



City Of Royse City, Texas

**Annual
Financial Report**

Fiscal Year Ended September 30, 2020

CITY OF ROYSE CITY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Carl Alsabrook
City Manager

Shannon Raymond
Director of Finance

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CITY OF ROYSE CITY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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Financial Section

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RUTLEDGE CRAIN & COMPANY,PC
CERTIFIED PUBLIC ACCOUNTANTS
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Arlington, Texas 76013

INDEPENDENT AUDITORS' REPORT

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Rutledge Owen & Company, PC

March 30, 2021

Management's Discussion and Analysis

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CITY OF ROYSE CITY, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

As management of the City of Royse City ("City"), we offer the 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 read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred resources outflows of the City exceeded its liabilities and deferred resources inflows at the close of the fiscal year by \$43,897,478 (net position). Of this amount, \$12,932,871 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. A total of \$20,955,394, or 47% of total net position, is invested in capital assets which does not directly generate revenue and is not available to generate liquid capital. Net position restricted for specific purposes totals \$10,009,213 or 23% of total net position.
- The City's total net position increased by \$8,499,969 primarily due to investment in capital assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$17,663,829, a decrease of \$442,702 or 2.4%, in comparison with the prior year. Approximately 21% of total fund balance, or \$3,766,197, is available for spending at the City's discretion (unassigned fund balance).
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$3,766,197 or 41% of total General Fund expenditures. The increase in the total General Fund balance is largely due to increased revenues in growth related categories such as property tax, sales tax, and permit collections combined with conservative spending across departments.
- The City's total long-term debt increased by \$2,185,000, or 7.5% during the current fiscal year.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City.

**CITY OF ROYSE CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2020**

Basic Financial Statements

The first two statements (pages 19-21) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 22-32) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental fund statements and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes** (beginning on page 33). The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** (page 57) is provided to show budgetary information for the General Fund, and to provide details about the funding progress and contribution for the pension plan. **Supplemental Information** (pages 63-100) is also included to provide combining non-major fund financial statements and budgetary comparisons.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue 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 the government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component unit. The governmental activities include most of the City's basic services such as public safety, public services, parks and recreation, and general administration. Property taxes, sales taxes and franchise fees finance most of these activities. The business-type activities are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system activity are reported as business-type activities. The final category is the component unit. The City includes one separate legal entity in its report – the Royse City Community Development Corporation. Although legally separate, this "component unit" is important because the City is financially accountable for them.

The government-wide financial statements are on pages 19-21 of this report.

**CITY OF ROYSE CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2020**

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant funds. A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage funds for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City of Royse City, like other state and local governments, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can be readily converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation following the fund financial statements.

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 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 adopts an annual budget for its General Fund and Debt Service Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary schedule provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The Budgetary Comparison Schedule for the General Fund uses the modified accrual basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The schedule shows four columns: 1) original budget; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. The Governmental Fund financial statements can be found on pages 22-27 of this report. The General Fund Budgetary Comparison Schedule can be found on page 58.

**CITY OF ROYSE CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2020**

Proprietary Funds – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in the proprietary funds. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, such as cash flows.

The City of Royse City maintains one individual proprietary fund: the Water and Sewer Fund.

The basic proprietary fund financial statements can be found on pages 30-32 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 33 of this report.

Required Supplemental Information – In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the progress in funding its obligation to provide pension benefits to its employees. This information begins on page 57 of this report.

The combining statements and budgetary comparison schedules for the nonmajor governmental funds can be found on pages 63-100 of this report.

**CITY OF ROYSE CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2020**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position was \$43,897,478 as of September 30, 2020. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$20,802,834	\$19,727,682	\$14,153,399	\$11,173,162	\$34,956,233	\$30,900,844
Capital assets	21,437,753	17,289,074	20,612,338	21,115,366	42,050,091	38,404,440
Total assets	<u>42,240,587</u>	<u>37,016,756</u>	<u>34,765,737</u>	<u>32,288,528</u>	<u>77,006,324</u>	<u>69,305,284</u>
Deferred resources outflows	<u>1,140,317</u>	<u>1,086,283</u>	<u>254,611</u>	<u>243,376</u>	<u>1,394,928</u>	<u>1,329,659</u>
Current liabilities	2,498,550	1,022,738	1,087,492	1,172,095	3,586,042	2,194,833
Long-term liabilities	19,314,822	20,812,942	10,863,909	11,896,241	30,178,731	32,709,183
Total liabilities	<u>21,813,372</u>	<u>21,835,680</u>	<u>11,951,401</u>	<u>13,068,336</u>	<u>33,764,773</u>	<u>34,904,016</u>
Deferred resources inflows	<u>640,989</u>	<u>264,222</u>	<u>98,012</u>	<u>69,196</u>	<u>739,001</u>	<u>333,418</u>
Net Position:						
Net investment in capital assets	9,518,571	7,720,088	11,436,823	10,816,298	20,955,394	18,536,386
Restricted	5,301,986	4,058,390	4,707,227	3,432,105	10,009,213	7,490,495
Unrestricted	6,105,986	4,224,659	6,826,885	5,145,969	12,932,871	9,370,628
Total Net Position	<u>\$20,926,543</u>	<u>\$16,003,137</u>	<u>\$22,970,935</u>	<u>\$19,394,372</u>	<u>\$43,897,478</u>	<u>\$35,397,509</u>

Forty-Eight percent (48%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related 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 capital assets cannot be used to liquidate these liabilities.

An additional portion of the City's net position (23%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$12,932,871 or 29% may be used to meet the government's ongoing obligations to citizens and creditors.

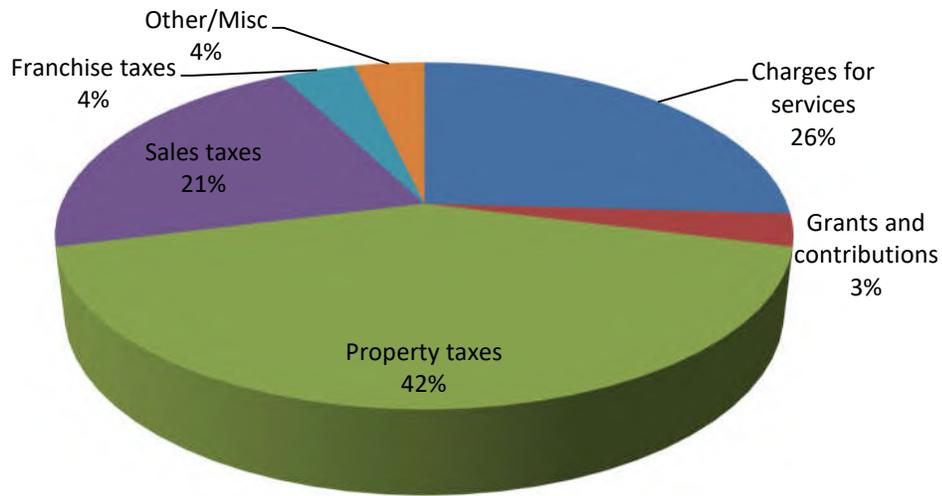
**CITY OF ROYSE CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2020**

