

*ANNUAL FINANCIAL REPORT*

of the

**City of Mineola, Texas**

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

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# City of Mineola, Texas

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***INDEPENDENT AUDITOR'S REPORT***

To the Honorable Mayor and  
Members of the City Council  
City of Mineola, 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 Mineola, Texas (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note V.G to the financial statements, the City restated its beginning net position/fund balance in governmental activities, business-type activities, component unit activities, the general fund, nonmajor governmental funds, and the water and sewer fund due to accounting errors related to capital assets and accrued expenses occurring in the prior year. Our opinion is not modified with respect to these matters.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the general fund budgetary comparison information, the schedule of changes in net pension liabilities and related ratios, the schedule of employer contributions to pension plan, and schedule of changes in the other postemployment benefits liability and related ratios, 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 opinion on the financial statements that collectively comprise City of Mineola, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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.

*Brooks Watson & Co.*

Brooks Watson & Co., PLLC  
Certified Public Accountants  
Houston, Texas  
June 23, 2021

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***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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# City of Mineola, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2020

As management of the City of Mineola, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

### **Financial Highlights**

- The City's total combined net position was \$16,476,878 at September 30, 2020. Of this, \$2,487,223 (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 \$1,562,141, an increase of \$158,685.
- As of the end of the year, the unassigned fund balance of the general fund was \$1,338,600 or 28% of total general fund expenditures.
- The City had an overall increase in net position of \$857,874.
- The City closed the year with a net pension asset of \$434,932.

### **Overview of the 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.

### **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

# City of Mineola, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

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 general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City include water and sewer, and solid waste operations.

### FUND FINANCIAL STATEMENTS

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

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

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

The City maintains six 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 and debt service fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

# City of Mineola, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

The City adopts an annual appropriated budget for its general, debt service, and nature preserve project funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the respective budget.

### **Proprietary Funds**

The City's proprietary funds are all enterprise funds. *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 and sewer operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, which is considered to be a major fund of the City.

### **Component Units**

The City maintains the accounting and financial statements for one component unit. The Mineola Economic Development Corporation, which is a discretely presented component unit, is presented separately within the Statement of Net Position and Statement of Activities.

### **Notes to Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund 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 required RSI includes a budgetary comparison schedule for the general fund, schedule of changes in the net pension asset and related ratios and schedule of employer contributions for the Texas Municipal Retirement System. RSI can be found after the basic financial statements.

## **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 Mineola, assets exceed liabilities by \$16,476,878 as of September 30, 2020, in the primary government.

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

The largest portion of the City's net position, \$13,530,291, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), 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 following table reflects the condensed Statement of Net Position:

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 2,018,655	\$ 6,598,623	\$ 8,617,278	\$ 1,734,669	\$ 6,504,540	\$ 8,239,209
Net pension asset	334,898	100,034	434,932	-	-	-
Capital assets, net	8,135,214	15,828,429	23,963,643	8,116,934	16,173,387	24,290,321
<b>Total Assets</b>	<b>10,488,767</b>	<b>22,527,086</b>	<b>33,015,853</b>	<b>9,851,603</b>	<b>22,677,927</b>	<b>32,529,530</b>
<b>Deferred Outflows</b>	<b>134,735</b>	<b>42,386</b>	<b>177,121</b>	<b>382,274</b>	<b>114,187</b>	<b>496,461</b>
Current liabilities	809,400	1,002,341	1,811,741	685,793	975,577	1,661,370
Long-term liabilities	3,477,119	11,173,209	14,650,328	3,800,915	11,929,700	15,730,615
<b>Total Liabilities</b>	<b>4,286,519</b>	<b>12,175,550</b>	<b>16,462,069</b>	<b>4,486,708</b>	<b>12,905,277</b>	<b>17,391,985</b>
<b>Deferred Inflows</b>	<b>197,824</b>	<b>56,203</b>	<b>254,027</b>	<b>13,961</b>	<b>1,041</b>	<b>15,002</b>
Net Position:						
Net investment						
in capital assets	4,480,727	9,049,564	13,530,291	4,190,971	8,769,591	12,960,562
Restricted	379,255	80,109	459,364	430,205	94,708	524,913
Unrestricted	1,279,177	1,208,046	2,487,223	1,112,032	1,021,497	2,133,529
<b>Total Net Position</b>	<b>\$ 6,139,159</b>	<b>\$ 10,337,719</b>	<b>\$ 16,476,878</b>	<b>\$ 5,733,208</b>	<b>\$ 9,885,796</b>	<b>\$ 15,619,004</b>

Total long-term liabilities decreased by \$1,080,287 mainly as a result of principal payments made on long-term debt in the current year.

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

**Statement of Activities:**

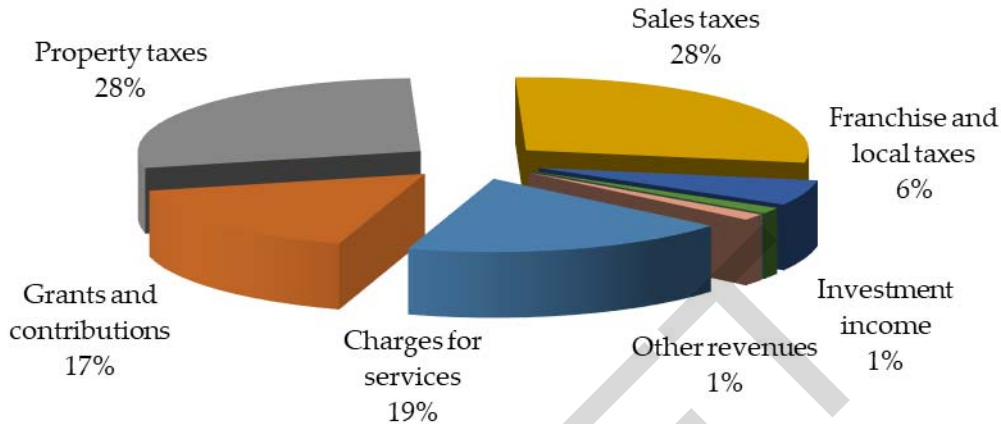
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
			Primary Government			Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,047,157	\$ 2,603,013	\$ 3,650,170	\$ 1,142,444	\$ 2,431,397	\$ 3,573,841
Grants and contributions	915,330	217,870	1,133,200	543,040	526,358	1,069,398
General revenues:						
Property taxes	1,567,361	-	1,567,361	1,450,984	-	1,450,984
Sales taxes	1,580,557	-	1,580,557	1,487,910	-	1,487,910
Franchise and local taxes	314,255	-	314,255	312,975	-	312,975
Investment income	76,071	19,668	95,739	111,314	111,065	222,379
Other revenues	76,814	53	76,867	53,364	94	53,458
<b>Total Revenues</b>	<b>5,577,545</b>	<b>2,840,604</b>	<b>8,418,149</b>	<b>5,102,031</b>	<b>3,068,914</b>	<b>8,170,945</b>
<b>Expenses</b>						
General government	780,070	-	780,070	884,028	-	884,028
Public safety	2,427,819	-	2,427,819	2,085,694	-	2,085,694
Public works	917,256	-	917,256	923,115	-	923,115
Culture and recreation	183,934	-	183,934	59,198	-	59,198
Community development	270,499	-	270,499	372,531	-	372,531
Interest and fiscal charges	99,350	401,990	501,340	108,423	417,217	525,640
Solid waste	536,689	-	536,689	519,557	-	519,557
Water & sewer	-	1,942,668	1,942,668	-	1,841,152	1,841,152
<b>Total Expenses</b>	<b>5,215,617</b>	<b>2,344,658</b>	<b>7,560,275</b>	<b>4,952,546</b>	<b>2,258,369</b>	<b>7,210,915</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	361,928	495,946	857,874	149,485	810,545	960,030
<b>Transfers</b>	44,023	(44,023)	-	(656,100)	656,100	-
<b>Change in Net Position</b>	<b>405,951</b>	<b>451,923</b>	<b>857,874</b>	<b>(506,615)</b>	<b>1,466,645</b>	<b>960,030</b>
Beginning Net Position	5,733,208	9,885,796	15,619,004	6,239,823	8,419,151	14,658,974
<b>Ending Net Position</b>	<b>\$ 6,139,159</b>	<b>\$ 10,337,719</b>	<b>\$ 16,476,878</b>	<b>\$ 5,733,208</b>	<b>\$ 9,885,796</b>	<b>\$ 15,619,004</b>

