

ANNUAL FINANCIAL REPORT

of the

CITY OF ONALASKA, TEXAS

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

(This page intentionally left blank.)

CITY OF ONALASKA, TEXAS

TABLE OF CONTENTS

September 30, 2020

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	5
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	15
Fund Financial Statements	
Balance Sheet – Governmental Fund	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	21
Notes to Financial Statements	23
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	43
Schedule of Changes in Net Pension Asset and Related Ratios – Texas Municipal Retirement System	44
Schedule of Contributions – Texas Municipal Retirement System	46
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System	49
<u>SCHEDULES</u>	
Combining Schedule of Assets, Liabilities, and Fund Balances – General Fund – Departments	52
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Departments	54
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund – Departments	
Administration	56
Municipal Court	57
Police Department	58
Fire Department	59

(This page intentionally left blank.)



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Onalaska, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Onalaska, 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

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City as of September 30, 2020, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment benefits liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
April 9, 2021

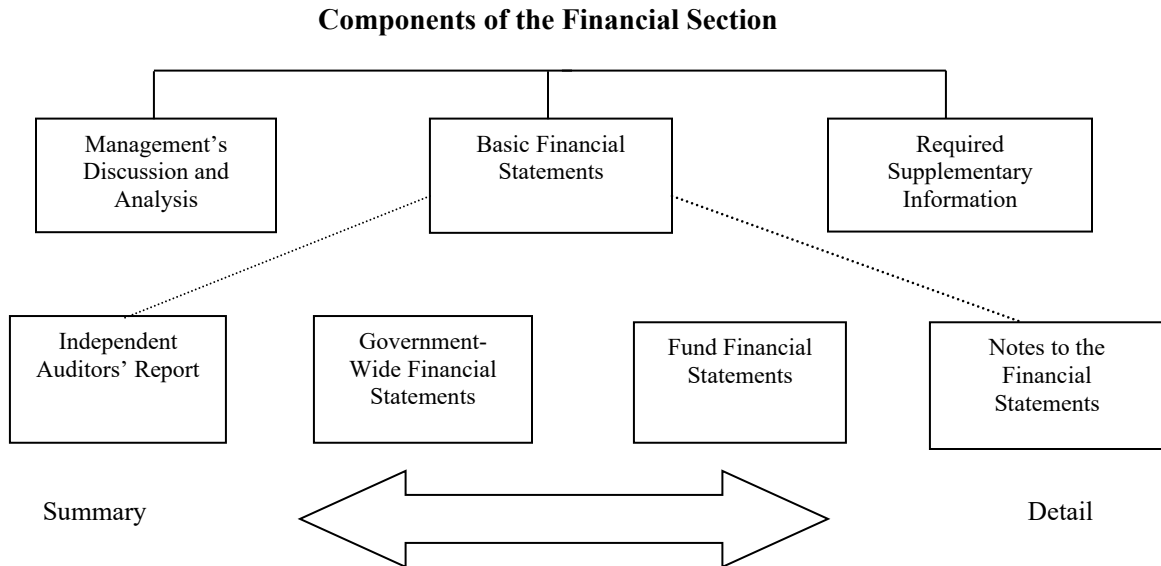
***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

(This page intentionally left blank.)

CITY OF ONALASKA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Onalaska (the "City") for the year ending September 30, 2020. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the 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 statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference 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 nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered to assess the overall health of the City.

CITY OF ONALASKA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present one class of activities:

1. *Governmental Activities* – The City's basic services are reported here, including public safety (police and fire) and general government (general administration and public improvements). Interest payments on the City's debt are also reported here. Sales tax, franchise fees, municipal court fines, and permit fees finance most of these activities.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

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

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 year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Notes to Financial Statements

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

CITY OF ONALASKA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits liability and related ratios and schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows exceed liabilities and deferred inflows by \$2,742,336 as of year end. A portion of the City's net position, 37 percent, reflects its investments in capital assets (e.g., land, City hall, police station, fleet equipment, and streets) less any debt used to acquire those assets that is 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.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2020	2019
Current and other assets	\$ 1,867,769	\$ 1,703,141
Capital assets, net	1,013,486	1,036,591
Total Assets	2,881,255	2,739,732
Deferred outflows - pensions	10,665	31,188
Deferred outflows - OPEB	4,676	164
Total Deferred Outflows of Resources	15,341	31,352
Long-term liabilities	104,047	113,624
Other liabilities	8,160	1,987
Total Liabilities	112,207	115,611
Deferred inflows - pensions	40,607	40,240
Deferred inflows - OPEB	1,446	2,180
Total Deferred Inflows of Resources	42,053	42,420
Net Position:		
Net investment in capital assets	972,381	1,001,843
Restricted	19,742	33,343
Unrestricted	1,750,213	1,577,866
Total Net Position	\$ 2,742,336	\$ 2,613,052

CITY OF ONALASKA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

A portion of the City's net position, \$19,742 or 1 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$1,750,213 or 64 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