Governmental Activities

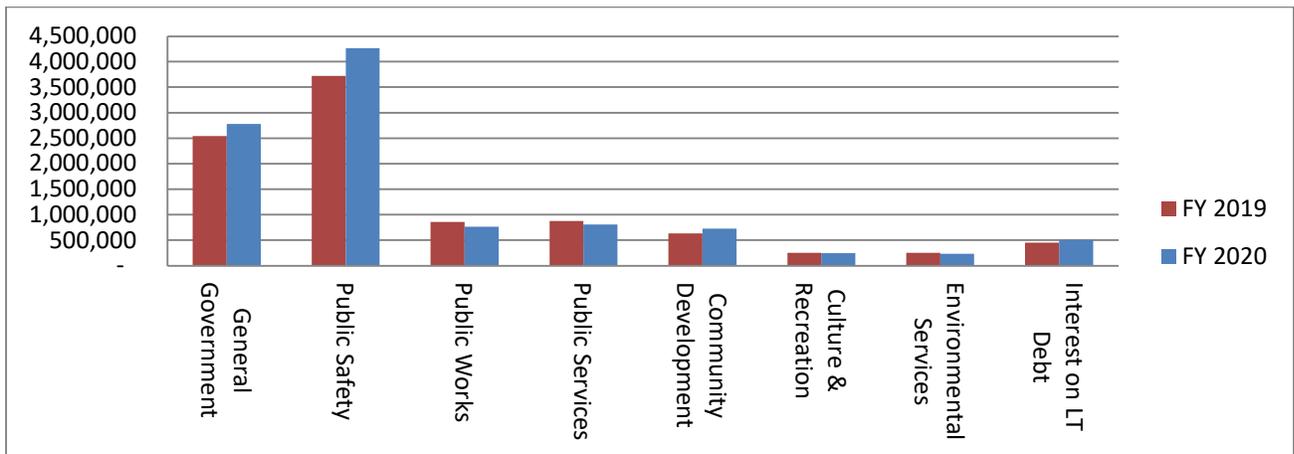
Governmental activities increased the City's net position by \$4,923,406. Key elements of this increase are as follows in Table 2.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 3,850,792	\$ 2,253,907	\$ 7,954,042	\$ 6,957,498	\$11,804,834	\$ 9,211,405
Operating grants and contributions	452,549	52,841	-	-	452,549	52,841
Capital grants and contributions	593	234,324	1,510,125	908,850	1,510,718	1,143,174
General Revenues:						
Property taxes	6,246,392	5,586,269	-	-	6,246,392	5,586,269
Sales taxes	3,171,624	2,533,439	-	-	3,171,624	2,533,439
Franchise taxes	584,774	556,063	-	-	584,774	556,063
Hotel/Motel taxes	71,204	98,052	-	-	71,204	98,052
Beverage taxes	13,270	10,908	-	-	13,270	10,908
Investment income	250,969	345,066	104,053	171,516	355,022	516,582
Gain on sale of capital asset	(90,554)	753	-	-	(90,554)	753
Miscellaneous	298,899	287,288	125,787	91,042	424,686	378,330
Total Revenues	<u>14,850,512</u>	<u>11,958,910</u>	<u>9,694,007</u>	<u>8,128,906</u>	<u>24,544,519</u>	<u>20,087,816</u>
Expenses:						
Program Expenses						
General government	2,780,744	2,543,019	-	-	2,780,744	2,543,019
Public safety	4,265,332	3,718,000	-	-	4,265,332	3,718,000
Public works	762,373	859,775	-	-	762,373	859,775
Public services	805,028	875,476	-	-	805,028	875,476
Community development	726,868	635,250	-	-	726,868	635,250
Culture and recreation	246,757	254,039	-	-	246,757	254,039
Environmental services	234,314	254,557	-	-	234,314	254,557
Interest on long-term debt	500,935	450,517	-	-	500,935	450,517
Water and sewer	-	-	5,722,197	6,006,427	5,722,197	6,006,427
Total Expenses	<u>10,322,351</u>	<u>9,590,633</u>	<u>5,722,197</u>	<u>6,006,427</u>	<u>16,044,548</u>	<u>15,597,060</u>
Change in net position						
before transfers	4,528,161	2,368,277	3,971,810	2,122,479	8,499,971	4,490,756
Transfers	395,245	300,000	(395,245)	(300,000)	-	-
Total change in net position	<u>4,923,406</u>	<u>2,668,277</u>	<u>3,576,565</u>	<u>1,822,479</u>	<u>8,499,971</u>	<u>4,490,756</u>
Net position - October 1	16,003,137	13,372,136	19,394,370	17,621,900	35,397,507	30,994,036
Prior Period Adjustments	-	(37,276)	-	(50,007)	-	(87,283)
Net position - September 30	<u>\$20,926,543</u>	<u>\$16,003,137</u>	<u>\$22,970,935</u>	<u>\$19,394,372</u>	<u>\$43,897,478</u>	<u>\$35,397,509</u>

Revenues by Source – Governmental Activities



Program Expenses – Governmental Activities



Program revenues were \$4.29 million, compared to \$2.54 million in fiscal year 2019. The breakdown of the change is as follows:

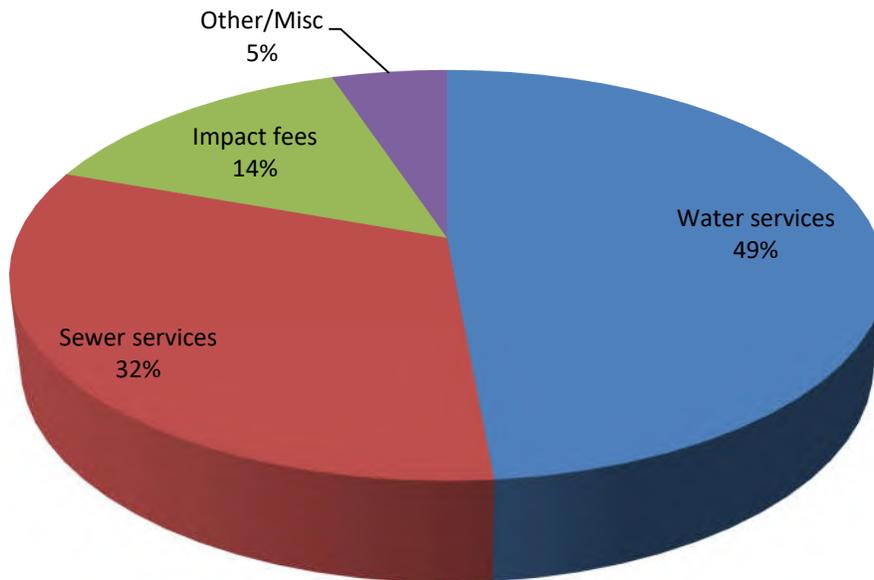
- Overall, charges for services increased \$1.59 million largely due to timing of permit revenue related to new development project starts.
- Operating grants and contributions increased \$399,708 and capital grants and contributions decreased \$233,732.
- General revenues increased from \$9,417,838 in fiscal year 2019 to \$10,546,578 in fiscal year 2020 due to increased sales tax receipts and new growth related to ad valorem tax and permit revenue.

Overall, governmental activities expenses were \$10.3 million, an increase of \$732,500.

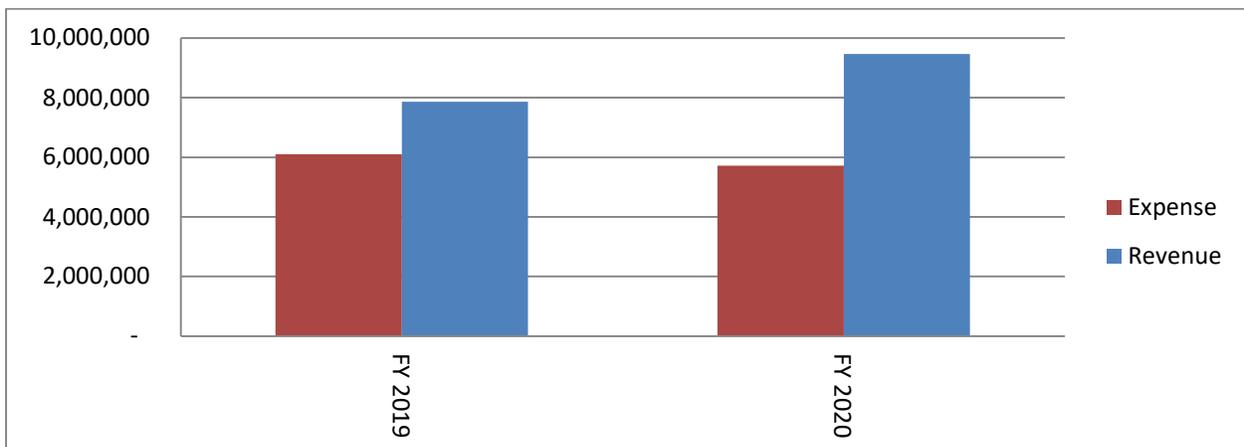
Business-Type Activities

Revenues of the City’s business-type activities were \$9.46 million for the fiscal year ended September 30, 2020. Revenues increased approximately \$1.5 million or 20% as compared to the prior fiscal year, due to a increased development activity and customer growth. Expenses for the City’s business-type decreased \$284,230 due to capital projects in prior year.

Revenues by Source – Business-Type Activities



Expenditures – Business-Type Activities



**CITY OF ROYSE CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2020**

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,663,829. Within this total, \$12,980,316 is restricted for specific legal requirements, such as debt covenants, and \$917,316 has been committed and assigned to specific types of expenditures. Unassigned fund balance is \$3,766,197 and can be used for any lawful purpose.

The General Fund is the chief operating fund of the City. The fund balance of the City's general fund increased by \$132,650 during the current fiscal year. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 41% of total general fund expenditures.

The debt service fund has a total fund balance of \$1,349,671, all of which is restricted for the payment of debt service.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary fund at the end of the fiscal year were \$6,826,885 compared to \$5,145,969 in the prior year.

Capital Asset and Debt Administration

Capital Assets – At the end of the fiscal year 2020, the City had \$42 million (net of accumulated depreciation) invested in a broad range of capital assets, including land, buildings, police and fire equipment, park facilities, roads and water and sewer lines (Table 3). This amount represents a net increase (including additions and deletions) of \$3.6 million over the prior fiscal year.

Major capital asset transactions during the year include road and waterline construction, purchase replacement vehicles, park improvements and fire station construction.