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

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

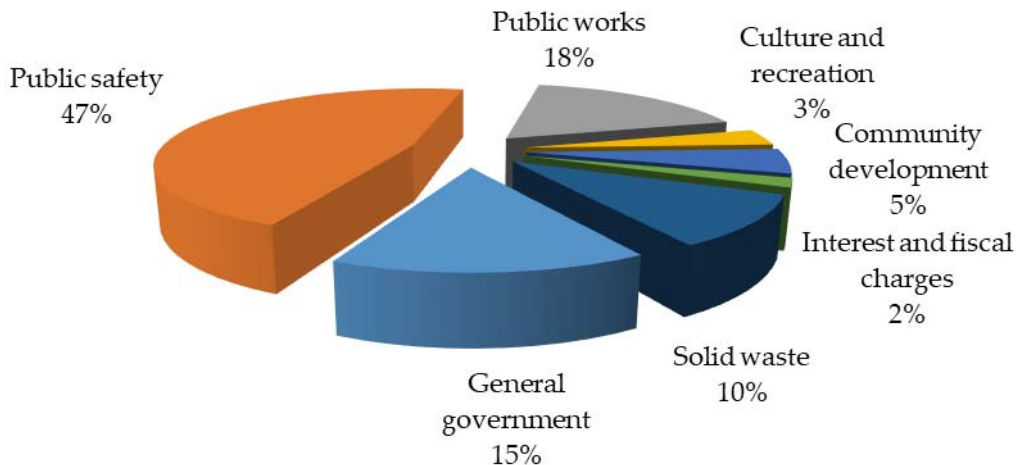
**Governmental Activities - Revenues**



For the year ended September 30, 2020, revenues from governmental activities totaled \$5,577,545. Property tax, sales tax and charges for services are the City's largest revenue sources. Grants and contributions increased by \$372,290 due primarily to nonrecurring third party donations received in the current year. Property tax revenue increased by \$116,377 primarily due to greater appraised values in the current year. Sales tax revenue increased by \$92,647 due to economic growth fueled by local purchases. Investment income decreased by \$35,243 primarily due to realization of lower interest rates over the course of the year. Other revenues increased by \$23,450 primarily due to nonrecurring proceeds received in the current year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:

**Governmental Activities - Expenses**





# City of Mineola, Texas

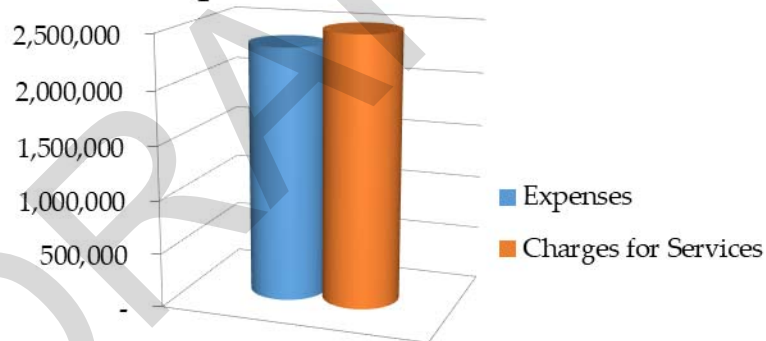
## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

For the year ended September 30, 2020, expenses for governmental activities totaled \$5,215,617. This represents an increase of \$263,071 or 5% from the prior year. The City's largest functional expense is public safety of \$2,427,819, which increased by \$342,125 primarily as a result of increased personnel, building and vehicle repair expenses in the police department. General government expenditures decreased by \$103,958 primarily resulting from a reduction in employee benefit expenses resulting from the actuarial valuation of the City's net pension asset. The City recognized a net pension liability in the prior year. Culture and recreation expenses increased by \$124,736 due primarily to greater personnel expenses incurred in the current year and less capitalizable expenses incurred compared to the prior year. Community development expenses decreased by \$102,032 primarily due to nonrecurring main street program and Meredith grant expenses incurred in the prior year. All other expenses remained relatively stable when compared to the previous year.

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

### Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2020, charges for services by business-type activities totaled \$2,603,013. This is an increase of \$171,616 or 7% from the previous year primarily as a result of increased water consumption by the local citizens. \$217,870 of grants and contribution revenues were recognized as capital contributions in the current year as a result of funds transferred to the water and sewer fund from the City's discretely presented component unit. In addition, the City received \$164,221 in nonrecurring contribution revenue in the prior year.

Total expenses increased by \$86,289 or 4% during the year. The increase was primarily to do greater personnel, professional services, and annual depreciation expenses 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.

# City of Mineola, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

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 an ending fund balance of \$1,481,033. Unassigned fund balance totaled \$1,338,600 as of year end. There was an overall increase in general fund balance of \$166,882 from the prior year. The increase was primarily a result of less than anticipated expenditures over the course of the year.

As of the end of the year the total nonmajor governmental fund balance amounted to \$81,108, a slight decrease of \$8,197 compared to the prior year.

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 negative revenue variance of \$64,331 and a positive expenditure variance of \$488,608 for the year. The negative revenue variance was primarily due to a negative variance in fines and forfeitures of \$92,498. The positive expenditure variance was primarily due to a significant positive variance in public safety of \$340,184. Other financing sources (uses) had an overall negative budget variance of \$90,308. The total budget variance was a positive variance of \$333,969.

### CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$8,135,214 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 \$15,828,429 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Purchase of new Kubota chipper truck for streets department for \$194,681.
- Purchase of new public safety equipment totaling \$50,794.
- Purchase of five new public safety vehicles totaling \$212,690.
- Purchased three 2019 Chevy Silverado trucks for water and sewer department totaling \$68,325.
- Sewer improvement at West Hwy 80 and Cheek St for \$25,314.
- Purchased a Kubota M6 for water and sewer department for \$74,585.

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

- Blackmon Meadows lift station engineering costs totaling \$68,467.
- Investments in wastewater treatment plant for \$69,760.

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 (including premiums), notes, and leases outstanding of \$15,492,369. During the year, the City payments on long-term debt were \$1,039,115. During the year, the City entered into a new capital lease agreement for purchase of one vehicle totaling \$49,907. In addition, the City refunded \$1,640,000 of certificates of obligation during the current 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 Mineola and improving services provided to their public citizens.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Mineola'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 City Finance Director, 300 Greenville Highway, Mineola, Texas 75773.

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***FINANCIAL STATEMENTS***

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**City of Mineola, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**September 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,346,260	\$ 6,240,273	\$ 7,586,533
Receivables, net	560,018	358,249	918,267
Due from primary government	-	-	-
Internal balances	(101)	101	-
Prepaid assets	42,620	-	42,620
<b>Total Current Assets</b>	<b>1,948,797</b>	<b>6,598,623</b>	<b>8,547,420</b>
Net pension asset	334,898	100,034	434,932
Restricted cash	69,858	-	69,858
Capital assets:			
Non-depreciable	2,062,107	1,920,295	3,982,402
Net depreciable capital assets	6,073,107	13,908,134	19,981,241
<b>Total Noncurrent Assets</b>	<b>8,539,970</b>	<b>15,928,463</b>	<b>24,468,433</b>
<b>Total Assets</b>	<b>10,488,767</b>	<b>22,527,086</b>	<b>33,015,853</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	-	2,140	2,140
Pension outflows	116,567	34,819	151,386
OPEB outflows	18,168	5,427	23,595
<b>Total Deferred Outflows of Resources</b>	<b>134,735</b>	<b>42,386</b>	<b>177,121</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	348,027	47,147	395,174
Due to component unit	1,200	-	1,200
Customer deposits	-	155,905	155,905
Accrued interest payable	12,311	35,770	48,081
Compensated absences, current	135,608	44,519	180,127
Long-term debt due within one year	312,254	719,000	1,031,254
<b>Total Current Liabilities</b>	<b>809,400</b>	<b>1,002,341</b>	<b>1,811,741</b>
Noncurrent liabilities:			
OPEB liability	130,283	38,916	169,199
Compensated absences, noncurrent	15,067	4,947	20,014
Long-term debt due in more than one year	3,331,769	11,129,346	14,461,115
<b>Total Noncurrent Liabilities</b>	<b>3,477,119</b>	<b>11,173,209</b>	<b>14,650,328</b>
<b>Total Liabilities</b>	<b>4,286,519</b>	<b>12,175,550</b>	<b>16,462,069</b>

**Component  
Unit**  

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**Economic  
Dev. Corp.**  

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551,744  
117,140  
1,200  
-  
-  

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670,084  

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304,561  
11,499  

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316,060  

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986,144  

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22,127  
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22,127  

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22,127  

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**City of Mineola, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**September 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows	183,273	54,744	238,017
OPEB inflows	4,885	1,459	6,344
Deferred gain on refunding	9,666	-	9,666
<b>Total Deferred Inflows of Resources</b>	<b>197,824</b>	<b>56,203</b>	<b>254,027</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	4,480,727	9,049,564	13,530,291
Restricted for:			
Debt service	31,173	-	31,173
Park development	43,368	-	43,368
Law enforcement	29,955	-	29,955
Other activities	6,567	-	6,567
Pensions	268,192	80,109	348,301
Economic development	-	-	-
Unrestricted	1,279,177	1,208,046	2,487,223
<b>Total Net Position</b>	<b>\$ 6,139,159</b>	<b>\$ 10,337,719</b>	<b>\$ 16,476,878</b>

See Notes to Financial Statements.