Statement of Activities

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

	Governmental Activities	
	2020	2019
Revenues		
Program revenues:		
Charges for services	\$ 367,724	\$ 205,427
Operating grants and contributions	94,938	161,711
General revenues:		
Sales tax	676,359	572,390
Other fees	219,946	236,642
Investment income	2,893	4,561
Other revenues	234,708	123,181
Total Revenues	1,596,568	1,303,912
Expenses		
General government	688,321	582,722
Public safety	777,541	727,188
Interest and fiscal agent fees on long-term debt	1,422	1,219
Total Expenses	1,467,284	1,311,129
Change in Net Position	129,284	(7,217)
Beginning net position	2,613,052	2,620,269
Ending Net Position	\$ 2,742,336	\$ 2,613,052

For the year ended September 30, 2020, revenues from governmental activities totaled \$1,596,568, which is a net increase of \$292,656. Charges for services increased by \$162,297 due primarily to an increase in citations collected for the City. In prior year, citation collections were down due to ongoing investigations in large criminal cases within the City. Sales tax revenues increased by \$103,969 due to an increase in sales tax collections and other revenues increased \$111,527 as a result of an increase in donations.

Total expenses were comparable to the prior year with an overall increase of \$156,155 or 12 percent.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

CITY OF ONALASKA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

The City's general fund reflects a total fund balance of \$1,530,479, which is an increase of \$96,409. Of this amount, \$33,343 is restricted for court security and technology, \$20,654 is assigned to the court, and \$561,337 is assigned to the fire department. The City has \$928,746 in unassigned and unrestricted fund balance. Total fund balance increased from the prior year as a result of increased sales tax, charges for services, and donations.

The general fund is the chief operating fund of the City. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 61 percent of total general fund expenditures, while total fund balance represents approximately 100 percent of that same amount.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were more than planned with a \$326,483 net positive variance from the amended budget. Actual expenditures were less than planned expenditures by \$684,815. The City has an overall net positive variance of \$1,062,234, which was primarily due to budgeted capital outlay related to fire operations that the City did not expense during the current fiscal year.

CAPITAL ASSETS

At the end of the year, the City's governmental activities had invested \$1,013,486 (net of depreciation) in a variety of capital assets and infrastructure. This represents a net decrease of \$23,105.

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

- Purchased 2 Tahoes for \$88,523 for the police department
- Police department Tahoe purchased in the prior year was wrecked and a total loss

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

LONG-TERM DEBT

At the end of the current year, the City's long-term liabilities consisted of a capital lease, compensated absences, and total OPEB liability.

More detailed information about the City's long-term liabilities is presented in note III D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City is located in Polk County. While the overall property values in Polk County have increased during the year, the City does not assess a property tax. The City continues to provide services to the residents without this burden. The City remains financially consistent with no unusual circumstances in the current economic environment. Fiscal restraints were placed on the 2020-2021 budget.

The City continues to face budgetary pressures on the expenditure side related to the economic conditions in the City and the COVID-19 pandemic. Although continued growth and stability are anticipated in fiscal year 2021 and beyond, there can be no assurances that the City's economic stability will not be negatively affected near-term by the pandemic that is still affecting the City.

CITY OF ONALASKA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City finances. Questions concerning this report or requests for additional financial information should be directed to Angela Stutts, City Secretary, City Hall, P.O. Box 880, Onalaska, Texas, 77360; telephone (936) 646-5000.

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank.)

CITY OF ONALASKA, TEXAS

STATEMENT OF NET POSITION

September 30, 2020

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 1,290,868
Receivables, net	386,787
Prepaid expenses	100,000
	<u>1,777,655</u>
Noncurrent assets:	
Net pension asset	90,114
Nondepreciable capital assets	206,951
Net depreciable capital assets	806,535
	<u>1,103,600</u>
Total Assets	<u>2,881,255</u>
<u>Deferred Outflows of Resources</u>	
Deferred outflows - pensions	10,665
Deferred outflows - OPEB	4,676
	<u>15,341</u>
Total Deferred Outflows of Resources	<u>15,341</u>
<u>Liabilities</u>	
Accounts payable and accrued liabilities	8,160
	<u>8,160</u>
Noncurrent liabilities:	
Long-term liabilities due within one year	48,936
Long-term liabilities due in more than one year	55,111
	<u>104,047</u>
Total Liabilities	<u>112,207</u>
<u>Deferred Inflows of Resources</u>	
Deferred inflows - pensions	40,607
Deferred inflows - OPEB	1,446
	<u>42,053</u>
Total Deferred Inflows of Resources	<u>42,053</u>
<u>Net Position</u>	
Net investment in capital assets	972,381
Restricted for:	
Court security	18,437
Court technology	1,305
Unrestricted	1,750,213
	<u>1,772,025</u>
Total Net Position	<u>\$ 2,742,336</u>

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF ONALASKA, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) And Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government				
Governmental Activities				
General government	\$ 688,321	\$ 55,266	\$ -	\$ (633,055)
Public safety	777,541	312,458	94,938	(370,145)
Interest and fiscal agent fees on long-term debt	1,422	-	-	(1,422)
Total Governmental Activities	\$ 1,467,284	\$ 367,724	\$ 94,938	(1,004,622)
General Revenues:				
				676,359
				219,946
				2,893
				234,708
			Total General Revenues	1,133,906
			Change in Net Position	129,284
			Beginning net position	2,613,052
			Ending Net Position	\$ 2,742,336