**CITY OF ROYSE CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2020**

**Table 3
Capital Assets at Year-End
(net of accumulated depreciation)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	2,159,796	2,210,507	1,484,387	1,371,632	3,644,183	3,582,139
Construction in progress	1,790,537	698,727	14,816	-	1,805,353	698,727
Buildings and improvements	15,140,711	13,352,940	-	392	15,140,711	13,353,332
Machinery and equipment	2,346,709	1,026,900	96,194	117,012	2,442,903	1,143,912
Infrastructure	-	-	19,016,941	19,626,330	19,016,941	19,626,330
Total	21,437,753	17,289,074	20,612,338	21,115,366	42,050,091	38,404,440

More detailed information about the City's capital asset activity is present in Note III.D. to the financial statements.

Long-Term Debt – At year end, the City had \$27.7 million in long-term debt outstanding, a \$2.3 million, or 7.6% decrease in comparison with the prior year – as shown in Table 4.

**Table 4
Outstanding Debt at Year-End**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$3,595,000	\$3,935,000	\$4,930,000	\$5,550,000	\$8,525,000	\$9,485,000
Certificates of obligation	12,773,000	13,652,000	5,397,000	5,743,000	18,170,000	19,395,000
Unamortized premium (discount)	750,120	814,260	237,364	266,614	987,484	1,080,874
Capital lease	-	-	-	13,397	-	13,397
Total	\$17,118,120	\$18,401,260	\$10,564,364	\$11,573,011	\$27,682,484	\$29,974,271

More detailed information about the City's long-term obligations is presented in Note III.F. to the financial statements.

**CITY OF ROYSE CITY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2020**

Economic Factors and Next Year's Budgets and Rates

Fiscal 2020 continued to be dominated by residential growth and interest in additional subdivision development despite the pandemic. Waterscape continued building in Phase 2 of its 1000 lot subdivision; Parkside Village completed multiple phases of 400+ lot subdivision, including an extension of a major thoroughfare in the southwestern sector of town. Hines Acquisitions entitled a 1000+ lot subdivision and will began construction of Phase 1, including extension of waterline along SH66. Multiple smaller subdivisions are in various phases of the development process and one near 1000 acre development, Bearpen Creek, continues to work through entitlements to bring a premier mixed use development to Royse City.

When the global pandemic began in March 2020, the City Council and management immediately took action to freeze open positions, defer capital projects and restrict department spending as emergency declarations were issued by the Governor, County Judges and Mayor. The Royse City business and commercial climate proved it is strong and resilient. Sales tax did not decline, even in the height of the closures. Builders continued to pull new home permits. Hiring resumed for budgeted open positions, however conservative and limited department spending continued.

Royse City has enjoyed a thriving downtown for several years; where the small town community and relationships are fostered and maintained – a true illustration of “A Friendly Touch of Texas.” Royse City is a designated Texas Main Street City and is recognized as a nationally accredited program. A number of small businesses and restaurant make Main Street home. FY2020 showed truly how much the Royse City community supports Main Street businesses. Within weeks of state-wide closures, the Royse City Community Development Corporation had a business continuity program in place and was issuing funds to support retention of employees. No restaurants or retail establishments went out-of-business.

The FY21 Annual Budget was being prepared in the height of the pandemic. As uncertainty was constant, City Council continued the cautious and conservative approach to departmental budgets for FY21. Annual merit raises were put on hold, while two full-time firefighter positions and one police officer were funded incrementally over the fiscal year as strategic targets and milestones were achieved. Capital funding was approved, but held for mid-year review to confirm revenues were on target.

The largest single revenue source in the fiscal year 2021 General Fund Budget is property taxes, which account for 46% of total revenues. Assessed property values in Royse City increased \$70 million from the prior year, including \$47.6 million in new property entering the tax roll for the first time. Council maintained the tax rate at \$0.6215 per \$100 valuation tax rate for fiscal year 2021. Sales tax revenue remains the City's second largest revenue source, making up 30% of General Fund Revenues. Sales tax was budgeted flat as uncertainty related to the pandemic remained prevalent at time of budget adoption.

Water/Sewer Fund expenditures were projected to increase 8% in fiscal year 2021 primarily due to increased water charges, wastewater treatment, capital projects and debt service related to a new issue for an interceptor project.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about this report or requests for additional financial information should be directed to the Finance Director, P.O. Box 638, Royse City, Texas 75189.

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Basic Financial Statements

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CITY OF ROYSE CITY, TEXAS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Cash and cash equivalents</i>	\$ 18,973,318	\$ 6,805,172	\$ 25,778,490	\$ 3,232,855
<i>Receivables (net of allowances for uncollectibles)</i>	694,107	1,109,034	1,803,141	--
<i>Internal balances</i>	--	--	--	--
<i>Due from other governments</i>	1,059,485	--	1,059,485	217,723
<i>Due from component unit</i>	75,924	--	75,924	--
Restricted assets:				
<i>Cash and cash equivalents</i>	--	6,239,193	6,239,193	--
Capital assets (net of accumulated depreciation)				
<i>Land</i>	2,159,796	1,484,387	3,644,183	99,999
<i>Buildings and system</i>	15,140,711	--	15,140,711	39,842
<i>Machinery and equipment</i>	2,346,709	96,194	2,442,903	--
<i>Infrastructure</i>	--	19,016,941	19,016,941	--
<i>Construction in progress</i>	1,790,537	14,816	1,805,353	--
Total Assets	<u>42,240,587</u>	<u>34,765,737</u>	<u>77,006,324</u>	<u>3,590,419</u>
DEFERRED OUTFLOWS OF RESOURCES				
<i>Deferred loss on refunding</i>	31,358	87,993	119,351	--
<i>Deferred pension plan expense</i>	1,079,978	163,691	1,243,669	40,185
<i>Deferred opeb expense</i>	28,981	2,927	31,908	1,658
Total Deferred Outflows of Resources	<u>1,140,317</u>	<u>254,611</u>	<u>1,394,928</u>	<u>41,843</u>
LIABILITIES				
<i>Accounts payable and accrued liabilities</i>	2,376,770	492,414	2,869,184	3,538
<i>Accrued interest payable</i>	52,272	53,377	105,649	--
<i>Due to other governments</i>	69,508	--	69,508	--
<i>Due to primary government</i>	--	--	--	75,924
<i>Customer deposits</i>	--	541,701	541,701	--
Noncurrent liabilities:				
<i>Due within one year</i>	1,363,792	1,013,718	2,377,510	--
<i>Due in more than one year</i>	17,951,030	9,850,191	27,801,221	73,923
Total Liabilities	<u>21,813,372</u>	<u>11,951,401</u>	<u>33,764,773</u>	<u>153,385</u>
DEFERRED INFLOWS OF RESOURCES				
<i>Deferred resource inflow - pension</i>	607,841	92,130	699,971	22,617
<i>Deferred resource inflow - opeb</i>	6,529	659	7,188	374
<i>Unavailable revenue-other</i>	26,619	5,223	31,842	--
Total deferred inflows of resources	<u>640,989</u>	<u>98,012</u>	<u>739,001</u>	<u>22,991</u>
NET POSITION:				
Net Investment in Capital Assets	9,518,571	11,436,823	20,955,394	--
Restricted For:				
Debt Service	1,404,845	--	1,404,845	--
Capital Projects	1,679,747	340,000	2,019,747	--
Impact fees	1,881,040	4,367,227	6,248,267	--
Other Purposes	336,354	--	336,354	--
Unrestricted	6,105,986	6,826,885	12,932,871	3,455,886
Total Net Position	<u>\$ 20,926,543</u>	<u>\$ 22,970,935</u>	<u>\$ 43,897,478</u>	<u>\$ 3,455,886</u>

The accompanying notes are an integral part of this statement.