<b>Component Unit</b>
<b>Economic Dev. Corp.</b>
-
-
-
-
316,060
-
-
-
-
647,957
-
<u>\$ 964,017</u>

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# City of Mineola, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 780,070	\$ -	\$ 563,781	\$ 20,000
Public safety	2,427,819	256,319	-	111,785
Public works	917,256	25,964	83,440	-
Culture and recreation	183,934	-	24,970	82,618
Solid waste	536,689	764,874	-	-
Community development	270,499	-	-	28,736
Interest and fiscal charges	99,350	-	-	-
<b>Total Governmental Activities</b>	<b>5,215,617</b>	<b>1,047,157</b>	<b>672,191</b>	<b>243,139</b>
<b>Business-Type Activities</b>				
Water & Sewer	2,344,658	2,603,013	217,870	-
<b>Total Business-Type Activities</b>	<b>2,344,658</b>	<b>2,603,013</b>	<b>217,870</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 7,560,275</b>	<b>\$ 3,650,170</b>	<b>\$ 890,061</b>	<b>\$ 243,139</b>
<b>Component Unit Activities</b>				
Economic Development	593,669	-	-	-
<b>Total Component Unit Activities</b>	<b>\$ 593,669</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General Revenues:**

- Taxes
  - Property taxes
  - Sales taxes
  - Franchise and local taxes
  - Hotel occupancy taxes
- Investment income
- Other revenues

**Transfers**

**Total General Revenues**

**Change in Net Position**

Beginning Net Position

**Ending Net Position**

See Notes to Financial Statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component</u>
<u>Primary Government</u>			<u>Unit</u>
<u>Governmental</u>	<u>Business-Type</u>		<u>Economic</u>
<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Dev. Corp.</u>
\$ (196,289)	\$ -	\$ (196,289)	\$ -
(2,059,715)	-	(2,059,715)	-
(807,852)	-	(807,852)	-
(76,346)	-	(76,346)	-
228,185	-	228,185	-
(241,763)	-	(241,763)	-
(99,350)	-	(99,350)	-
<u>(3,253,130)</u>	<u>-</u>	<u>(3,253,130)</u>	<u>-</u>
-	476,225	476,225	-
-	476,225	476,225	-
<u>(3,253,130)</u>	<u>476,225</u>	<u>(2,776,905)</u>	<u>-</u>
			<u>(593,669)</u>
			<u>\$ (593,669)</u>
1,567,361	-	1,567,361	-
1,580,557	-	1,580,557	790,637
239,243	-	239,243	-
75,012	-	75,012	-
76,071	19,668	95,739	4,831
76,814	53	76,867	1,200
44,023	(44,023)	-	-
<u>3,659,081</u>	<u>(24,302)</u>	<u>3,634,779</u>	<u>796,668</u>
405,951	451,923	857,874	202,999
5,733,208	9,885,796	15,619,004	761,018
<u>\$ 6,139,159</u>	<u>\$ 10,337,719</u>	<u>\$ 16,476,878</u>	<u>\$ 964,017</u>

# City of Mineola, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 1,260,485	\$ 85,775	\$ 1,346,260
Prepaid expenses	42,620	-	42,620
Restricted cash	69,858	-	69,858
Receivables, net	546,077	13,941	560,018
<b>Total Assets</b>	<b>\$ 1,919,040</b>	<b>\$ 99,716</b>	<b>\$ 2,018,756</b>
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	\$ 343,360	\$ 4,667	\$ 348,027
Due to component unit	1,200	-	1,200
Due to other funds	101	-	101
<b>Total Liabilities</b>	<b>344,661</b>	<b>4,667</b>	<b>349,328</b>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue:			
Property tax	93,346	13,941	107,287
<b>Total Deferred Inflows of Resources</b>	<b>93,346</b>	<b>13,941</b>	<b>107,287</b>
<b><u>Fund Balances</u></b>			
Nonspendable:			
Prepays	42,620	-	42,620
Restricted for:			
Debt service	-	31,173	31,173
Law enforcement	29,955	-	29,955
Municipal court	-	3,714	3,714
Tourism	-	2,753	2,753
CDBG grant activity	-	100	100
Park development	-	43,368	43,368
Committed to:			
Fire department equipment	69,858	-	69,858
Unassigned reported in:			
General fund	1,338,600	-	1,338,600
<b>Total Fund Balances</b>	<b>1,481,033</b>	<b>81,108</b>	<b>1,562,141</b>
<b>Total Liabilities, Fund Balances, and Deferred Inflows of Resources</b>	<b>\$ 1,919,040</b>	<b>\$ 99,716</b>	<b>\$ 2,018,756</b>

See Notes to Financial Statements.

# City of Mineola, Texas

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

September 30, 2020

<b>Fund Balances - Total Governmental Funds</b>	\$ 1,562,141
 <b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	2,062,107
Capital assets - net depreciable	6,073,107
 The net pension asset is not an available resource and, therefore, is not reported in the funds.	
	334,898
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivable	107,287
 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	62,322
Pension changes in assumptions	29,187
Pension differences in expected and actual experience	25,058
OPEB contributions	686
OPEB differences in expected and actual experience	17,482
 Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.	
Pension investment losses (earnings)	(183,273)
OPEB investment losses (earnings)	(4,885)
Deferred gain on refunding	(9,666)
 Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(12,311)
Compensated absences	(150,675)
OPEB liability	(130,283)
Bonds (including premiums), notes, and capital leases	(3,644,023)
<b>Net Position of Governmental Activities</b>	<u><u>\$ 6,139,159</u></u>

See Notes to Financial Statements.

# City of Mineola, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS (Page 1 of 2) For the Year Ended September 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property tax	\$ 1,309,593	\$ 254,630	\$ 1,564,223
Sales tax	1,580,557	-	1,580,557
Franchise and local taxes	239,243	-	239,243
Hotel occupancy taxes	-	75,012	75,012
Intergovernmental	72,529	194,794	267,323
Charges for services	731,995	32,879	764,874
License and permits	25,964	-	25,964
Fines and forfeitures	256,319	-	256,319
Investment income	76,071	-	76,071
Grants and donations	648,007	20	648,027
Other revenue	45,128	2	45,130
<b>Total Revenues</b>	4,985,406	557,337	5,542,743
<b>Expenditures</b>			
Current:			
General government	606,349	120,480	726,829
Public safety	2,444,540	96,836	2,541,376
Public works	881,747	-	881,747
Community development	266,801	-	266,801
Solid waste	536,689	-	536,689
Culture & recreation	-	115,920	115,920
Debt service:			
Principal	91,115	220,000	311,115
Interest and fiscal charges	7,354	114,200	121,554
Capital outlay	7,621	-	7,621
<b>Total Expenditures</b>	4,842,216	667,436	5,509,652
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	143,190	(110,099)	33,091

See Notes to Financial Statements.

# City of Mineola, Texas

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2020**

**Other Financing Sources (Uses)**

Transfers in	-	101,902	101,902
Transfers (out)	(57,879)	-	(57,879)
Insurance proceeds	1,435	-	1,435
Lease proceeds	49,907	-	49,907
Sale of capital assets	30,229	-	30,229
<b>Total Other Financing Sources</b>	23,692	101,902	125,594
<b>Net Change in Fund Balances</b>	166,882	(8,197)	158,685
Beginning fund balances	1,314,151	89,305	1,403,456
<b>Ending Fund Balances</b>	\$ 1,481,033	\$ 81,108	\$ 1,562,141

See Notes to Financial Statements.