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF ONALASKA, TEXAS

BALANCE SHEET

GOVERNMENTAL FUND

September 30, 2020

	<u>General</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 1,290,868
Accounts receivable	147,771
Prepaid expenses	100,000
Total Assets	<u>\$ 1,538,639</u>
<u>Liabilities</u>	
Accounts payable and accrued liabilities	\$ 8,160
Total Liabilities	<u>8,160</u>
<u>Fund Balances</u>	
Restricted:	
Court security	18,437
Court technology	1,305
Assigned to:	
Court	20,654
Fire	561,337
Unassigned and unrestricted	928,746
Total Fund Balance	<u>1,530,479</u>
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental fund.	
Nondepreciable capital assets	206,951
Net depreciable capital assets	806,535
Certain accounts receivable, net of related allowance, are not current financial resources and, therefore, are not reported in the governmental fund.	
	239,016
Long-term assets and deferred outflows and inflows related to the pension and other postemployment benefits (OPEB) plans are not reported in the governmental fund.	
Net pension asset	90,114
Total OPEB liability	(31,289)
Deferred outflows - pensions	10,665
Deferred outflows - OPEB	4,676
Deferred inflows - pensions	(40,607)
Deferred inflows - OPEB	(1,446)
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Long-term liabilities due within one year	(48,936)
Long-term liabilities due in more than one year	(23,822)
Net Position of Governmental Activities	<u>\$ 2,742,336</u>

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF ONALASKA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended September 30, 2020

		<u>General</u>
<u>Revenues</u>		
Sales tax	\$	676,359
Other fees		219,946
Permits		55,266
Fines and forfeitures		286,053
Intergovernmental		28,700
Donations		66,238
Investment income		2,893
Other		234,708
Total Revenues		<u>1,570,163</u>
 <u>Expenditures</u>		
Current:		
General government		666,899
Public safety		717,676
Capital outlay		94,515
Debt service:		
Principal payments		45,600
Interest expense		1,422
Total Expenditures		<u>1,526,112</u>
Excess of Revenues Over Expenditures		<u>44,051</u>
 <u>Other Financing Sources (uses)</u>		
Capital lease proceeds		52,358
Total Other Financing Sources		<u>52,358</u>
Net Change in Fund Balance		96,409
Beginning fund balance		1,434,070
Ending Fund Balance	\$	<u><u>1,530,479</u></u>

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF ONALASKA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

Net changes in fund balance – total governmental fund \$ 96,409

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

The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	(43,008)
Depreciation expense	(78,055)

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, the governmental fund reports the effect of premiums, discounts, and similar items when it is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Capital lease proceeds	(52,358)
Principal payment	46,001

Fines and fees receivable 26,405

The change in pension and other postemployment benefits (OPEB) plans activity does not affect the fund balance on the statement of revenues, expenditures, and changes in fund balance for the governmental fund.

The changes in pension and OPEB plans activity that affect the City's net position are as follows:

Net pension asset	35,642
Total OPEB liability	(1,094)
Deferred outflows - pensions	(25,017)
Deferred outflows - OPEB	(1,028)
Deferred inflows - pensions	4,128
Deferred inflows - OPEB	6,273

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 the governmental fund.

Compensated absences	17,028
----------------------	--------

Change in Net Position of Governmental Activities	\$ 31,326
--	------------------

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Onalaska, Texas (the “City”) was incorporated under the laws of the State of Texas (the “State”) in 1971. The City operates as a “General Law” city, which provides for a “Mayor-Council” form of government. The City provides the following services: public safety and general government.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. 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. 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 the 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 it 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.

B. 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 activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely on a significant extent on fees and charges to external customers for support. The City does not report any business-type activities.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City’s funds. Separate statements for each fund category, governmental, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

The City reports the following governmental fund:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include sales and use taxes, franchise fees, permits and fees, and fines and forfeitures. Expenditures include general government and public safety. The general fund is always considered a major fund for reporting purposes.

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Cash and Cash Equivalents

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

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

2. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	3 to 15 years
Furniture and equipment	5 to 15 years
Infrastructure	50 years
Buildings and improvements	15 to 30 years

3. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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. 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.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- 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.

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

4. Compensated Employee Absences

The City's leave time policy allows vacation and sick days to be rolled over into the following fiscal year in which they were earned in accordance with the City's personnel policy. Both vacation and sick may be paid upon termination of employment. Additionally, amounts accumulated for compensatory time may be paid to employees upon termination of employment in accordance with the City's personnel policy. The estimated amount of compensation for services provided 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. Amounts of vested or accumulated compensatory time 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.

5. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

6. Net Position Flow Assumption

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

7. Fund Balance Flow Assumptions

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

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

8. Fund Balance Policies

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

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City 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.

9. 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, 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.

10. Pensions

For the purposes of measuring the net pension 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' 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.

11. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by 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 OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer’s yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City’s OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control is the expenditure account line item in the approved budget. Management may not amend the budget without the approval of City Council. Appropriations lapse at the end of the year.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial credit risk – deposits. In the case of deposits, this is the risk that the City’s deposits may not be returned in the event of a bank failure. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of year end, FDIC insurance and securities pledged exceeded bank balances.