CITY OF ROYSE CITY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	\$ 2,780,744	\$ 192,525	\$ 423,624	\$ --
Public safety	4,265,332	602,283	12,946	--
Public works	762,373	941,877	--	--
Public services	805,028	93,125	--	593
Community development	726,868	1,935,567	--	--
Culture and recreation	246,757	85,415	--	--
Environmental services	234,314	--	15,979	--
Interest	500,935	--	--	--
Total governmental activities	<u>10,322,351</u>	<u>3,850,792</u>	<u>452,549</u>	<u>593</u>
Business-type Activities:				
Water and Sewer	<u>5,722,197</u>	<u>7,954,042</u>	<u>--</u>	<u>1,510,125</u>
Total Business-type Activities	<u>5,722,197</u>	<u>7,954,042</u>	<u>--</u>	<u>1,510,125</u>
Total Primary Government	<u>\$ 16,044,548</u>	<u>\$ 11,804,834</u>	<u>\$ 452,549</u>	<u>\$ 1,510,718</u>
COMPONENT UNIT:				
Royse City Community Development Corporation	<u>\$ 703,319</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

General Revenues:
Ad valorem taxes, penalty and interest
Sales Taxes
Franchise Taxes
Hotel Motel Taxes
Alcoholic Beverage Taxes
Miscellaneous
Unrestricted Investment Earnings
Gain on Sale of Capital Assets
Transfers
Total General Revenues and Transfers
 Change in Net Position
 Net Position - Beginning
 Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
\$ (2,164,595)		\$ (2,164,595)	
(3,650,103)		(3,650,103)	
179,504		179,504	
(711,310)		(711,310)	
1,208,699		1,208,699	
(161,342)		(161,342)	
(218,335)		(218,335)	
(500,935)		(500,935)	
<u>(6,018,417)</u>		<u>(6,018,417)</u>	
	\$ 3,741,970	3,741,970	
	<u>3,741,970</u>	<u>3,741,970</u>	
	3,741,970	(2,276,447)	
			\$ (703,319)
6,246,392	--	6,246,392	--
3,171,624	--	3,171,624	1,168,526
584,774	--	584,774	--
71,204	--	71,204	--
13,270	--	13,270	--
298,899	125,787	424,686	17,819
250,969	104,053	355,022	18,136
(90,554)	--	(90,554)	90,554
395,245	(395,245)	--	--
<u>10,941,823</u>	<u>(165,405)</u>	<u>10,776,418</u>	<u>1,295,035</u>
4,923,406	3,576,565	8,499,971	591,716
16,003,137	19,394,370	35,397,507	2,864,170
<u>\$ 20,926,543</u>	<u>\$ 22,970,935</u>	<u>\$ 43,897,478</u>	<u>\$ 3,455,886</u>

CITY OF ROYSE CITY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Debt Service Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 4,358,347	\$ 1,350,118
Receivables (net of allowances for uncollectibles):		
Taxes - delinquent	126,766	61,620
Fines	223,597	--
Other receivables	276,194	--
Due from other funds	--	--
Due from other governments	653,169	--
Due from component unit	75,924	--
Total Assets	<u>5,713,997</u>	<u>1,411,738</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 530,500	\$ --
Accrued liabilities	39,309	--
Other liabilities	200,726	--
Due to other funds	--	6,894
Due to other governments	69,508	--
Total Liabilities	<u>840,043</u>	<u>6,894</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	111,217	55,173
Unavailable revenue-fines	169,921	--
Unavailable revenue-other	26,619	--
Total deferred inflows of resources	<u>307,757</u>	<u>55,173</u>
FUND BALANCES		
Restricted	--	1,349,671
Assigned	800,000	--
Unassigned	3,766,197	--
Total fund balances	<u>4,566,197</u>	<u>1,349,671</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,713,997</u>	<u>\$ 1,411,738</u>

The accompanying notes are an integral part of this statement.

<u>Bonds Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 6,983,275	\$ 5,940,332	\$ 18,632,072
--	--	188,386
--	--	223,597
--	5,930	282,124
6,894	--	6,894
--	406,316	1,059,485
--	--	75,924
<u>6,990,169</u>	<u>6,352,578</u>	<u>20,468,482</u>
\$ 1,464,610	\$ 95,933	\$ 2,091,043
--	--	39,309
--	34,243	234,969
--	--	6,894
--	--	69,508
<u>1,464,610</u>	<u>130,176</u>	<u>2,441,723</u>
--	--	166,390
--	--	169,921
--	--	26,619
<u>--</u>	<u>--</u>	<u>362,930</u>
5,525,559	6,105,086	12,980,316
--	117,316	917,316
--	--	3,766,197
<u>5,525,559</u>	<u>6,222,402</u>	<u>17,663,829</u>
<u>\$ 6,990,169</u>	<u>\$ 6,352,578</u>	<u>\$ 20,468,482</u>

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CITY OF ROYSE CITY, TEXAS

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

Total fund balances - governmental funds balance sheet	\$ 17,663,829
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	21,437,753
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	166,390
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	329,796
Payables for bond principal which are not due in the current period are not reported in the funds.	(16,368,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(52,272)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(276,524)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	31,357
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	169,921
Recognition of the City's net pension liability is not reported in the funds.	(1,797,252)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(607,841)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,079,978
Bond premiums and discounts are amortized in the SNA but not in the funds.	(749,820)
Recognition of the City's net OPEB liability is not reported in the funds.	(123,226)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(6,529)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>28,983</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 20,926,543</u>

The accompanying notes are an integral part of this statement.

CITY OF ROYSE CITY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund
Revenues:		
Ad valorem taxes, penalty and interest	\$ 4,494,138	\$ 1,813,266
Sales	3,171,624	--
Franchise	584,774	--
Hotel motel tax	--	--
Beverage	14,300	--
Fines and fees	276,315	--
Licenses and permits	1,342,268	--
Charges for services	1,002,216	--
Impact fees	--	--
Intergovernmental	153,875	--
Donations	--	--
Interest income	67,592	25,749
Miscellaneous	16,097	--
Total revenues	<u>11,123,199</u>	<u>1,839,015</u>
Expenditures:		
Current:		
General government	2,278,197	--
Public safety	4,056,403	--
Public works	428,477	--
Public services	757,265	--
Community development	702,582	--
Culture and recreation	236,229	--
Environmental services	212,151	--
Total current	<u>8,671,304</u>	<u>--</u>
Capital outlay:		
General government	23,471	--
Public safety	131,569	--
Public works	319,850	--
Public services	10,500	--
Total capital outlay	<u>485,390</u>	<u>--</u>
Debt service:		
Principal	--	1,219,000
Interest	--	563,615
Total debt service	<u>--</u>	<u>1,782,615</u>
Total expenditures	<u>9,156,694</u>	<u>1,782,615</u>
Excess (deficiency) of revenues over (under) expenditures	1,966,505	56,400
Other financing sources (uses):		
Transfers in	305,000	--
Transfers out	(2,138,855)	(42,000)
Total other financing sources (uses)	<u>(1,833,855)</u>	<u>(42,000)</u>
Net change in fund balances	132,650	14,400
Fund balances, October 1	4,433,547	1,335,271
Fund balances, September 30	<u>\$ 4,566,197</u>	<u>\$ 1,349,671</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 6,307,404
--	--	3,171,624
--	--	584,774
--	71,204	71,204
--	--	14,300
--	820,435	1,096,750
--	1,800	1,344,068
--	--	1,002,216
--	206,977	206,977
--	406,316	560,191
--	46,826	46,826
117,638	39,989	250,968
--	331,760	347,857
<u>117,638</u>	<u>1,925,307</u>	<u>15,005,159</u>
--	188,636	2,466,833
--	119,308	4,175,711
--	1,225	429,702
--	1,693	758,958
--	--	702,582
--	960	237,189
--	6,635	218,786
<u>--</u>	<u>318,457</u>	<u>8,989,761</u>
--	9,000	32,471
3,021,930	24,092	3,177,591
1,181,808	--	1,501,658
4,410	--	14,910
<u>4,208,148</u>	<u>33,092</u>	<u>4,726,630</u>
--	--	1,219,000
<u>--</u>	<u>--</u>	<u>563,615</u>
<u>--</u>	<u>--</u>	<u>1,782,615</u>
<u>4,208,148</u>	<u>351,549</u>	<u>15,499,006</u>
(4,090,510)	1,573,758	(493,847)
775,000	1,157,000	2,237,000
--	(5,000)	(2,185,855)
<u>775,000</u>	<u>1,152,000</u>	<u>51,145</u>
(3,315,510)	2,725,758	(442,702)
8,841,069	3,496,644	18,106,531
<u>\$ 5,525,559</u>	<u>\$ 6,222,402</u>	<u>\$ 17,663,829</u>

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CITY OF ROYSE CITY, 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*

Net change in fund balances - total governmental funds	\$ (442,702)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,968,187
The depreciation of capital assets used in governmental activities is not reported in the funds.	(728,956)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(90,555)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(61,009)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,219,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(4,824)
(Increase) decrease in accrued interest from beginning of period to end of period.	67,504
The net revenue (expense) of internal service funds is reported with governmental activities.	105,092
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(70,157)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	(3,082)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(19,276)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	<u>(15,816)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 4,923,406</u>

The accompanying notes are an integral part of this statement.

