,235
	-		-		244,450		-		10,116,179	10.12%		2,014
	-		-		216,299		-		9,093,075	10.36%		1,804
	-		-		187,746		49,770		15,016,259	16.23%		2,978
	-		-		158,907		34,209		17,408,820	18.95%		3,453
	9,323,564		-		129,040		15,849		20,686,268	20.51%		4,091
	8,729,094		-		98,871		-		19,554,158	18.77%		3,821
	8,185,949		-		73,963		-		18,486,322	17.25%		3,630
	5,647,809		2,010,000		-		-		17,376,382	16.07%		3,378



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
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total		
2012	\$ 5,172,746	\$ 34,095	\$ 5,138,651	2.20%	\$ 1,038
2013	4,891,543	33,283	4,858,260	2.00%	974
2014	8,441,443	72,342	8,369,101	3.29%	1,666
2015	7,917,004	75,968	7,841,036	3.08%	1,555
2016	14,228,691	136,235	14,092,456	4.99%	2,795
2017	16,795,053	121,518	16,673,535	5.50%	3,307
2018	20,235,032	137,458	20,097,574	5.89%	3,975
2019	19,223,892	131,993	19,091,899	4.84%	3,730
2020	18,226,816	144,836	18,081,980	4.23%	3,550
2021	15,224,725	165,517	15,059,208	2.98%	2,928

Source: Annual Financial Reports.



City of McGregor, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2021

(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	\$ -	0.350%	\$ -
McGregor Independent School District	22,671,379	77.59%	17,590,723
McLennan County	62,965,000	2.21%	1,391,527
McLennan Community College	48,245,000	2.21%	1,066,215
Midway Independent School District	<u>194,775,000</u>	0.32%	623,280
Subtotal, overlapping debt	\$ 328,656,379		20,671,744
City of McGregor (direct debt)			<u>9,718,573</u>
Total direct and overlapping debt			<u><u>\$ 30,390,317</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual debt requirement limit	\$ 5,850,277	\$ 6,072,909	\$ 6,364,447	\$ 7,064,735
Total net debt applicable to limit	<u>98,565</u>	<u>107,259</u>	<u>109,312</u>	<u>109,312</u>
Legal debt margin	<u>\$ 5,751,712</u>	<u>\$ 5,965,650</u>	<u>\$ 5,965,650</u>	<u>\$ 6,955,423</u>
Total net debt applicable to the limit as a percentage of debt limit	1.68%	1.77%	1.72%	1.77%

Source: Annual Financial Reports.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 7,479,506	\$ 8,183,279	\$ 8,525,345	\$ 9,866,639	\$ 10,678,399	\$ 12,634,278
92,982	493,549	587,384	771,681	764,826	767,547
<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>	<u>\$ 11,866,731</u>
1.24%	6.03%	6.89%	7.82%	7.2%	6.1%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 505,371,130
Debt limit (\$2.50 per \$100 valuation)	12,634,278
Debt applicable to limit:	
2003, 2016, portion of 2017, and 2018A Certificates of Obligation - principal & int.	767,547
Legal debt margin	<u>\$ 11,866,731</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	Median Age (2)	McGregor ISD School Enrollment (4)	McLennan Co. Unemployment Rate (5)
	Estimated Population (1)	(thousands of dollars) (2)	Income (2)			
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	Median Age (3)	McGregor ISD School Enrollment (4)	City of McGregor Unemployment Rate (5)
	Estimated Population (1)	(thousands of dollars) (2)	Income (2)			
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%
2021	5,321	135,611	25,486	35.7	1,478	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)

2021

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Space Exploration, Inc.	640	1	17.61%
McGregor ISD	282	2	7.76%
The Trane Company	197	3	5.42%
Ferguson Enterprises	180	4	4.94%
Behlen	130	5	3.58%
Westview Manor	122	6	3.36%
Trans Tech	75	7	2.06%
Look Trailers	79	8	2.17%
Heart of Texas Electric Co-op	68	9	1.87%
City of McGregor	52	10	1.43%
Total	<u>1,825</u>		<u>50.20%</u>
City Total	<u>3,634</u>		