B. Receivables

The following comprise receivable balances at year end:

	General
Sales tax receivable	\$ 147,122
Franchise fees receivable	649
Total	\$ 147,771

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

C. Capital Assets

A summary of changes in capital assets at year end is as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 44,634	\$ -	\$ -	\$ 44,634
Construction in progress	156,368	5,949	-	162,317
Total capital assets not being depreciated	<u>201,002</u>	<u>5,949</u>	<u>-</u>	<u>206,951</u>
Other capital assets:				
Infrastructure	1,349,121	-	-	1,349,121
Buildings and improvements	561,617	-	-	561,617
Vehicles	1,347,996	88,523	(47,427)	1,389,092
Equipment	270,743	-	-	270,743
Total other capital assets	<u>3,529,477</u>	<u>88,523</u>	<u>(47,427)</u>	<u>3,570,573</u>
Less accumulated depreciation for:				
Infrastructure	(753,158)	(40,600)	-	(793,758)
Buildings and improvements	(419,260)	(9,446)	-	(428,706)
Vehicles	(1,282,341)	(21,918)	7,905	(1,296,354)
Equipment	(239,129)	(6,091)	-	(245,220)
Total accumulated depreciation	<u>(2,693,888)</u>	<u>(78,055)</u>	<u>7,905</u>	<u>(2,764,038)</u>
Other capital assets, net	<u>835,589</u>	<u>10,468</u>	<u>(39,522)</u>	<u>806,535</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,036,591</u>	<u>\$ 16,417</u>	<u>\$ (39,522)</u>	<u>\$ 1,013,486</u>
				Less debt associated with capital assets <u>(41,105)</u>
				Net Investment in Capital Assets <u>\$ 972,381</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 42,385
Public safety	35,670
Total Governmental Activities Depreciation Expense	<u>\$ 78,055</u>

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

D. Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Capital leases	\$ 34,748	\$ 52,358	\$ (46,001)	\$ 41,105	* \$ 17,283
Other liabilities:					
Compensated absences	48,681	77,770	(94,798)	31,653	31,653
Total OPEB liability	<u>30,195</u>	<u>1,094</u>	<u>-</u>	<u>31,289</u>	<u>-</u>
Total Governmental Activities	<u>\$ 113,624</u>	<u>\$ 131,222</u>	<u>\$ (140,799)</u>	<u>\$ 104,047</u>	<u>\$ 48,936</u>
				<u>\$ 55,111</u>	
				<u>\$ 41,105</u>	

Long-term liabilities due in more than one year \$ 55,111

* Debt associated with governmental capital assets \$ 41,105

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The general fund liquidates the governmental activities portion of the compensated absences liability and the total OPEB liability.

Annual debt service requirements to retire outstanding capital leases are as follows:

Year Ending Sept. 30	Principal	Interest
2021	\$ 17,283	\$ 946
2022	17,782	447
2023	6,040	36
Total	<u>\$ 41,105</u>	<u>\$ 1,429</u>

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Vehicles	\$ 176,178
Less: accumulated depreciation	<u>(134,292)</u>
Total	<u>\$ 41,886</u>

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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 2,814 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures that 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. No claim liabilities are reported at year end.

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay at-home orders going into effect. The City navigated through this time by alternating the schedules of its employees due to various City functions needing to continue to run through this time. The City followed the directions of the State in relation to Municipal Court. The Court was closed until the City came up with an acceptable plan to monitor social distancing, require masks, and provide hand sanitizers. Subsequent to the second wave of the COVID outbreak, the State is now requiring Municipal Court to be held via Zoom meetings. While the initial event occurred prior to year end, the City was, subsequent to year end, continuing to modify its operations to prevent the spread to customers, staff, and the community as a whole, while balancing the needs of the community. The City has made numerous changes to its operations, including provisions for customer and staff to wear masks, more frequent cleanings, and numerous other changes. While such changes cause a significant hardship and have increased expenses, such increases are nominal in comparison to the overall budget. The City is continuing to monitor exposure levels with customers, staff, and the community as a whole, but to date the overall exposure threat level has been sufficiently low to continue with open doors; however, the City is ready to modify plans if necessary.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the TMRS. TMRS is an agency created by the State and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

“TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the “Board”). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member’s deposits and interest.

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

	<u>2020</u>	<u>2019</u>
Employee deposit rate	5.00%	5.00%
Matching ratio (City to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to, but not yet receiving, benefits	17
Active employees	12
Total	<u><u>33</u></u>

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, both as adopted by the governing body of the City. Under the state law governing

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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 were required to contribute five percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 2.78 percent and 2.24 percent in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$13,626, which were equal to the required contributions.

Net Pension Asset

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

Actuarial Assumptions

The TPL in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates 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.

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target 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, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. 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 TPL.

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Changes in the NPA

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 39,104	\$ -	\$ 39,104
Interest	21,328	-	21,328
Change in current period benefits	-	-	-
Difference between expected and actual experience	(4,692)	-	(4,692)
Changes in assumptions	1,065	-	1,065
Contributions - employer	-	12,971	(12,971)
Contributions - employee	-	24,501	(24,501)
Net investment income	-	55,297	(55,297)
Benefit payments, including refunds of employee contributions	(14,864)	(14,864)	-
Administrative expense	-	(313)	313
Other changes	-	(9)	9
Net Changes	41,941	77,583	(35,642)
Balance at December 31, 2018	303,846	358,318	(54,472)
Balance at December 31, 2019	\$ 345,787	\$ 435,901	\$ (90,114)

Sensitivity of the NPA to Changes in the Discount Rate

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

	1% Decrease in Discount (5.75%)	Discount Rate (6.75%)	1% Increase in Discount (7.75%)
City's Net Pension (Asset)	\$ (33,670)	\$ (90,114)	\$ (136,378)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$14,753.