CITY OF ROYSE CITY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
ASSETS		
Current Assets:		
<i>Cash and Cash Equivalents</i>	\$ 6,805,172	\$ 341,246
<i>Receivables (net of allowances for uncollectibles):</i>	1,109,034	--
<i>Restricted Cash and Cash Equivalents</i>	6,239,193	--
Total Current Assets	<u>14,153,399</u>	<u>341,246</u>
Noncurrent Assets:		
<i>Land</i>	1,484,387	--
<i>Buildings</i>	39,551	--
<i>Machinery and Equipment</i>	628,240	--
<i>Infrastructure</i>	26,260,807	--
<i>Construction in Progress</i>	14,816	--
<i>Less Accumulated Depreciation</i>	<u>(7,815,463)</u>	<u>--</u>
Total Noncurrent Assets	20,612,338	--
Total Assets	<u>34,765,737</u>	<u>341,246</u>
DEFERRED OUTFLOWS OF RESOURCES:		
<i>Deferred loss on refunding</i>	87,993	--
<i>Deferred pension plan expense</i>	163,691	--
<i>Deferred opeb expense</i>	2,927	--
Total Outflows of Resources	<u>254,611</u>	<u>--</u>
LIABILITIES		
Current Liabilities:		
<i>Accounts payable</i>	469,285	11,449
<i>Other liabilities</i>	23,129	--
<i>Compensated absences payable - current</i>	1,469	--
<i>Accrued interest payable</i>	53,377	--
<i>General obligation bonds payable - current</i>	808,180	--
<i>Certificates of obligation - current</i>	375,613	--
Liabilities payable from restricted assets:		
<i>Customer Deposits</i>	541,701	--
Total Current Liabilities	<u>2,272,754</u>	<u>11,449</u>
Noncurrent Liabilities:		
<i>General Obligation Bonds Payable</i>	4,189,765	--
<i>Certificates of obligation</i>	5,190,807	--
<i>Compensated absences payable - noncurrent</i>	13,222	--
<i>Net Pension Obligation</i>	272,408	--
<i>Other post employment benefits</i>	12,445	--
Total Noncurrent Liabilities	<u>9,678,647</u>	<u>--</u>
Total Liabilities	<u>11,951,401</u>	<u>11,449</u>
DEFERRED INFLOWS OF RESOURCES		
<i>Deferred resource inflow - pension</i>	92,130	--
<i>Deferred resource inflow - opeb</i>	659	--
<i>Unearned Revenue</i>	5,223	--
Total inflows of Resources	<u>98,012</u>	<u>--</u>
NET POSITION		
<i>Net Investment in Capital Assets</i>	11,436,823	--
<i>Restricted for Capital Projects</i>	340,000	--
<i>Restricted for impact fee use</i>	4,367,227	--
<i>Unrestricted</i>	6,826,885	329,797
Total Net Position	<u>\$ 22,970,935</u>	<u>\$ 329,797</u>

The accompanying notes are an integral part of this statement.

CITY OF ROYSE CITY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Fund <u>Water and Sewer Fund</u>	Internal Service Funds <u> </u>
OPERATING REVENUES:		
<i>Charges for services - water</i>	\$ 4,823,505	\$ --
<i>Charges for services - sewer</i>	3,094,267	--
<i>Water and wastewater impact fees</i>	1,393,800	--
<i>Miscellaneous</i>	278,382	609
Total Operating Revenues	<u>9,589,954</u>	<u>609</u>
OPERATING EXPENSES:		
<i>Personal services</i>	677,857	--
<i>Materials and supplies</i>	183,361	--
<i>Repairs and maintenance</i>	467,379	--
<i>Water purchases</i>	1,506,989	--
<i>Contractual services</i>	140,234	--
<i>Interceptor expenses</i>	1,707,107	--
<i>Depreciation</i>	677,148	--
<i>Other expense</i>	--	241,558
Total Operating Expenses	<u>5,360,075</u>	<u>241,558</u>
Operating Income	<u>4,229,879</u>	<u>(240,949)</u>
NON-OPERATING REVENUES (EXPENSES):		
<i>Interest revenue</i>	104,053	1,942
<i>Interest expense</i>	(362,122)	--
Total Non-operating Revenues (Expenses)	<u>(258,069)</u>	<u>1,942</u>
Income before Transfers	3,971,810	(239,007)
<i>Transfers in</i>	154,755	344,100
<i>Transfers out</i>	<u>(550,000)</u>	<u>--</u>
Change in Net Position	3,576,565	105,093
Total Net Position - Beginning	19,394,370	224,704
Total Net Position - Ending	<u>\$ 22,970,935</u>	<u>\$ 329,797</u>

The accompanying notes are an integral part of this statement.

CITY OF ROYSE CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business Type Activities Water and Sewer Fund	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:		
<i>Cash Received from Customers</i>	\$ 9,567,478	\$ 609
<i>Cash Payments to Employees for Services</i>	(654,092)	--
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(4,150,683)	(230,109)
Net Cash Provided (Used) by Operating Activities	<u>4,762,703</u>	<u>(229,500)</u>
Cash Flows from Non-capital Financing Activities:		
<i>Receipts from other funds</i>	--	--
<i>Receipts from component unit</i>	--	--
<i>Transfers From (To) Other Funds</i>	(395,245)	344,100
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(395,245)</u>	<u>344,100</u>
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from bonds</i>	--	--
<i>Principal and Interest Paid</i>	(1,374,710)	--
<i>Acquisition or Construction of Capital Assets</i>	(174,120)	--
<i>Proceeds from Sale of Capital Assets</i>	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,548,830)</u>	<u>--</u>
Cash Flows from Investing Activities:		
<i>Interest and Dividends on Investments</i>	104,053	1,942
Net Cash Provided (Used) for Investing Activities	<u>104,053</u>	<u>1,942</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,922,681	116,542
Cash and Cash Equivalents at Beginning of Year	10,121,684	224,704
Cash and Cash Equivalents at End of Year	<u>\$ 13,044,365</u>	<u>\$ 341,246</u>
Reported on Statement of Net Position		
Unrestricted cash	\$ 6,805,172	\$ 341,246
Restricted cash	6,239,193	--
	<u>\$ 13,044,365</u>	<u>\$ 341,246</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ 4,229,879	\$ (240,949)
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
<i>Depreciation</i>	677,148	--
<i>Decrease in pension expense</i>	--	--
Change in Assets and Liabilities:		
<i>Decrease (Increase) in Receivables</i>	(57,555)	--
<i>Increase (Decrease) in Accounts Payable</i>	(147,460)	11,449
<i>Increase (Decrease) in Other Payables</i>	1,846	--
<i>Increase (Decrease) in Accrued Expenses</i>	8,909	--
<i>Increase (Decrease) in Customer Deposits</i>	52,025	--
<i>Increase (Decrease) in Pension and OPEB Liability</i>	(22,918)	--
<i>Increase (Decrease) in Other</i>	20,829	--
Total Adjustments	<u>532,824</u>	<u>11,449</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,762,703</u>	<u>\$ (229,500)</u>

The accompanying notes are an integral part of this statement.

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Royse City, Texas, was settled in 1891 and operates under the Council-Manager form of government as adopted by a home rule charter approved May 15, 2004. The City provides a full range of municipal services including public safety (police and fire), municipal court, parks and recreation, health and social services, planning and zoning, and general administrative services. In addition, the City provides water and sewer service as a proprietary function of the City.

The accounting policies of the City of Royse City, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's basic financial statements.

The City of Royse City is a home rule municipality governed by an elected mayor and six member City Council who appoint a City Manager. The City's (primary government) financial statements include its component units. The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", in that the financial statements include all organizations, activities, functions and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Discretely Presented Component Units

The Royse City Community Development Corporation ("CDC") is a discretely presented component unit of the City. The CDC is governed by a board of seven members, all of whom are appointed by the City Council of the City of Royse City and whom can be removed from office by the City Council at its will. CDC has potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The CDC incorporated in the state of Texas in 1998. The nature and significance of the relationship between the primary government and the CDC is such that exclusion would cause the City's financial statements to be misleading or incomplete. Stand alone financial statements for CDC as of and for the fiscal year ended September 30, 2020 are not prepared.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Bonds Capital Projects Fund* was established to account for resources to be used for the acquisition or construction of general major capital facilities. Financing was provided primarily by the sale of general obligation bonds.

The City reports the following major proprietary fund:

The *Water and Sewer Fund* operates the water distribution system and the wastewater treatment plants, wastewater pumping stations, and collection systems.