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# City of Mineola, Texas

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

For the Year Ended September 30, 2020

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

Net changes in fund balances - total governmental funds	\$	158,685
<p>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.</p>		
Capital outlay		480,560
Depreciation expense		(462,280)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		3,138
<p>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.</p>		
Compensated absences		982
Accrued interest		669
Pension expense		(48,873)
OPEB expense		(9,673)
<p>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.</p>		
Lease issuance		(49,907)
Amortization of debt premium		20,727
Amortization of deferred gain on refunding		808
Principal payments		311,115
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>405,951</u></b>

See Notes to Financial Statements.

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

		<u>Water &amp; Sewer</u>
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$	6,240,273
Receivables, net		358,249
Due from other funds		101
	<b>Total Current Assets</b>	<u>6,598,623</u>
<b><u>Noncurrent Assets</u></b>		
Net pension asset		100,034
Capital assets:		
Non-depreciable		1,920,295
Net depreciable capital assets		13,908,134
	<b>Total Noncurrent Assets</b>	<u>15,928,463</u>
	<b>Total Assets</b>	<u>22,527,086</u>
<b><u>Deferred Outflows of Resources</u></b>		
Deferred charge on refunding		2,140
Pension contributions		18,616
OPEB contributions		205
OPEB difference in experience		5,222
Pension difference in expected and actual experience		7,485
Pension difference in assumptions		8,718
	<b>Total Deferred Outflows of Resources</b>	<u>42,386</u>

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

	<b>Water &amp; Sewer</b>
<b><u>Liabilities</u></b>	
<b><u>Current Liabilities</u></b>	
Accounts payable and accrued liabilities	\$ 47,147
Customer deposits	155,905
Accrued interest	35,770
Compensated absences, current	44,519
Long-term debt due within one year	719,000
<b>Total Current Liabilities</b>	<b>1,002,341</b>
 <b><u>Noncurrent Liabilities</u></b>	
OPEB liability	38,916
Compensated absences, noncurrent	4,947
Long-term debt due in more than one year	11,129,346
<b>Total Liabilities</b>	<b>12,175,550</b>
 <b><u>Deferred Inflows of Resources</u></b>	
OPEB change in assumptions	1,459
Pension investment returns	54,744
<b>Total Deferred Inflows of Resources</b>	<b>56,203</b>
 <b><u>Net Position</u></b>	
Net investment in capital assets	9,049,564
Restricted for pensions	80,109
Unrestricted	1,208,046
<b>Total Net Position</b>	<b>\$ 10,337,719</b>

See Notes to Financial Statements.

# City of Mineola, Texas

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

For the Year Ended September 30, 2020

	<b>Water &amp; Sewer</b>
<b><u>Operating Revenues</u></b>	
Charges for services	\$ 2,603,013
<b>Total Operating Revenues</b>	<b>2,603,013</b>
<b><u>Operating Expenses</u></b>	
Personnel services	721,903
Supplies	65,628
Contractual services	324,416
Repairs and maintenance	148,627
Depreciation	682,094
<b>Total Operating Expenses</b>	<b>1,942,668</b>
<b>Operating Income (Loss)</b>	<b>660,345</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>	
Investment income	19,668
Intergovernmental revenue	217,870
Debt issuance costs	(42,226)
Interest expense	(359,764)
Gain on sale of capital assets	53
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(164,399)</b>
<b>Income Before Transfers</b>	<b>495,946</b>
<b><u>Transfers</u></b>	
Transfers (out)	(44,023)
<b>Total Transfers</b>	<b>(44,023)</b>
<b>Change in Net Position</b>	<b>451,923</b>
Beginning net position	9,885,796
<b>Ending Net Position</b>	<b>\$ 10,337,719</b>

See Notes to Financial Statements.

**City of Mineola, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2020**

	<b>Water &amp; Sewer</b>
<b><u>Cash Flows from Operating Activities</u></b>	
Receipts from customers	\$ 2,613,489
Payments to suppliers	(534,692)
Payments to employees	(716,149)
<b>Net Cash Provided by Operating Activities</b>	<b>1,362,648</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfers (out)	(44,023)
Proceeds from component unit	217,870
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>173,847</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Capital purchases	(337,136)
Proceeds from sale of capital assets	53
Current year debt refunding	(1,652,774)
Proceeds from debt issuance	1,695,000
Principal paid on debt	(728,000)
Debt issuance costs paid	(42,226)
Interest paid on debt	(390,869)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,455,952)</b>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest received on investments	19,668
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>19,668</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>100,211</b>
Beginning cash and cash equivalents	6,140,062
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 6,240,273</b>

See Notes to Financial Statements.

**City of Mineola, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2020**

	<b>Water &amp; Sewer</b>
<b><u>Reconciliation of Operating Income (Loss)</u></b>	
<b><u>to Net Cash Provided by Operating Activities</u></b>	
Operating Income (Loss)	\$ 660,345
Adjustments to reconcile operating income (loss) to net cash provided:	
Depreciation	682,094
<b>Changes in Operating Assets and Liabilities:</b>	
<b>(Increase) Decrease in:</b>	
Accounts receivable	6,229
Prepaid expense	(101)
Net pension liability (asset)	(119,278)
OPEB liability	7,665
Deferred outflows of resources - pension	79,133
Deferred outflows of resources - OPEB	(5,192)
<b>Increase (Decrease) in:</b>	
Accounts payable and accrued liabilities	4,080
Customer deposits	4,247
Compensated absences	(11,736)
Deferred inflows of resources - pension	54,744
Deferred inflows of resources - OPEB	418
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,362,648</b>

See Notes to Financial Statements.

**City of Mineola, Texas**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-Wide Financial Statements**

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

**B. Reporting Entity**

The City of Mineola, Texas, operates under a "Mayor-City Council" form of government. The City provides the following services: general administration, police, fire, planning and zoning, street, solid waste, and water and sewer services.

The City is an independent political subdivision of the State of Texas governed by an elected council and is considered a primary government for financial reporting purposes as its activities are not considered a part of any other governmental or other type of reporting entity. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Mineola Economic Development Corporation ("EDC") although legally separate, is considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

**Discretely Presented Component Unit**

Mineola Economic Development Corporation

The Mineola Economic Development Corporation is governed by a board of seven directors, all of whom are appointed by the City Council at its will. One member of the board of directors is a member of City Council and all others are appointed citizens. The City Administrator is an ex-officio member without voting rights. The sole purpose of the Mineola Economic Development Corp. is to determine the use of the proceeds of a \$0.5 cent city sales tax for the benefit of the citizens of Mineola. Although legally separate from the City of Mineola, the Mineola Economic Development Corp. is reported as if it were part of the primary government because of the City's control over the financial operations and decisions of the Mineola Economic Development Corp. The Corporation is discretely presented as a result of none of the criteria for blending being present.

**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 a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and 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 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 separate columns in the fund financial statements.

The government reports the following major governmental funds:

**General Fund**

The general fund is the main operating fund of the City and 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, licenses and permits, fines and



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

forfeitures, and charges for services. Expenditures include general government, public safety, public works, solid waste, and culture and recreation.

**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) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The government reports the following major enterprise fund:

**Water and Sewer Fund**

The water and sewer fund is used to account for the provision of water & wastewater collection and wastewater treatment operations. Activities of the fund include administration, operations and maintenance of the water system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

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

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

column.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to when transactions are recorded in the financial records and reported on the financial statements and relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable. Proprietary fund equity consists of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

All governmental funds and component units are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

**E. 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.

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*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2020

**F. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position/Fund Balance**

**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 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. 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 Mineola, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2020

**3. 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.

**4. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market 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.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, 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 are recorded at estimated fair market 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.

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.

# City of Mineola, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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 Life</u>
Machinery and equipment	6 to 15 years
Infrastructure	40 years
Buildings and improvements	20 to 45 years

### 6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 has only one type of item, 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 and fines and forfeitures. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

### 7. 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 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.

# City of Mineola, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

### 8. 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.

### 9. 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.

### 10. Compensated Absences

The City maintains formal programs for vacation and sick leave. Eligible employees are granted vacation pay benefits in varying amounts to specified maximums depending on tenure with the City. The City's personnel policy permits its eligible employees to accumulate earned but unused vacation pay benefits. Upon separation from the City, employees will be

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

paid for their accrued and unused vacation pay benefits earned in the year.

Sick leave accrues to eligible employees to specified maximums, including the maximum number of hours that can be carried over from the previous year. Upon retirement or death, unused sick leave is not paid to the employee.

The estimated amount of accrued vacation and sick pay benefits that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it upon maturity. Amounts of accrued vacation pay benefits that are not expected to be liquidated with expendable available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

**11. 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, capital leases, 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 expected to be financed 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 issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. 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 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.