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 71	\$ (29,667)
Changes in actuarial assumptions	809	-
Difference between projected and actual investment earnings	-	(10,940)
Contributions subsequent to the measurement date	9,785	-
Total	\$ 10,665	\$ (40,607)

\$9,785 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase to the NPA for the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2021	\$ (18,064)
2022	(15,982)
2023	671
2024	(6,352)
Total	\$ (39,727)

D. Other Postemployment Benefits

TMRS – Supplemental Death Benefit

Plan Description

The City participates in a defined benefit OPEB plan administered by TMRS. TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member 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.

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2019 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to, but not yet receiving, benefits	2
	12
Total	18

Total OPEB Liability

The City's total OPEB liability of \$31,289 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Changes for the year:		
Service cost	\$	1,078
Interest		900
Differences between expected and actual experience		411
Changes of assumptions		5,277
Benefit payments*		(196)
	Net Changes	<u>7,470</u>
Beginning balance		<u>23,819</u>
	Ending Balance	<u><u>\$ 31,289</u></u>

* Benefit payments are treated as being equal to the employer's yearly contributions for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1% Increase in Discount Rate (3.75%)</u>
City's Total OPEB Liability	<u>\$ 38,564</u>	<u>\$ 31,289</u>	<u>\$ 25,742</u>

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$1,759. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 1,446
Changes in actuarial assumptions	4,501	-
Contributions subsequent to the measurement date	175	-
Total	<u><u>\$ 4,676</u></u>	<u><u>\$ 1,446</u></u>

CITY OF ONALASKA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

\$175 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the of total OPEB liability for the fiscal year ending September 30, 2021. Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended September 30</u>	<u>OPEB Expense Amount</u>
2021	\$ 476
2022	476
2023	476
2024	391
2025	318
Thereafter	918
Total	<u><u>\$ 3,055</u></u>

E. Subsequent Events

The City entered into an agreement with First State Bank of Livingston on October 10, 2019 for the purchase of a fire truck. As of September 30, 2020, the City had not received the fire truck and the first payment due on the note will come due on October 10, 2020. The fire truck was not added to the capital assets of the City in the current year.

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

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

For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original Budget</u>	<u>Budget as Amended</u>		Final Budget Positive (Negative)
Revenues				
Sales tax	\$ 550,000	\$ 550,000	\$ 676,359	\$ 126,359
Other fees	232,030	232,030	219,946	(12,084)
Permits	15,000	15,000	55,266	40,266
Fines and forfeitures	289,725	289,725	286,053	(3,672)
Intergovernmental	160,731	18,000	28,700	10,700
Donations	123,800	101,800	66,238	(35,562)
Investment income	2,575	2,575	2,893	318
Other	7,100	34,550	234,708	200,158
Total Revenues	<u>1,380,961</u>	<u>1,243,680</u>	<u>1,570,163</u>	<u>326,483</u>
Expenditures				
Current:				
General government				
Administration	386,134	458,134	457,803	331
Municipal court	195,887	211,857	209,096	2,761
Total General Government	<u>582,021</u>	<u>669,991</u>	<u>666,899</u>	<u>3,092</u>
Public safety				
Police	546,836	627,836	627,722	114
Fire	280,600	280,600	89,954	190,646
Total Public Safety	<u>827,436</u>	<u>908,436</u>	<u>717,676</u>	<u>190,760</u>
Capital outlay	<u>579,500</u>	<u>579,500</u>	<u>94,515</u>	<u>484,985</u>
Debt service				
Principal	51,578	51,578	45,600	5,978
Interest	1,422	1,422	1,422	-
Total Debt Service	<u>53,000</u>	<u>53,000</u>	<u>47,022</u>	<u>5,978</u>
Total Expenditures	<u>2,040,535</u>	<u>2,209,505</u>	<u>1,526,112</u>	<u>684,815</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(659,574)	(965,825)	44,051	1,011,298
Other Financing Sources (Uses)				
Capital leases	-	-	52,358	52,358
Total Financing Sources	<u>-</u>	<u>-</u>	<u>52,358</u>	<u>52,358</u>
Net Change in Fund Balance	<u>\$ (659,574)</u>	<u>\$ (965,825)</u>	96,409	<u>\$ 1,062,234</u>
Beginning fund balance			<u>1,434,070</u>	
Ending Fund Balance			<u>\$ 1,530,479</u>	

Notes to Required Supplementary Information:

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

CITY OF ONALASKA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
September 30, 2020