Additionally, the City reports the following fund types:

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

Internal Service Funds account for funding vehicle, equipment, and IT capital purchases with transfers from the operating funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 and other charges between the City's water and wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

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 enterprise fund are charges to customers for sales and services. The enterprise utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The City maintains various accounts for each fund at its depository. The City also has cash maintained by agents for debt payments and reserves, and construction reserves. For purposes of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The City investment policy authorizes the Director of Finance to invest in the following types of investments:

- a. Obligations of the United States or its agencies and instrumentalities with finite maturity dates, with a maximum maturity of not greater than 5 years. Laddering of investments should be considered.
- b. Direct obligations of the State of Texas or its agencies and instrumentalities, with stated finite maturity dates.
- c. Other obligations, with finite maturity dates, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies or instrumentalities.
- d. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent.
- e. Certificates of deposit issued by a state or national bank domiciled in the state of Texas or a savings bank domiciled in the state of Texas provided that they are:
 - (1) Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor,
 - (2) Secured by obligations outlined in items a – d. The market value of all collateral must be marked to market on a daily basis and shall not be less than 102% of the principal amount of the certificate plus accrued interest, or
 - (3) Secured in any other manner in an amount provided by law for deposits of the City.
- f. Repurchase agreements which are fully collateralized by obligations of the United States or its agencies and instrumentalities, marked to market on a daily basis with a market value of at least of the 102% of the principal invested, including accrued interest. The securities being purchased must be pledged to the City and held in the City's name by a third party selected and approved by the City. The repurchase agreement must have a defined termination date and be placed through a primary government securities dealer or a financial institution doing business in the state of Texas. The repurchase agreements should be secured by obligations approved in this policy.
- g. Banker's acceptances having a stated maturity of 270 days or less, to be liquidated in full at maturity, which are rated not less than "A-1" or "P-1" (or an equivalent rating) by at least one nationally recognized credit rating agency provided that it is eligible for borrowing from a Federal Reserve Bank.

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

- h. Commercial paper having a stated maturity of 270 days or less and rated not less than "A-1" or "P-1" (or an equivalent rating) by at least two nationally recognized rating agencies or one nationally recognized rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States.
- i. No-load money market mutual fund registered with and regulated by the SEC, which has a dollar-weighted average stated maturity of 90 days or less. It must have included in its investment objectives its intent to maintain a stable net assets value of \$1 for each share. The fund must provide the City with a prospectus and other information required by the SEC.
- j. No-load mutual funds, registered with and regulated by the SEC, having weighted maturity of less than two years, and which invests exclusively in investments approved by this policy.
- k. Investment pools which are approved by the City Council, provided they meet all the criteria for investment pools outlined in Chapter 2256, Texas Local Government Code, and maintain a continuous rating not lower than AAA or AAA-m (or an equivalent rating) from at least one nationally recognized rating service.

Investments having a maturity of 1 year or more, when purchased, are stated at fair value. Short term investments are stated at cost or amortized cost.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter fund 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." 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, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are levied on October 1 by the City based on the January 1 property values as assessed by the Rockwall, Collin, and Hunt County Central Appraisal Districts. Taxes are due without penalty until January 31, of the next calendar year. After January 31 the City has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the City.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of enterprise fund revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

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

CITY OF ROYSE CITY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended September 30, 2020

columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. 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.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings and improvements	7 - 30
System infrastructure	20 - 40
Vehicles	4 - 20
Office Furniture and equipment	5
Machinery and equipment	10

6. 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. The government only has two items which qualify for reporting in this category. The first is the 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. The second deferred outflow of resources consists of the amount of pension expense deferred to future periods based upon the implementation of GASB 68.

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 two types of deferred inflows of resources, 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 two sources: property taxes and fines receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second type of deferred inflow of resources is that associated with the implementation of GASB 68 and GASB 75.

7. Compensated absences

It is the City's policy to pay a separating employee with at least six months of continuous service unused vacation leave not to exceed 120 hours. The rate of pay will be determined by the salary rate in effect at the time of separation. As such, there is an accrual at the close of the fiscal year end in the government-wide and proprietary fund financial statements for the amount. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or due to all employees as of September 30, 2020. No unused sick or holiday leave will be paid out upon termination of employment.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

9. Fund equity

Nonspendable Fund Balance Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through legislation, resolution or ordinance, unless the City Council removes or changes the specified use by taking the same type of action used to commit the amounts.

Assigned Fund Balance - Amounts that are constrained by the City Council, or the City Manager or Director of Finance, based upon delegation of this authority by the City Council, that are to be used for specific purposes but are neither restricted nor committed.

Unassigned Fund Balance - Amounts that are available for any purpose; these amounts can be reported only in the City's General Fund.

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the City incurs an expenditure and both restricted and unrestricted amounts are available, the City considers restricted amounts to have been spent first. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used. The City has established a formal policy to set a minimum level for general operating fund balances at 25% of operating expenditures.

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

	General	Debt	Bonds Capital	Other	
	Fund	Service	Projects	Funds	Total
Fund Balances					
Restricted for:					
Debt service	\$ --	\$1,349,671	\$ --	\$ --	\$ 1,349,671
Capital projects	--	--	5,525,559	1,813,064	7,338,623
Roadway fees	--	--	--	1,881,040	1,881,040
Police	--	--	--	28,291	28,291
Municipal court use	--	--	--	80,615	80,615
Hotel motel use	--	--	--	237,986	237,986
Public improvement	--	--	--	685,992	685,992
Other	--	--	--	1,378,098	1,378,098
	<u>--</u>	<u>1,349,671</u>	<u>5,525,559</u>	<u>6,105,086</u>	<u>12,980,316</u>
Assigned:					
General government	--	--	--	42,333	42,333
Library	--	--	--	1,206	1,206
Senior center	--	--	--	5,235	5,235
Parks and recreation	300,000	--	--	12,110	312,110
Public safety	375,000	--	--	13,837	388,837
Public works	125,000	--	--	--	125,000
Animal Control	--	--	--	42,595	42,595
	<u>800,000</u>	<u>--</u>	<u>--</u>	<u>117,316</u>	<u>917,316</u>
Unassigned	<u>3,766,197</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,766,197</u>
	<u>\$4,566,197</u>	<u>\$1,349,671</u>	<u>\$ 5,525,559</u>	<u>\$6,222,402</u>	<u>\$ 17,663,829</u>

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1, the budget is legally enacted through passage of an ordinance.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Therefore the fund level is the legal level of control.
4. Formal budgetary integration is employed as a management control device during the year. The legally adopted budgets for the General Fund, certain Special Revenue Funds and the Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles.
5. Budgeted amounts are as originally adopted or as amended by the City Council. During 2020, individual amendments were not material in relation to the original appropriations. Any budgeted amounts appropriated at fiscal year-end and not spent automatically lapse.

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

6. The City did not adopt budgets for certain Special Revenue Funds. These unbudgeted Special Revenue Funds were as follows:

- Jury Fund
- Library Grant
- Library Donations
- CARES Grant Fund
- Union Square Public Improvement District
- Waterscape Public Improvement District

7. Capital Project funds, when present are not budgeted, since project length financial plans usually extend into two or more fiscal years, making comparisons confusing and misleading.

B. Deficit fund equity

There were no fund deficits at September 30, 2020.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. At September 30, 2020, the City's deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the City's deposits were not exposed to custodial credit risk.

Investments

At September 30, 2020, the City had the following investments which are considered cash equivalents:

Investment Type	Fair Value	Weighted Average Maturity (Days)
LOGIC	\$ 22,489,069	45
Cash	<u>12,761,468</u>	
Total cash and cash equivalents	<u>\$ 35,250,537</u>	

Cash and cash equivalents are reported in the:

Statement of net position as	
Governmental activities unrestricted	\$ 18,973,318
Governmental activities restricted	--
Business-type activities unrestricted	6,805,172
Business-type activities restricted	<u>6,239,193</u>
Total City	32,017,683
CDC Discrete Component Unit	<u>3,232,854</u>
	<u>\$ 35,250,537</u>

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

The Public Funds Investment Act ("Act") (Government Code Chapter 2256) requires the City to have an independent auditor perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Currently all of the City's investments are with Local Government Investment Cooperative (LOGIC).

LOGIC was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Public Funds Investment Act allows eligible local governments, state agencies, and nonprofit corporations of the State of Texas to jointly invest their funds in permitted investments.

LOGIC's governing body is a five-member Board of Directors comprised of employees, officers or elected officials of participant government entities or individuals who do not have a business relationship with LOGIC and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of LOGIC.

In order to comply with the Public Funds Investment Act, all portfolios will maintain a AAAM or equivalent rating from at least one nationally recognized rating agency. Standard & Poor's currently rates LOGIC AAAM.

The portfolio is managed by JPMorgan Investment Management, Inc. Day-to-day administration is performed by First Southwest Company and JPMorgan Investment Management, Inc. First Southwest provides distribution, administrative, participant support and marketing services. JPMorgan Investment Management, Inc. or its affiliates provides management, custody and fund accounting services. A request for LOGIC's financial statements can be made at www.logic.org.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2020 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented above is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements and the actual rating as of year end for each investment type.

Concentration of Credit Risk

With the exception of U.S. Treasury securities, certificates of deposit and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all City investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. government and its agencies and instrumentalities.