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

**12. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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) 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.

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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



# City of Mineola, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

### 2. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## 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. Reconciling items have been presented on the balance sheet of governmental funds in the basic financial statements.

### 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.” A reconciliation has been presented in the basic financial statements.

## III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City's investment policy requires full collateralization of all time and bank deposits consistent with Chapter 2257 of the Public Funds Collateral Act. As of September 30, 2020, the City had sufficient collateral investments covering the bank deposits.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general fund. The original budget is adopted by the City Council prior to the

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

beginning of the year. No funds can be transferred or added to a budgeted fund without Council approval. Appropriations lapse at the end of the year.

**A. Expenditures in Excess of Appropriations**

For the current year, expenditures exceeded appropriations as follows:

General fund:	
Solid waste	\$ 46,689
Capital outlay	7,621
Transfers (out)	37,879

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 4,007,198	0.10
Total value	\$ 4,007,198	
Portfolio weighted average maturity		0.10

*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 three 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, Certificates of Deposit, Repurchase agreements, Insured Cash Sweeps (ICS), and Certificate of Deposit Account Registry (CDARs).

*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. The City's investment policy requires funds on bank deposit at the depository bank to be collateralized by securities with a collective market value (market value of the principal and accrued interest) of at

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

least 102%. As of September 30, 2020, the City had sufficient collateral investments covering the bank deposits.

*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.

**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.

**B. Receivables**

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

	<b>General</b>	<b>Nonmajor Governmental</b>	<b>Water &amp; Sewer</b>	<b>Total</b>
Solid waste	\$ 92,228	\$ -	\$ -	\$ 92,228
Sales tax	279,756	-	-	279,756
Property tax	140,798	22,998	-	163,796
Franchise and other taxes	63,761	-	-	63,761
Accounts	19,286	-	359,534	378,820
Allowance	(49,752)	(9,057)	(1,285)	(60,094)
	<u>\$ 546,077</u>	<u>\$ 13,941</u>	<u>\$ 358,249</u>	<u>\$ 918,267</u>

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

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

	<b>Economic Dev. Corp.</b>
Sales tax	\$ 117,140
	\$ 117,140

**C. Capital Assets**

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

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases/ Transfers</b>	<b>Ending Balances</b>
Capital assets, not being depreciated:				
Land	\$ 2,053,194	\$ -	\$ -	\$ 2,053,194
Construction in progress	-	8,913	-	8,913
<b>Total capital assets not being depreciated</b>	<b>2,053,194</b>	<b>8,913</b>	<b>-</b>	<b>2,062,107</b>
Capital assets, being depreciated:				
Buildings and improvements	3,825,149	-	-	3,825,149
Machinery & equipment	4,151,881	471,647	-	4,623,528
Infrastructure	6,611,441	-	-	6,611,441
<b>Total capital assets being depreciated</b>	<b>14,588,471</b>	<b>471,647</b>	<b>-</b>	<b>15,060,118</b>
Less accumulated depreciation				
Buildings and improvements	(2,314,579)	(103,654)	-	(2,418,233)
Machinery & equipment	(3,492,452)	(182,406)	-	(3,674,858)
Infrastructure	(2,717,700)	(176,220)	-	(2,893,920)
<b>Total accumulated depreciation</b>	<b>(8,524,731)</b>	<b>(462,280)</b>	<b>-</b>	<b>(8,987,011)</b>
<b>Net capital assets being depreciated</b>	<b>6,063,740</b>	<b>9,367</b>	<b>-</b>	<b>6,073,107</b>
<b>Total Net Capital Assets</b>	<b>\$ 8,116,934</b>	<b>\$ 18,280</b>	<b>\$ -</b>	<b>\$ 8,135,214</b>

Depreciation was charged to governmental functions as follows:

General government	\$ 49,900
Public safety	117,177
Public works	221,228
Culture and recreation	73,975
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 462,280</b>

The carrying value of leased capital assets was \$179,637 as of September 30, 2020.

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

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,498,522	\$ -	\$ -	\$ 1,498,522
Construction in progress	274,366	147,407	-	421,773
Total capital assets not being depreciated	<u>1,772,888</u>	<u>147,407</u>	<u>-</u>	<u>1,920,295</u>
Capital assets, being depreciated:				
Water & sewer system	22,949,974	36,104	-	22,986,078
Buildings and improvements	43,552	5,715	-	49,267
Machinery and equipment	1,037,069	147,910	-	1,184,979
Total capital assets being depreciated	<u>24,030,595</u>	<u>189,729</u>	<u>-</u>	<u>24,220,324</u>
Less accumulated depreciation				
Water & sewer system	(8,754,883)	(598,334)	-	(9,353,217)
Buildings and systems	(40,071)	(1,717)	-	(41,788)
Machinery and equipment	(835,142)	(82,043)	-	(917,185)
Total accumulated depreciation	<u>(9,630,096)</u>	<u>(682,094)</u>	<u>-</u>	<u>(10,312,190)</u>
Net capital assets being depreciated	<u>14,400,499</u>	<u>(492,365)</u>	<u>-</u>	<u>13,908,134</u>
<b>Total Net Capital Assets</b>	<u><u>\$ 16,173,387</u></u>	<u><u>\$ (344,958)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,828,429</u></u>

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

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 304,561	\$ -	\$ -	\$ 304,561
Total capital assets not being depreciated	<u>304,561</u>	<u>-</u>	<u>-</u>	<u>304,561</u>
Capital assets, being depreciated:				
Equipment	\$ 8,452	\$ -	\$ -	\$ 8,452
Infrastructure	10,000	-	-	10,000
Total capital assets being depreciated	<u>18,452</u>	<u>-</u>	<u>-</u>	<u>18,452</u>
Less accumulated depreciation				
Equipment	(2,709)	(1,690)	-	(4,399)
Infrastructure	(1,887)	(667)	-	(2,554)
Total accumulated depreciation	<u>(4,596)</u>	<u>(2,357)</u>	<u>-</u>	<u>(6,953)</u>
Net capital assets being depreciated	<u>13,856</u>	<u>(2,357)</u>	<u>-</u>	<u>11,499</u>
<b>Total Net Capital Assets</b>	<u><u>\$ 318,417</u></u>	<u><u>\$ (2,357)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 316,060</u></u>

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

**D. Long-term Debt**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Refunding/ Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds and other payables:					
General Obligation Refunding Bonds	\$ 3,430,000	\$ -	\$ (220,000)	\$ 3,210,000	\$ 230,000
Capital leases	227,020	49,907	(91,115)	185,812	82,254
Premium	268,938	-	(20,727)	248,211	-
<b>Total Governmental Activities</b>	<u>\$ 3,925,958</u>	<u>\$ 49,907</u>	<u>\$ (331,842)</u>	<u>\$ 3,644,023</u>	<u>\$ 312,254</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 3,331,769</u>	
<b>Business-Type Activities:</b>					
Bonds, leases, and other payables:					
General Obligation Refunding Bonds	\$ 500,000	\$ 1,695,000	\$ (308,000)	\$ 1,887,000	\$ 279,000
Certificates of Obligation	11,550,000	-	(2,060,000)	9,490,000	440,000
Premium	513,085	-	(41,739)	471,346	-
<b>Total Business-Type Activities</b>	<u>\$ 12,563,085</u>	<u>\$ 1,695,000</u>	<u>\$ (2,409,739)</u>	<u>\$ 11,848,346</u>	<u>\$ 719,000</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 11,129,346</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. Capital leases are collateralized by the leased asset. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