Source: US Census Bureau and MEDC

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

2012

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
C3 Customer Connect Channels	320	1	9.17%
McGregor ISD	234	2	6.70%
Westview Manor	195	3	5.59%
The Trane Company	178	4	5.10%
Space Exploration Inc	150	5	4.30%
Ferguson Enterprises	80	6	2.29%
John McClaren Chevrolet	50	7	1.43%
City of McGregor	45	8	1.29%
Progressive Waste Solutions	45	9	1.29%
GAP Roofing	45	10	1.29%
Total	1,342		38.44%
City Total	3,491		

City of McGregor, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Administrative services	4	4	4	4	4	4
Community services	6	6	6	6.5	6.5	7
Development services	1	1	1	1	1	2
Emergency services	19	19	19	18	18	18
Financial services	2	2	2	2	2	2
Municipal services	4	4	4	7	9	9
Water	6	6	6	7	7	7
Sewer	5	5	5	5	5	5
MEDC	1	1	1.5	1.5	2	2
Airport	1	1	1	1	1	1
The Exchange	-	-	-	-	-	-
Rachael Arms Apartments	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>-</u>
Total	<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>	<u><u>57</u></u>

Source: City Records

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
2.5	2.5	2.5	2.5
8	8	8	8.5
2	2	2	1
18	18	18	18
2	2	2	2
11.5	11.5	8	9
6.5	6.5	6.25	6
5	5	5.75	6
2	2	2	2
2	2	1	1
-	1	1	1
-	-	-	-
<u>59.5</u>	<u>60.5</u>	<u>56.5</u>	<u>57</u>

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Development Services						
Building permits	284	282	227	264	455	482
Building inspections	550	600	425	525	863	925
Code enforcement inspections	325	560	400	428	440	451
Emergency Services						
Adult arrests	189	216	241	236	228	162
Juvenile arrests	13	31	11	7	3	18
Crimes cleared/closed	883	767	308	302	126	103
Animals impounded	145	106	175	268	102	214
Fire Investigations*	-	-	-	-	-	-
Fire Inspections*	-	-	-	-	-	-
Municipal Services						
Streets repaired (Blocks)	3	6	2	14	52	72
Potholes repaired	375	475	250	51	65	48
Water						
Water leaks repaired	82	112	60	57	44	68
New service connections	250	11	20	34	11	16
Reconnections	600	276	304	302	293	3
Daily average consumption	1,967,091	1,993,530	865,000	901,000	959,723	963,899
Wastewater						
Sewer mains cleaned in footage	55,400	21,000	28,980	14,215	16,625	9,500

Source: City Departments. Prior year data not available.

*Change in procedure to determine closed case

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
426	475	438	558
640	905	682	561
456	294	295	175
153	135	56	51
8	6	3	1
68	28	118	15
201	135	106	28
-	13	3	1
-	15	15	12
23	21	29	10
47	53	500	500
110	76	59	58
33	68	46	59
6	-	6	2
1,032,616	840,258	883,004	1,329,681
11,925	15,820	9,181	8,800

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Community Services						
Parks (acres)	86	86	86	86	86	113
Playgrounds	4	4	4	4	4	4
Swimming Pools	1	1	1	1	1	1
Tennis Courts	4	4	4	1	1	1
Basketball Courts				3	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	11	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	51
Water						
Water Mains (miles)	58	60	60	61	61	62
Fire Hydrants	128	130	132	147	155	168
Storage capacity (thousands of gallons)	2,100	1,725	1,725	1,725	1,725	1,725
Wastewater						
Sanitary Sewers (miles)	60	60	60	62	62	63
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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
113	113	113	115
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	13	13	13
2	2	2	2
68	68	68	68
4	4	4	4
45	59	24	20
56	56	61	62
184	184	186	189
2,375	2,375	2,375	2,375
63	63	63	63
1,100	1,100	1,100	1,100