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

As of September 30, 2020, the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor, and proprietary funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Nonmajor and Other	Total Governmental	Water and Sewer
Taxes receivable	\$ 126,766	\$ 61,620	\$ --	\$ 188,386	\$ --
Fines receivable	\$ 336,878	\$ --	\$ --	\$ 336,878	\$ --
Allowance for uncollectibles	(113,281)	--	--	(113,281)	--
	<u>\$ 223,597</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 223,597</u>	<u>\$ --</u>
Accounts receivable	\$ --	\$ --	\$ --	\$ --	\$ 1,486,211
Allowance for uncollectibles	--	--	--	--	(377,177)
Net other receivables	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,109,034</u>
Other receivables	<u>\$ 276,193</u>	<u>\$ --</u>	<u>\$ 5,930</u>	<u>\$ 282,123</u>	<u>\$ --</u>

C. Deferred/Unearned Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 111,217	\$ --
Fines receivable (General Fund)	169,921	--
Delinquent property taxes receivable (Debt Service Fund)	55,173	--
Developer deferred revenue	--	26,619
Total deferred/unearned revenue for governmental funds	<u>\$ 336,311</u>	<u>\$ 26,619</u>

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

D. Capital assets

Capital asset activity for the year ended September 30, 2020:

Primary Government

	Balance 9/30/19	Additions	Retirements	Completed Construction	Balance 9/30/20
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$ 2,210,507	\$ 49,289	\$ (100,000)	--	\$ 2,159,796
Construction in progress	698,727	3,013,914	--	(1,922,104)	1,790,537
	<u>2,909,234</u>	<u>3,063,203</u>	<u>(100,000)</u>	<u>(1,922,104)</u>	<u>3,950,333</u>
Capital assets, being depreciated:					
Buildings and improvements	16,229,153	330,350	(181,100)	1,922,104	18,300,507
Machinery and equipment	3,727,782	1,623,924	--	--	5,351,706
Total capital assets being depreciated	<u>19,956,935</u>	<u>1,954,274</u>	<u>(181,100)</u>	<u>1,922,104</u>	<u>23,652,213</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,876,213)	(424,841)	141,258	--	(3,159,796)
Machinery and equipment	(2,700,882)	(304,115)	--	--	(3,004,997)
Total accumulated depreciation	<u>(5,577,095)</u>	<u>(728,956)</u>	<u>141,258</u>	<u>--</u>	<u>(6,164,793)</u>
Total capital assets being depreciated, net	<u>14,379,840</u>	<u>1,225,318</u>	<u>(39,842)</u>	<u>1,922,104</u>	<u>17,487,420</u>
Governmental activities capital assets, net	<u>\$ 17,289,074</u>	<u>\$ 4,288,521</u>	<u>\$ (139,842)</u>	<u>\$ --</u>	<u>\$ 21,437,753</u>

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

	Balance 9/30/19	Additions	Retirements	Completed Construction	Balance 9/30/20
BUSINESS-TYPE ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$ 1,371,632	\$ 112,755	\$ --	\$ --	\$ 1,484,387
Construction in progress	--	14,816	--	--	14,816
Total capital assets not being depreciated	1,371,632	127,571	--	--	1,499,203
Capital assets, being depreciated:					
Buildings and improvements	39,551	--	--	--	39,551
Water and sewer system	26,214,256	46,549	--	--	26,260,805
Machinery and equipment	628,238	--	--	--	628,238
Total capital assets being depreciated	26,882,045	46,549	--	--	26,928,594
Less accumulated depreciation for:					
Buildings and improvements	(39,159)	(392)	--	--	(39,551)
Water and sewer system	(6,587,926)	(655,938)	--	--	(7,243,864)
Machinery and equipment	(511,226)	(20,818)	--	--	(532,044)
Total accumulated depreciation	(7,138,311)	(677,148)	--	--	(7,815,459)
Capital assets being depreciated, net	19,743,734	(630,599)	--	--	19,113,135
Business type activities capital assets, net	<u>\$ 21,115,366</u>	<u>\$ (503,028)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 20,612,338</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 62,161
Public safety	235,304
Public works	330,846
Public services	72,778
Community development	8,808
Culture and recreation	8,144
Environmental services	<u>10,915</u>
Total depreciation expense - governmental activities	<u>\$ 728,956</u>

Business-type activities:

Water and sewer	<u>\$ 677,148</u>
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CITY OF ROYSE CITY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended September 30, 2020

Construction commitments

The City has active construction projects as of September 30, 2020, consisting of street, park, and public safety improvements.

Project	Spent to Date	Remaining Commitment
Fire Station 1	\$ 1,790,537	\$ 4,315,719

These projects are being financed by bond proceeds and operations.

E. Interfund receivables, payables, and transfers

There were no interfund balances as of September 30, 2020. There was a due from the component unit as follows:

Fund	Receivable	Payable
General Fund - due from component unit	\$ 75,924	\$ --
EDC - due to primary government	--	75,924
Totals	\$ 75,924	\$ 75,924

The outstanding balance between the component unit and the primary government resulted from the temporary overdraft of pooled cash.

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

Fund	Transfer In	Transfer Out
Major Governmental Funds		
General Fund	\$305,000	\$2,138,855
Debt Service	--	42,000
Bonds Capital Projects	775,000	--
Nonmajor Governmental Funds		
Juvenile Case Management	--	5,000
General Capital CIP	1,157,000	--
Water and Sewer Enterprise Fund	154,755	550,000
Internal Revenue Service		
Technology Replacement	25,000	--
Vehicle Replacement	319,100	--
Totals	\$2,735,855	\$2,735,855

Transfers are made to fund general administrative operations.

F. Long-term debt

The City issues general obligation debt (in the form of general obligation bonds, certificates of obligation, contractual obligations, and notes payable) to provide funds for the acquisition and construction of major capital facilities. General obligation debt has been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

CITY OF ROYSE CITY, TEXAS
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Year Ended September 30, 2020

General Obligation Debt Outstanding as of September 30, 2020, is as follows:

Description	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/20
Governmental Activities					
General Obligation Bonds:					
GO Refunding, Series 2017	\$4,675,000	2017	2027	1.00%-4.00%	\$ 3,595,000
Certificates of Obligation Bonds:					
CO, Series 2006	1,875,000	2006	2026	4.03%	770,000
CO, Series 2011	535,000	2011	2031	4.25%	380,000
CO, Series 2016	1,915,000	2016	2036	2.00%-3.00%	1,335,000
CO, Series 2017	3,190,000	2017	2037	3.05%-4.00%	2,688,000
CO, Series 2018	3,265,000	2018	2038	3.00%-4.00%	2,745,000
CO, Series 2019	5,005,000	2019	2039	2.00%-4.00%	4,855,000
Total Certificates of Obligation					12,773,000
Total Governmental Activities General Obligation Debt					16,368,000
Business-type Activities:					
General Obligation Bonds:					
GO Refunding, Series 2014	4,695,000	2014	2030	1.50%-3.50%	2,715,000
GO Refunding, Series 2017	2,970,000	2017	2027	3.05%-4.50%	2,215,000
Total General Obligation Bonds					4,930,000
Certificates of Obligation Bonds:					
CO, Series 2010	3,690,000	2010	2030	2.00%-4.50%	2,435,000
CO, Series 2013	1,585,000	2013	2033	2.00%-3.00%	1,175,000
CO, Series 2016	575,000	2016	2036	2.00%-3.00%	480,000
CO, Series 2017	1,460,000	2017	2037	3.00%	1,307,000
Total Certificates of obligation					5,397,000
Total business-type general obligation debt					10,327,000
Total General Debt					\$ 26,695,000

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

Annual debt service requirements to maturity for general debt:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2021	\$ 1,272,000	\$ 554,713	\$ 983,000	\$ 332,546	\$ 3,142,259
2022	1,305,000	507,149	1,000,000	319,651	3,131,800
2023	1,330,000	470,313	905,000	292,839	2,998,152
2024	1,377,000	425,679	938,000	262,197	3,002,876
2025	1,423,000	378,887	977,000	230,706	3,009,593
2026-2030	4,538,000	1,190,971	4,372,000	626,107	10,727,078
2031-2035	3,092,000	610,612	928,000	110,961	4,741,573
2036-2039	2,031,000	137,335	224,000	10,356	2,402,691
Total	\$ 16,368,000	\$ 4,275,659	\$ 10,327,000	\$ 2,185,363	\$ 33,156,022

CHANGES IN LONG-TERM LIABILITIES

During the year ended September 30, 2020, the following changes occurred in liabilities reported in the capital long-term debt:

	Balance 9/30/19	Additions	Retirements	Balance 9/30/20	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,935,000	\$ --	\$ (340,000)	\$ 3,595,000	\$ 340,000
Certificates of obligation	13,652,000	--	(879,000)	12,773,000	932,000
Deferred amounts:					
Unamortized premium (discount)	814,260	--	(64,140)	750,120	64,140
Total bonds payable	18,401,260	--	(1,283,140)	17,118,120	1,336,140
Compensated absences	206,367	276,524	(206,367)	276,524	27,652
Net OPEB liability	88,114	35,112	--	123,226	--
Net pension liability	2,117,201	--	(319,949)	1,797,252	--
Governmental activity Long-Term Liabilities	\$ 20,812,942	\$ 311,636	\$(1,809,456)	\$ 19,315,122	\$ 1,363,792