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

	Governmental Activities	Business - Type Activities	Total
<b>General Obligation Bonds:</b>			
\$965,000 General Obligation Bond, Series 2014, due in installments through 2024, interest at 2.00%	\$ -	\$ 395,000	\$ 395,000
<b>Total General Obligation Bonds</b>	<b>\$ -</b>	<b>\$ 395,000</b>	<b>\$ 395,000</b>
<b>General Obligation Refunding Bonds:</b>			
\$3,430,000 General Obligation Refunding Bond, Series 2017, due in installments through 2032, interest at 2.00% to 4.00%	\$ 3,210,000	\$ -	\$ 3,210,000
\$1,695,000 General Obligation Refunding Bond, Series 2019, due in annual installments through 2028, interest at 4.00% - 4.55%	-	1,492,000	1,492,000
<b>Total General Obligation Refunding Bonds</b>	<b>\$ 3,210,000</b>	<b>\$ 1,492,000</b>	<b>\$ 4,702,000</b>
<b>Certificates of Obligation:</b>			
\$5,660,000 Certificates of Obligation, Series 2017, due in annual installments through 2037, interest at 2.00% to 4.00%	\$ -	\$ 5,085,000	\$ 5,085,000
\$4,980,000 Certificates of Obligation, Series 2014, due in annual installments through 2034, interest at 2.00% to 4.00%	-	4,405,000	4,405,000
<b>Total Certificates of Obligation</b>	<b>\$ -</b>	<b>\$ 9,490,000</b>	<b>\$ 9,490,000</b>
<b>Capital Leases Payable:</b>			
\$92,180 Capital lease payable, due in installments through 2022, interest at 2.25%	\$ 62,554	\$ -	\$ 62,554
\$49,907 Capital lease payable, Ford F-250, due in annual installments of \$17,984 through 2023, interest at 4.00%	49,907	-	49,907
\$80,984 Capital lease payable for equipment, due in annual installments of \$22,270 through 2022, interest at 2.25%	42,149	-	42,149
\$102,528 Capital lease payable for truck, due in annual installments of \$19,878 through 2022, interest at 4.5%	31,202	-	31,202
<b>Total Capital Leases Payable</b>	<b>\$ 185,812</b>	<b>\$ -</b>	<b>\$ 185,812</b>
<b>Premiums on debt issuances</b>	248,211	471,346	719,557
<b>Total Debt</b>	<b>\$ 3,644,023</b>	<b>\$ 11,848,346</b>	<b>\$ 15,492,369</b>



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

The annual requirements to amortize total government-type debt issues outstanding at year end were as follows:

Year ending September 30,	General Obligation Bonds		Capital leases	
	Principal	Interest	Principal	Interest
2021	\$ 230,000	\$ 109,350	\$ 82,254	\$ 7,232
2022	230,000	104,750	88,709	4,019
2023	235,000	100,150	14,849	692
2024	240,000	93,100	-	-
2025	250,000	85,900	-	-
2026	260,000	78,400	-	-
2027	265,000	70,600	-	-
2028	280,000	60,000	-	-
2029	285,000	48,800	-	-
2030	295,000	37,400	-	-
2031	315,000	25,600	-	-
2032	325,000	13,000	-	-
<b>Total</b>	<b>\$ 3,210,000</b>	<b>\$ 827,050</b>	<b>\$ 185,812</b>	<b>\$ 11,943</b>

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

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

Year ending September 30,	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2021	\$ 279,000	\$ 40,873	\$ 440,000	\$ 402,950
2022	276,000	34,917	455,000	385,400
2023	273,000	29,028	480,000	367,070
2024	260,000	23,204	510,000	346,966
2025	201,000	17,658	590,000	325,448
2026	197,000	13,216	415,000	299,586
2027	198,000	8,862	430,000	277,648
2028	203,000	4,486	445,000	252,321
2029	-	-	690,000	225,976
2030	-	-	715,000	200,376
2031	-	-	740,000	172,800
2032	-	-	770,000	143,200
2033	-	-	810,000	112,400
2034	-	-	840,000	80,000
2035	-	-	370,000	46,400
2036	-	-	385,000	31,600
2037	-	-	405,000	16,200
<b>Total</b>	<b>\$ 1,887,000</b>	<b>\$ 172,244</b>	<b>\$ 9,490,000</b>	<b>\$ 3,686,341</b>

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

**E. Other Long-term Liabilities**

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 water and sewer funds to liquidate compensated absences.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 151,657	\$ -	\$ (982)	\$ 150,675	\$ 135,608
<b>Total Governmental Activities</b>	<u>\$ 151,657</u>	<u>\$ -</u>	<u>\$ (982)</u>	<u>\$ 150,675</u>	<u>\$ 135,608</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 15,067</u>	
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 61,202	\$ -	\$ (11,736)	\$ 49,466	\$ 44,519
<b>Total Business-Type Activities</b>	<u>\$ 61,202</u>	<u>\$ -</u>	<u>\$ (11,736)</u>	<u>\$ 49,466</u>	<u>\$ 44,519</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 4,947</u>	

**F. Interfund Transactions**

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

<u>Transfers In:</u>	<u>Transfers Out:</u>		
	<u>General</u>	<u>Water &amp; Sewer</u>	<u>Total</u>
Nonmajor govt.	\$ 57,879	\$ 44,023	\$ 101,902
	<u>\$ 57,879</u>	<u>\$ 44,023</u>	<u>\$ 101,902</u>

Transfers between funds were primarily due to reallocation of assets to their proper funds during the year.

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

The compositions of interfund balances of the primary government as of the year ended September 30, 2020 were as follows:

	<u>Due to (Payable fund):</u>
<u>Due from (Receivable fund):</u>	<u>General</u>
Water & sewer	\$ 101
	<u>\$ 101</u>

The compositions of interfund balances between the primary government and component unit as of the year ended September 30, 2020 were as follows:

	<u>Due to (Payable fund):</u>
<u>Due from (Receivable fund):</u>	<u>General</u>
EDC	\$ 1,200
	<u>\$ 1,200</u>

**G. Current Year Refunding**

On November 6, 2019, the City issued \$1,695,000 in general obligation refunding bonds with an approximate interest rate of 4 - 4.55%. Bond proceeds received for \$1,695,000, were used to advance refund \$1,640,000 of outstanding 2009 certificates of obligation, which had an average interest rate of 4.42%. The net proceeds of the refunding portion of \$1,652,774 (after payment of \$42,226 in underwriting fees and other issuance costs were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded certificates of obligation. As a result, the obligations are considered defeased and the liability for those certificates has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,359. This amount is being amortized over the remaining life of the refunding debt. This advance refunding reduced its total debt service payments by \$140,980 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$126,556. The refunding did not significantly change the payment term of the related debt.

**H. Deferred Gains on Refunding**

Deferred gains resulting from the issuance of series 2017 general obligation refunding and bonds have been recorded as deferred inflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of

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

obligation. End of year balance totaled \$9,666 for governmental activities. Current year amortization for governmental activities totaled \$808.

**I. Deferred Charges on Refunding**

Deferred charges resulting from the issuance of series 2019 general obligation refunding and bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. End of year balance totaled \$2,140 for business-type activities. Current year amortization for business-type activities totaled \$219.

**J. Customer Deposits**

The City had customer deposits of \$155,905 in the water and sewer fund as of yearend. The City requires a refundable deposit for all new utility customers. This amount will be returned to the customer when utility service is discontinued and all outstanding utility expenses are paid.

**K. Fund Equity**

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of fund balances restricted/committed by the City:

	<b>Restricted</b>	<b>Committed</b>
Debt service	\$ 31,173	\$ -
Law enforcement	29,955 *	-
Municipal court	3,714 *	-
Tourism	2,753	-
Park development	43,368	-
CDBG grant activity	100	-
Fire department equipment	-	69,858
	\$ 111,063	\$ 69,858

**IV. 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 more than 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

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September 30, 2020

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.

The City uses a number of approaches to decrease risks and protect against losses to the City, including internal practices, employee training, and a code of ethics, which all employees are required to acknowledge

The City owns and operates motor vehicles and may provide such vehicle to employees for business use during the course and scope of their employment. The City is insured as to its own property losses, and the liability of loss to others.

**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.

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

**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

# City of Mineola, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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 not anticipate that it will have an arbitrage liability and reviews the estimate for this potential liability annually. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

### D. Defined Benefit Pension Plans

#### Texas Municipal Retirement System

##### 1. Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://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.

# City of Mineola, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2019</u>	<u>Plan Year 2018</u>
Employee deposit rate	5.0%	5.0%
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)	0% of CPI Repeating	0% of CPI Repeating

### **Employees covered by benefit terms**

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	41
Active employees	51
<b>Total</b>	<b>123</b>

### **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 Mineola were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Mineola were 4.54% and 4.18% in calendar years 2020 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$104,314.

### **4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.



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*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2020

**Actuarial assumptions:**

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

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 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.