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 26,644	\$ 31,518	\$ 37,192	\$ 36,652
Interest (on the total pension liability)	13,818	16,014	18,867	22,186
Difference between expected and actual experience	2,785	592	2,264	(6,529)
Change in assumptions	-	10,186	-	-
Benefit payments, including refunds of employee contributions	(12,668)	(15,964)	(4,841)	(12,940)
Net Change in Total Pension Liability	<u>30,579</u>	<u>42,346</u>	<u>53,482</u>	<u>39,369</u>
Beginning total pension liability	<u>190,414</u>	<u>220,993</u>	<u>263,339</u>	<u>316,821</u>
Ending Total Pension Liability	<u><u>\$ 220,993</u></u>	<u><u>\$ 263,339</u></u>	<u><u>\$ 316,821</u></u>	<u><u>\$ 356,190</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 4,144	\$ 6,211	\$ 7,476	\$ 12,540
Contributions - employee	18,551	21,737	23,158	23,495
Net investment income	14,241	403	19,224	45,658
Benefit payments, including refunds of employee contributions	(12,668)	(15,964)	(4,841)	(12,940)
Administrative expense	(149)	(245)	(218)	(237)
Other	(12)	(13)	(12)	(12)
Net Change in Plan Fiduciary Net Position	<u>24,107</u>	<u>12,129</u>	<u>44,787</u>	<u>68,505</u>
Beginning plan fiduciary net position	<u>248,992</u>	<u>273,099</u>	<u>285,228</u>	<u>330,015</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 273,099</u></u>	<u><u>\$ 285,228</u></u>	<u><u>\$ 330,015</u></u>	<u><u>\$ 398,520</u></u>
Net Pension (Asset)	<u><u>\$ (52,106)</u></u>	<u><u>\$ (21,889)</u></u>	<u><u>\$ (13,194)</u></u>	<u><u>\$ (42,330)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	123.58%	108.31%	104.16%	111.88%
Covered payroll	\$ 371,014	\$ 434,734	\$ 463,163	\$ 469,902
City's net pension asset as a percentage of covered payroll	(14.04%)	(5.04%)	(2.85%)	(9.01%)

*Only six years of information is currently available. The City will build this schedule over the next four-year period.

Measurement Year*

2018		2019	
\$	36,538	\$	39,104
	23,160		21,328
	(49,357)		(4,692)
	-		1,065
	(62,685)		(14,864)
	(52,344)		41,941
	356,190		303,846
\$	303,846	\$	345,787

\$	11,702	\$	12,971
	22,951		24,501
	(11,927)		55,297
	(62,685)		(14,864)
	(231)		(313)
	(12)		(10)
	(40,201)		77,582
	398,520		358,319
\$	358,319	\$	435,901
\$	(54,473)	\$	(90,114)

117.93% 126.06%

\$	459,019	\$	490,023
	(11.87%)		(18.39%)

CITY OF ONALASKA, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
September 30, 2020

	Fiscal Year*			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 5,710	\$ 7,329	\$ 11,134	\$ 11,725
Contributions in relation to the actuarially determined contribution	5,710	7,329	11,134	11,725
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 409,464	\$ 464,213	\$ 466,272	\$ 455,187
Contributions as a percentage of covered payroll	1.39%	1.58%	2.39%	2.58%

* Six years of information is currently available. The City will build this schedule over the next four-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. 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	3.5% to 11.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience - based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31,2014 - 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.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*	
2019	2020
\$ 13,076	\$ 13,626
13,076	13,626
\$ -	\$ -
\$ 481,555	\$ 574,997
2.72%	2.37%

(This page intentionally left blank.)

CITY OF ONALASKA, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
September 30, 2020

	Measurement Year*		
	2017	2018	2019
Total OPEB Liability			
Service cost	\$ 1,081	\$ 1,193	\$ 1,078
Interest (on the total OPEB liability)	858	885	900
Differences between expected and actual experience	-	(2,560)	411
Change in assumptions	2,183	(1,775)	5,277
Benefit payments	(141)	(138)	(196)
Net Change in Total OPEB Liability	3,981	(2,395)	7,470
Beginning total OPEB liability	22,233	26,214	23,819
Ending Total OPEB Liability	\$ 26,214	\$ 23,819	\$ 31,289
Covered Payroll	\$ 469,902	\$ 459,019	\$ 490,023
Total OPEB Liability as a Percentage of Covered Payroll	5.58%	5.19%	6.39%

* Only three years of information is currently available. The City will build this schedule over the next seven-year period.

** Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

Valuation Date:

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
Inflation	2.5%
Salary increases	3.50% to 1.5% including inflation
Discount rate	2.75%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information:

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

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Change in assumptions is the annual change in the municipal bond index rate.

There were no benefit changes during the year.

(This page intentionally left blank.)