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

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

**Discount Rate:**

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

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

**Changes in the Net Pension Liability (Asset):**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension (Asset) (a) – (b)</b>
<b>Balance at 12/31/18</b>	\$ 6,901,136	\$ 6,817,468	\$ 83,668
Changes for the year:			
Service Cost	233,615	-	233,615
Interest (on the Total Pension Liab.)	462,861	-	462,861
Difference between expected and actual experience	(7,327)	-	(7,327)
Changes of assumptions	49,938	-	49,938
Contributions – employer	-	95,641	(95,641)
Contributions – employee	-	114,443	(114,443)
Net investment income	-	1,053,737	(1,053,737)
Benefit payments, including refunds of emp. contributions	(321,482)	(321,482)	-
Administrative expense	-	(5,955)	5,955
Other changes	-	(179)	179
Net changes	417,605	936,205	(518,600)
<b>Balance at 12/31/19</b>	<b>\$ 7,318,741</b>	<b>\$ 7,753,673</b>	<b>\$ (434,932)</b>

**Sensitivity of the net pension liability (asset) to changes in the discount rate:**

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability (asset) 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%
\$ 540,134	\$ (434,932)	\$ (1,239,822)

**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](http://www.tmrs.com).

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

For the year ended September 30, 2020, the City recognized pension expense of \$168,987.

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

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference between projected and investment earnings	\$ -	\$ (238,017)
Differences between expected and actual economic experience	32,542	-
Changes in assumptions	37,905	-
Contributions subsequent to the measurement date	80,939	-
<b>Total</b>	<b>\$ 151,386</b>	<b>\$ (238,017)</b>

The City reported \$80,939 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2021.

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

**Year ended December 31:**

2020	\$ (41,754)
2021	(40,434)
2022	31,784
2023	(117,166)
Thereafter	-
	<b>\$ (167,570)</b>

**Other Postemployment Benefits**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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.

# City of Mineola, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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

### Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	9
Active employees	51
Total	83

The City's contributions to the TMRS SDBF for the years ended 2020, 2019, and 2018 were \$1,227, \$1,345, and \$1,067 respectively, which equaled the required contributions each year. The required contribution rates for the retiree for 2020, 2019, and 2018 were 0.05%, 0.06% and 0.05%, respectively.

### Total OPEB Liability

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

### Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5%, including inflation per year
Discount rate	2.75%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and

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

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

**Discount Rate:**

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

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

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

1% Decrease (1.75%)	Current Single Rate Assumption 2.75%	1% Increase (3.75%)
\$ 205,231	\$ 169,199	\$ 141,138

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/18</b>	\$ 135,876
Changes for the year:	
Service Cost	5,252
Interest	5,113
Difference between expected and actual experience	(4,218)
Changes of assumptions	28,546
Benefit payments	(1,370)
Net changes	33,323
<b>Balance at 12/31/19</b>	<b>\$ 169,199</b>

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

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$13,805.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Changes in actuarial assumptions	\$ 22,704	\$ -
Difference between expected and actual experience	-	(6,344)
Contributions after the measurement	891	-
<b>Total</b>	<b>\$ 23,595</b>	<b>\$ (6,344)</b>

The City reported \$891 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2021.

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

**Year ended December 31:**

2020	\$ 3,440
2021	3,440
2022	3,056
2023	2,007
204	3,982
Thereafter	435
	<b>\$ 16,360</b>

**E. Employee Benefit Plans**

**1. Section 457 Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The beneficial ownership of Plan assets held in the Retirement Trust shall be held for the participants and their beneficiaries and is not subject to the claims of the City's general creditors.

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

**F. Tax Abatement Disclosures**

The City of Mineola negotiates property tax abatement agreements on an individual basis. The City had tax abatement agreements with one entity that resulted in abatements during the year ended September 30, 2020:

<u>Purpose</u>	Percentage of Taxes Abated during	Amount of Taxes Abated during the Fiscal Year
	<u>the Fiscal Year</u>	<u>Property Tax</u>
Whataburger - Quick service restaurant	100%	\$ 3,015
KIMSU (Longhorn Ford Dev.)	100%	17,084
Sanderson Farms Feed Mill	100%	140,609
ETAS (dba Steck Properties, LLC)	100%	41,446
<b>Total</b>		<b>\$ 202,154</b>

Each agreement is negotiated under Article III, Section 52-a, Texas Constitution, and Chapter 380, Texas Local Gov't Code, stating that the City may establish and provide for the administration of a program for making loans and grants of public money to promote state or local economic development and to stimulate business and commercial activity in the municipality. The agreement is in accordance with Section 501.103, Texas Local Gov't Code. Taxes were abated through a rebate of taxes received.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities. The City has chosen to disclose information about its tax abatement agreements individually. It established a quantitative threshold of 100% percent of the total dollar amount of taxes abated during the year.

**G. Restatement**

Due to corrections to capital assets and accrued expenses, the City restated its beginning net position within governmental activities, business-type activities, component unit activities, the general fund, nonmajor governmental funds, and the water and sewer fund. The restatement of beginning fund balance/net position is as follows:

	<u>Governmental Activities</u>	<u>General</u>	<u>Nonmajor Governmental</u>
Prior year ending net position/fund balance, as reported	\$ 5,665,565	1,248,543	\$ 87,270
Correction to accrued expenses	67,643	65,608	2,035
Restated beginning net position/fund balance	<u>\$ 5,733,208</u>	<u>\$ 1,314,151</u>	<u>\$ 89,305</u>



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

	<b>Business-Type Activities</b>	<b>Water and Sewer</b>
Prior year ending net position/fund balance, as reported	\$ 9,855,965	9,855,965
Correction to accrued expenses	12,866	12,866
Correction to capital assets	16,965	16,965
Restated beginning net position/fund balance	\$ 9,885,796	\$ 9,885,796

	<b>Component Unit Activities</b>
Prior year ending net position, as reported	\$ 760,327
Correction to accrued expenses	691
Restated beginning net position	\$ 761,018

**H. Subsequent Events**

There were no material subsequent events through June 23, 2021, the date the financial statements were available to be issued.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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# City of Mineola, Texas

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

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property tax	\$ 1,330,660	\$ 1,330,660	\$ 1,309,593	\$ (21,067)
Sales tax	1,484,594	1,484,594	1,580,557	95,963
Franchise and local taxes	240,000	240,000	239,243	(757)
Intergovernmental	72,529	72,529	72,529	-
Charges for services	700,500	700,500	731,995	31,495
License and permits	25,600	25,600	25,964	364
Fines and forfeitures	348,817	348,817	256,319	(92,498)
Investment income	65,000	65,000	76,071	11,071
Grants and donations	80,768	735,037	648,007	(87,030)
Other revenue	47,000	47,000	45,128	(1,872)
<b>Total Revenues</b>	4,395,468	5,049,737	4,985,406	(64,331)
<b>Expenditures</b>				
Current:				
General government	697,149	697,149	606,349	90,800
Public safety	2,475,862	2,784,724	2,444,540	340,184
Public works	741,268	923,986	881,747	42,239
Community development	205,935	335,711	266,801	68,910
Solid waste	490,000	490,000	536,689	(46,689) *
Debt Service:				
Principal	92,042	92,042	91,115	927
Interest and fiscal charges	7,212	7,212	7,354	(142) *
Capital outlay	-	-	7,621	(7,621) *
<b>Total Expenditures</b>	4,709,468	5,330,824	4,842,216	488,608
<b>Revenues Over (Under) Expenditures</b>	(314,000)	(281,087)	143,190	424,277

# City of Mineola, Texas

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

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(20,000)	(20,000)	(57,879)	(37,879) *
Insurance proceeds	-	-	1,435	1,435
Lease proceeds	134,000	134,000	49,907	(84,093)
Sale of capital assets	-	-	30,229	30,229
<b>Total Other Financing Sources (Uses)</b>	<u>114,000</u>	<u>114,000</u>	<u>23,692</u>	<u>(90,308)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (200,000)</u>	<u>\$ (167,087)</u>	166,882	<u>\$ 333,969</u>
Beginning fund balance			1,314,151	
<b>Ending Fund Balance</b>			<u>\$ 1,481,033</u>	

Notes to Required Supplementary Information

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

\*Expenditures exceeded appropriations at the legal level of control.