SCHEDULES

CITY OF ONALASKA, TEXAS
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
GENERAL FUND - DEPARTMENTS
September 30, 2020

<u>Assets</u>	<u>Administration</u>	<u>Court</u>	<u>Police</u>	<u>Fire</u>
Current assets:				
Cash and cash equivalents	\$ 781,007	\$ 41,502	\$ 6,805	\$ 461,554
Accounts receivable	147,771	-	-	-
Prepaid expenses	-	-	-	100,000
Due from other funds	-	-	-	-
Due to other funds	-	-	-	-
Total Assets	<u>\$ 928,778</u>	<u>\$ 41,502</u>	<u>\$ 6,805</u>	<u>\$ 561,554</u>
 <u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable and accrued liabilities	<u>\$ 23</u>	<u>\$ 1,106</u>	<u>\$ 6,814</u>	<u>\$ 217</u>
Total Liabilities	<u>23</u>	<u>1,106</u>	<u>6,814</u>	<u>217</u>
 <u>Fund Balances</u>				
Restricted:				
Court security	-	18,437	-	-
Court technology	-	1,305	-	-
Assigned	-	20,654	(9)	561,337
Unassigned	928,755	-	-	-
Total Fund Balances	<u>928,755</u>	<u>40,396</u>	<u>(9)</u>	<u>561,337</u>
Total Liabilities and Fund Balances	<u>\$ 928,778</u>	<u>\$ 41,502</u>	<u>\$ 6,805</u>	<u>\$ 561,554</u>

**Total
General
Fund
Departments**

\$ 1,290,868
147,771
100,000
-
-

\$ 1,538,639

\$ 8,160

8,160

18,437
1,305
581,982
928,755

1,530,479

\$ 1,538,639

CITY OF ONALASKA, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND - DEPARTMENTS
For the Year Ended September 30, 2020

	<u>Administration</u>	<u>Court</u>	<u>Police</u>	<u>Fire</u>
Revenues				
Sales tax	\$ 676,359	\$ -	\$ -	\$ -
Other fees	219,946	-	-	-
Permits	55,266	-	-	-
Fines and forfeitures	-	286,053	-	-
Intergovernmental	-	-	-	28,700
Donations	-	-	-	66,238
Investment income	1,336	36	20	1,501
Other	146,009	260	88,439	-
Total Revenues	<u>1,098,916</u>	<u>286,349</u>	<u>88,459</u>	<u>96,439</u>
Expenditures				
Current:				
General government				
Salaries and payroll expense	227,384	72,641	-	-
Insurance	5,578	-	-	-
Repairs and maintenance	69,022	-	-	-
Legal and professional	24,434	-	-	-
Administrative and office expense	131,385	52,519	-	-
State court fees	-	83,936	-	-
Public safety				
Salaries and payroll expense	-	-	516,404	-
Insurance	-	-	17,949	16,545
Repairs and maintenance	-	-	53,852	46,526
Administrative and office expense	-	-	39,517	24,602
Donations expense	-	-	-	2,281
Capital outlay	-	-	88,566	5,949
Debt service				
Principal	-	-	45,600	-
Interest	-	-	1,422	-
Total Expenditures	<u>457,803</u>	<u>209,096</u>	<u>763,310</u>	<u>95,903</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures				
	<u>641,113</u>	<u>77,253</u>	<u>(674,851)</u>	<u>536</u>
Other Financing Sources (Uses)				
Capital lease proceeds	-	-	52,358	-
Transfers in	708,334	-	608,472	75,000
Transfers (out)	(1,308,472)	(83,334)	-	-
Total Other Financing Sources (Uses)	<u>(600,138)</u>	<u>(83,334)</u>	<u>660,830</u>	<u>75,000</u>
Revenues and Other Financing Sources				
Over (Under) Expenditures and Other				
Net Change in Fund Balances				
	40,975	(6,081)	(14,021)	75,536
Beginning fund balances	<u>887,780</u>	<u>46,477</u>	<u>14,012</u>	<u>485,801</u>
Ending Fund Balances	<u>\$ 928,755</u>	<u>\$ 40,396</u>	<u>\$ (9)</u>	<u>\$ 561,337</u>

<u>Eliminations</u>	<u>Total General Fund Departments</u>
\$ -	\$ 676,359
-	219,946
-	55,266
-	286,053
-	28,700
-	66,238
-	2,893
-	234,708
<u>-</u>	<u>1,570,163</u>
-	300,025
-	5,578
-	69,022
-	24,434
-	183,904
-	83,936
-	516,404
-	34,494
-	100,378
-	64,119
-	2,281
-	94,515
-	45,600
<u>-</u>	<u>1,422</u>
<u>-</u>	<u>1,526,112</u>
-	44,051
-	52,358
1,391,806	-
(1,391,806)	-
<u>-</u>	<u>52,358</u>
-	96,409
<u>-</u>	<u>1,434,070</u>
<u>\$ -</u>	<u>\$ 1,530,479</u>

CITY OF ONALASKA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND DEPARTMENTS - ADMINISTRATION
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
Revenues				
Sales tax	\$ 550,000	\$ 550,000	\$ 676,359	\$ 126,359
Other fees	232,030	232,030	219,946	(12,084)
Permits	15,000	15,000	55,266	40,266
Investment income	2,000	2,000	1,336	(664)
Other	33,450	33,450	146,009	112,559
Total Revenues	<u>832,480</u>	<u>832,480</u>	<u>1,098,916</u>	<u>266,436</u>
Expenditures				
Current:				
General government				
Salaries and payroll expense	194,879	228,279	227,384	895
Insurance	6,740	6,740	5,578	1,162
Repairs and maintenance	30,500	69,100	69,022	78
Legal and professional	29,200	29,200	24,434	4,766
Administrative and office expense	124,815	124,815	131,385	(6,570)
Debt service				
Principal	35,000	35,000	-	35,000
Capital outlay	170,000	170,000	-	170,000
Total Expenditures	<u>591,134</u>	<u>663,134</u>	<u>457,803</u>	<u>205,331</u>
Excess of Revenues Over Expenditures	<u>241,346</u>	<u>169,346</u>	<u>641,113</u>	<u>471,767</u>
Other Financing Sources (Uses)				
Transfers in	154,000	154,000	708,334	554,334
Transfers (out)	(629,000)	(629,000)	(1,308,472)	(679,472)
Total Other Financing (Uses)	<u>(475,000)</u>	<u>(475,000)</u>	<u>(600,138)</u>	<u>(125,138)</u>
Revenues and Other Financing Sources Over (Under) Expenditures				
Net Change in Fund Balance	<u>\$ (233,654)</u>	<u>\$ (305,654)</u>	40,975	<u>\$ 346,629</u>
Beginning fund balance			<u>887,780</u>	
Ending Fund Balance			<u>\$ 928,755</u>	

CITY OF ONALASKA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND DEPARTMENTS - MUNICIPAL COURT
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Fines and forfeitures	\$ 289,725	\$ 289,725	\$ 286,053	\$ (3,672)
Investment income	75	75	36	(39)
Other	200	200	260	60
Total Revenues	<u>290,000</u>	<u>290,000</u>	<u>286,349</u>	<u>(3,651)</u>
<u>Expenditures</u>				
Current:				
General government				
Salaries and payroll expense	70,737	72,657	72,641	16
Repairs and maintenance	2,700	2,700	-	2,700
Administrative and office expense	44,200	52,550	52,519	31
State court fees	78,250	83,950	83,936	14
Total Expenditures	<u>195,887</u>	<u>211,857</u>	<u>209,096</u>	<u>2,761</u>
Excess of Revenues Over Expenditures	<u>94,113</u>	<u>78,143</u>	<u>77,253</u>	<u>(890)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(100,000)	(100,000)	(83,334)	16,666
Total Other Financing (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(83,334)</u>	<u>16,666</u>
Net Change in Fund Balance	<u>\$ (5,887)</u>	<u>\$ (21,857)</u>	<u>(6,081)</u>	<u>\$ 15,776</u>
Beginning fund balance			<u>46,477</u>	
Ending Fund Balance			<u>\$ 40,396</u>	

CITY OF ONALASKA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND DEPARTMENTS - POLICE DEPARTMENT
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
Revenues				
Intergovernmental	\$ 62,281	\$ 62,281	\$ -	\$ (62,281)
Investment income	-	-	20	20
Other	900	900	88,439	87,539
Total Revenues	<u>63,181</u>	<u>63,181</u>	<u>88,459</u>	<u>25,278</u>
Expenditures				
Current:				
Public safety				
Salaries and payroll expense	451,336	516,406	516,404	2
Insurance	20,000	20,000	17,949	2,051
Repairs and maintenance	31,000	46,930	53,852	(6,922)
Administrative and office expense	44,500	44,500	39,517	4,983
Capital outlay	10,000	10,000	88,566	(78,566)
Debt service				
Principal	18,000	18,000	45,600	(27,600)
Interest	-	-	1,422	(1,422)
Total Expenditures	<u>574,836</u>	<u>655,836</u>	<u>763,310</u>	<u>(107,474)</u>
(Deficiency) of Revenues				
(Under) Expenditures	<u>(511,655)</u>	<u>(592,655)</u>	<u>(674,851)</u>	<u>(82,196)</u>
Other Financing Sources (Uses)				
Capital lease proceeds	-	-	52,358	52,358
Transfers in	500,000	500,000	608,472	108,472
Total Other Financing Sources	<u>500,000</u>	<u>500,000</u>	<u>660,830</u>	<u>160,830</u>
Net Change in Fund Balance	<u>\$ (11,655)</u>	<u>\$ (92,655)</u>	(14,021)	<u>\$ 78,634</u>
Beginning fund balance			<u>14,012</u>	
Ending Fund Balance			<u>\$ (9)</u>	

CITY OF ONALASKA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND DEPARTMENTS - FIRE DEPARTMENT
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Intergovernmental	\$ 18,000	\$ 18,000	\$ 28,700	\$ 10,700
Donations	101,800	101,800	66,238	(35,562)
Investment income	500	500	1,501	1,001
Total Revenues	<u>120,300</u>	<u>120,300</u>	<u>96,439</u>	<u>(23,861)</u>
<u>Expenditures</u>				
Current:				
Public safety				
Insurance	21,500	21,500	16,545	4,955
Repairs and maintenance	44,500	44,500	46,526	(2,026)
Administrative and office expense	171,100	171,100	24,602	146,498
Donations expense	43,500	43,500	2,281	41,219
Capital outlay	399,500	399,500	5,949	393,551
Total Expenditures	<u>680,100</u>	<u>680,100</u>	<u>95,903</u>	<u>584,197</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(559,800)</u>	<u>(559,800)</u>	<u>536</u>	<u>560,336</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	75,000	75,000	75,000	-
Total Other Financing Sources	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (484,800)</u>	<u>\$ (484,800)</u>	<u>75,536</u>	<u>\$ 560,336</u>
Beginning fund balance			<u>485,801</u>	
Ending Fund Balance			<u>\$ 561,337</u>	

(This page intentionally left blank.)