# City of Mineola, Texas

## SCHEDULE OF CHANGES IN NET PENSION (ASSET) / LIABILITY AND RELATED RATIOS

Years Ended:

	<sup>1</sup> 12/31/2019	12/31/2018	12/31/2017
Total pension liability			
Service cost	\$ 233,615	\$ 221,763	\$ 214,213
Interest	462,861	434,322	410,713
Differences between expected and actual experience	(7,327)	77,281	21,446
Changes of assumptions	49,938	-	-
Benefit payments, including refunds of participant contributions	(321,482)	(311,505)	(289,242)
<b>Net change in total pension liability</b>	<b>417,605</b>	<b>421,861</b>	<b>357,130</b>
<b>Total pension liability - beginning</b>	<b>6,901,136</b>	<b>6,479,275</b>	<b>6,122,145</b>
<b>Total pension liability - ending (a)</b>	<b>7,318,741</b>	<b>6,901,136</b>	<b>6,479,275</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 95,641	\$ 92,564	\$ 91,092
Contributions - members	114,443	108,389	103,987
Net investment income	1,053,737	(214,007)	881,814
Benefit payments, including refunds of participant contributions	(321,482)	(311,505)	(289,242)
Administrative expenses	(5,955)	(4,137)	(4,571)
Other	(179)	(218)	(231)
<b>Net change in plan fiduciary net position</b>	<b>936,205</b>	<b>(328,914)</b>	<b>782,849</b>
<b>Plan fiduciary net position - beginning</b>	<b>6,817,468</b>	<b>7,146,382</b>	<b>6,363,533</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 7,753,673</b>	<b>\$ 6,817,468</b>	<b>\$ 7,146,382</b>
<b>Fund's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (434,932)</b>	<b>\$ 83,668</b>	<b>\$ (667,107)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>106%</b>	<b>99%</b>	<b>110%</b>
<b>Covered payroll</b>	<b>\$ 2,283,625</b>	<b>\$ 2,167,772</b>	<b>\$ 2,079,738</b>
<b>Fund's net pension liability as a percentage of covered employee payroll</b>	<b>-19%</b>	<b>4%</b>	<b>-32%</b>

**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.

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
\$	208,360	\$ 221,516	\$ 184,453
	395,900	378,161	356,968
	(54,275)	33,894	(57,569)
	-	117,602	-
	(377,704)	(185,699)	(213,543)
	<u>172,281</u>	<u>565,474</u>	<u>270,309</u>
	<u>5,949,864</u>	<u>5,384,390</u>	<u>5,114,081</u>
	<u>6,122,145</u>	<u>5,949,864</u>	<u>5,384,390</u>
\$	71,133	\$ 86,489	\$ 68,646
	100,754	110,317	98,628
	416,142	9,065	335,127
	(377,704)	(185,699)	(213,543)
	(4,700)	(5,522)	(3,499)
	(253)	(273)	(288)
	<u>205,372</u>	<u>14,377</u>	<u>285,071</u>
	<u>6,158,161</u>	<u>6,143,784</u>	<u>5,858,713</u>
\$	<u>6,363,533</u>	<u>\$ 6,158,161</u>	<u>\$ 6,143,784</u>
\$	<u>(241,388)</u>	<u>\$ (208,297)</u>	<u>\$ (759,394)</u>
	104%	104%	114%
\$	2,015,088	\$ 2,206,336	\$ 1,972,561
	-12%	-9%	-38%

# City of Mineola, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Fiscal Years Ended:

	<sup>1</sup> 9/30/2020	9/30/2019	9/30/2018
Actuarially determined employer contributions	\$ 104,314	\$ 94,171	\$ 91,650
Actual contributions made	\$ 104,314	\$ 94,171	\$ 91,650
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Annual covered payroll	\$ 2,342,009	\$ 2,241,232	\$ 2,133,318
Employer contributions as a % of covered payroll	4.45%	4.20%	4.30%

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.

### 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	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.  Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes                      There were no benefit changes during the year.



<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
\$ 86,236	\$ 85,565	\$ 82,930
<u>\$ 86,236</u>	<u>\$ 85,565</u>	<u>\$ 82,930</u>
\$ -	\$ -	\$ -
\$ 2,064,166	\$ 2,208,312	\$ 2,068,903
4.18%	3.87%	4.01%

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# City of Mineola, Texas

## SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Year Ended:

	<sup>1</sup> 12/31/2019	12/31/2018	12/31/2017
Total OPEB liability			
Service cost	\$ 5,252	\$ 7,154	\$ 6,031
Interest	5,113	4,715	4,576
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(4,218)	(4,298)	-
Changes of assumptions	28,546	(10,027)	11,184
Benefit payments, including refunds of participant contributions	(1,370)	(1,084)	(832)
<b>Net change in total OPEB liability</b>	<b>33,323</b>	<b>(3,540)</b>	<b>20,959</b>
<b>Total OPEB liability - beginning</b>	<b>\$ 135,876</b>	<b>\$ 139,416</b>	<b>\$ 118,457</b>
<b>Total OPEB liability - ending</b>	<b><sup>2</sup> \$ 169,199</b>	<b>\$ 135,876</b>	<b>\$ 139,416</b>
<b>Covered payroll</b>	<b>\$ 2,283,625</b>	<b>\$ 2,167,772</b>	<b>\$ 2,079,738</b>
<b>City's total OPEB liability as a percentage of covered payroll</b>	<b>7.41%</b>	<b>6.27%</b>	<b>6.70%</b>

**Notes to schedule:**

<sup>1</sup> 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.

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

***COMBINING STATEMENTS***

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

	<u>CDBG Grant</u>	<u>Court Security and Technology</u>	<u>Debt Service</u>	<u>Hotel Motel</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 100	\$ 3,730	\$ 31,622	\$ 5,130
Accounts receivable	-	-	13,941	-
<b>Total Assets</b>	<b>\$ 100</b>	<b>\$ 3,730</b>	<b>\$ 45,563</b>	<b>\$ 5,130</b>
<b><u>Liabilities</u></b>				
Accounts payable & accrued liabilities	\$ -	\$ 16	\$ 449	\$ 2,377
<b>Total Liabilities</b>	<b>-</b>	<b>16</b>	<b>449</b>	<b>2,377</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue:				
Property tax	-	-	13,941	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>13,941</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Debt service	-	-	31,173	-
Grant activities	100	-	-	-
Municipal court	-	3,714	-	-
Tourism	-	-	-	2,753
Park development	-	-	-	-
<b>Total Fund Balances</b>	<b>100</b>	<b>3,714</b>	<b>31,173</b>	<b>2,753</b>
<b>Total Liabilities, Fund Balances, and Deferred Inflows</b>	<b>\$ 100</b>	<b>\$ 3,730</b>	<b>\$ 45,563</b>	<b>\$ 5,130</b>

<b>Nature Preserve Project</b>	<b>Total</b>
\$ 45,193	\$ 85,775
-	13,941
<u>\$ 45,193</u>	<u>\$ 99,716</u>

<u>\$ 1,825</u>	<u>\$ 4,667</u>
1,825	4,667

<u>-</u>	<u>13,941</u>
----------	---------------

<u>-</u>	<u>13,941</u>
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-	31,173
-	100
-	3,714
-	2,753
43,368	43,368
<u>43,368</u>	<u>81,108</u>

<u>\$ 45,193</u>	<u>\$ 99,716</u>
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# City of Mineola, Texas

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

	CDBG Grant	Court Security and Technology	Debt Service	Hotel Motel
<b>Revenues</b>				
Property tax	\$ -	\$ -	\$ 254,630	\$ -
Hotel occupancy tax	-	-	-	75,012
Charges for services	-	15,917	-	-
Intergovernmental	-	-	83,440	28,736
Other revenue	-	-	-	2
Grants and donations	-	-	-	-
<b>Total Revenues</b>	-	15,917	338,070	103,750
<b>Expenditures</b>				
Current:				
General government	5,000	-	-	115,480
Culture & recreation	-	-	-	-
Public safety	-	96,836	-	-
Debt Service:				
Principal	-	-	220,000	-
Interest and fiscal charges	-	-	114,200	-
<b>Total Expenditures</b>	5,000	96,836	334,200	115,480
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	(5,000)	(80,919)	3,870	(11,730)
<b>Other Financing Sources (Uses)</b>				
Transfers in	5,000	81,902	-	15,000
<b>Total Other Financing (Uses)</b>	5,000	81,902	-	15,000
<b>Net Change in Fund Balances</b>	-	983	3,870	3,270
Beginning fund balances	100	2,731	27,303	(517)
<b>Ending Fund Balances</b>	\$ 100	\$ 3,714	\$ 31,173	\$ 2,753

Nature Preserve Project	Total
\$ -	\$ 254,630
-	75,012
16,962	32,879
82,618	194,794
-	2
20	20
<u>99,600</u>	<u>557,337</u>
-	120,480
115,920	115,920
-	96,836
-	220,000
-	114,200
<u>115,920</u>	<u>667,436</u>
<u>(16,320)</u>	<u>(110,099)</u>
-	101,902
-	101,902
(16,320)	(8,197)
59,688	89,305
<u>\$ 43,368</u>	<u>\$ 81,108</u>

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