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

	Balance 9/30/19	Additions	Retirements	Balance 9/30/20	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 5,550,000	--	\$ (620,000)	\$ 4,930,000	\$ 625,000
Certificates of obligation	5,743,000	--	(346,000)	5,397,000	358,000
Unamortized premium (discount)	266,614	--	(29,250)	237,364	29,250
Total bonds payable	11,559,614	--	(995,250)	10,564,364	1,012,250
Capital lease	13,397	--	(13,397)	--	--
Compensated absences	15,459	14,692	(15,459)	14,692	1,468
Net OPEB liability	8,899	3,546	--	12,445	--
Net pension liability	298,872	--	(26,464)	272,408	--
Business-type activities	<u>\$ 11,896,241</u>	<u>\$ 18,238</u>	<u>\$(1,050,570)</u>	<u>\$ 10,863,909</u>	<u>\$ 1,013,718</u>
Economic Development Corporation					
Net OPEB liability	\$ 5,041	\$ 2,009	\$ --	\$ 7,050	\$ --
Net pension liability	108,348	--	(41,475)	66,873	--
Economic Development Corporation	<u>\$ 113,389</u>	<u>\$ 2,009</u>	<u>\$ (41,475)</u>	<u>\$ 73,923</u>	<u>\$ --</u>

For the governmental activities, claims and judgements and compensated absences are generally liquidated by the general fund.

Authorized and Unissued Debt

The City has no authorized but unissued debt at September 30, 2020.

IV. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

B. North Texas Municipal Water District

The District is a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Chapter 62, Acts of 1951, 52nd Legislature, Regular Session, as amended, originally compiled as Vernon's Article 8270-141 (the "Act"), pursuant to Article 16, Section 59 of the Texas Constitution. The District comprises all of the territory of its member cities, viz., Allen, Garland, Princeton, Plano, Mesquite, Wylie,

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

Farmersville, McKinney, Richardson, Forney, Rockwall, Frisco and Royse City (the "Member Cities"). The District was created for the purpose of providing a source of water supply for municipal, domestic and industrial use and for the treatment processing and transportation of such water to its Member Cities and to its other customers located in North Central Texas, all within the Dallas Standard Metropolitan Statistical Area.

Under the Act, including specifically Section 27 thereof, and under the Constitution and Statutes of the State of Texas, the District has broad powers to (1) impound, control, store, preserve, treat, transmit and use storm and flood water, the water of rivers and streams and underground water, for irrigation, power and all other useful purposes and to supply water for municipal, domestic, power, industrial and commercial uses and purposes and all other beneficial uses and purposes; and (2) collect, transport, process, treat, dispose of, and control all municipal, domestic, industrial or commercial waste whether in fluid, solid or composite state, including specifically the control, abatement or reduction of all types of pollution. The City retains no ongoing financial interest equity investments and/or responsibilities for the District other than the contractual arrangements discussed more fully herein.

The District has long-term contracts with the City to supply treated water and sewer treatment. The City's water contract with the District provides that the City pay a predetermined annual amount for treated water in twelve monthly installments. The amount of this annual payment is based upon an annually established rate per thousand gallons and the largest annual amount of water consumption of past years. The City owns one sewage treatment facility which is operated by the District. Under the terms of these contracts, the City's payments, which began when the facilities were first utilized, are equal to the operating and maintenance expenses for the next ensuing calendar year, as shown in the Annual Budget. The contracts further provide that the debt service payments will be equal to the principal and/or interest coming due on the bonds on the next succeeding interest payment date, plus the fees and charges of the Paying Agent and the Registrar.

C. Contingent Liabilities and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, 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.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The general revenues of the City are contingently liable for the \$10,327,000 payable in General Obligation Bonds, as described in Note III. F. above, which are currently outstanding and recorded as obligations of the Enterprise Fund.

The City contracts for garbage disposal with a third party. Under the terms of the agreement the city bills and collects the residential and commercial billing and remits that amount to the contracting party.

D. Commitment for Economic Development

The City entered into an agreement with a developer under the Chapter 380 Economic Development Program as of April 7, 2008. Under terms of the agreement, the Developer paid for certain infrastructure improvements normally paid for by the City. Upon completion of the project, the Developer is to be reimbursed for the infrastructure by receiving a portion of the sales tax generated by the new businesses. The total amount paid to the developer out of sales tax for the fiscal year ended September 30, 2020 was \$288,742. The remaining balance to be reimbursed was \$7,125,768 at September 30, 2020.

E. Retirement Commitments

1. Plan Description

The City participates as one of 883 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

CITY OF ROYSE CITY, TEXAS
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 Year Ended September 30, 2020

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.

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

2. Benefits

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.

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 their beneficiaries) currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	49
Active employees	76
	<hr/>
	147
	<hr/> <hr/>

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 were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.98% and 15.35% in calendar years 2019 and 2020, respectively. The city's contributions to TMRS for the year ended September 30, 2020, were \$751,545 and were equal to the required contributions.

4. Net Pension Liability

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

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	3.5% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

CITY OF ROYSE CITY, TEXAS
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 Year Ended September 30, 2020

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, 2109 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). 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	30.00%	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%
	100.00%	

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 ROYSE CITY, TEXAS
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Year Ended September 30, 2020

Changes in the net pension liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	[a]	[b]	[c]
Balance at 12/31/18	\$9,803,759	\$7,350,731	\$2,453,028
Changes for the year:			
Service cost	873,112	--	873,112
Interest	685,043	--	685,043
Change of benefit terms	--	--	--
Difference between expected and actual experience	259,449	--	259,449
Changes of assumptions	47,733	--	47,733
Contributions - employer	--	729,724	(729,724)
Contributions - employees	--	319,654	(319,654)
Net investment income	--	1,139,068	(1,139,068)
Benefit payments including refunds of employee contributions	(183,048)	(183,048)	--
Amortization of prior year assets	--	--	--
Administrative expense	--	(6,421)	6,421
Other changes	--	(193)	193
Net changes	1,682,289	1,998,784	(316,495)
Balance at 12/31/19	<u>\$11,486,048</u>	<u>\$9,349,515</u>	<u>\$2,136,533</u>

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Total Pension Liability	\$ 13,490,879	\$ 11,486,048	\$ 9,876,753
Plan Fiduciary Net Position	9,349,515	9,349,515	9,349,515
Net Pension Liability/(Asset)	<u>\$ 4,141,364</u>	<u>\$ 2,136,533</u>	<u>\$ 527,238</u>

Pension Plan Fiduciary Net Position

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

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

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

For the year ended September 30, 2020, the City recognized pension expense of \$751,545. At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Date Established	Remaining Recognition Period (or amortization	Total Remaining (Inflow) or Outflow of Resources	Amount Recognized in 12/31/19 Expense	Balance of Deferred (Inflows) 12/31/19	Balance of Deferred Outflows 12/31/19
Due to liabilities:						
Difference in expected and actual						
(actuarial (gains) or losses)	12/31/19	4.8100	\$ 259,449	\$53,940	\$ --	\$205,509
	12/31/18	4.1200	74,034	17,969	--	56,065
	12/31/17	3.0800	3,681	1,195	--	2,486
	12/31/16	2.3400	(88,351)	(37,756)	(50,595)	--
	12/31/15	1.2700	19,544	15,391	--	4,153
Difference in assumption changes						
(actuarial (gains) or losses)	12/31/19	4.8100	47,733	9,924		37,809
	12/31/15	1.2700	30,863	24,300	--	6,563
				<u>84,963</u>	<u>(50,595)</u>	<u>312,585</u>
Due to assets:						
Difference in projected and actual earnings						
pension plan reserves (actuarial (gains)/losses)						
	12/31/19	5.0000	(642,894)	(128,579)	(514,315)	--
	12/31/18	4.0000	530,169	132,542	--	397,627
	12/31/17	3.0000	(236,404)	(78,801)	(157,603)	--
	12/31/16	2.0000	(150)	(75)	(75)	--
	12/31/15	1.0000	59,149	59,149	--	--
Employer contributions made subsequent to						
measurement date						
						<u>573,642</u>
				<u>(15,764)</u>	<u>(671,993)</u>	<u>971,269</u>
				<u>\$69,199</u>	<u>(\$722,588)</u>	<u>\$1,283,854</u>

\$573,642, reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Inflows/outflows to Be Recognized in Future Years

<u>Year ended December 31,</u>	
2020	\$ (18,925)
2021	(4,650)
2022	85,893
2023	(74,694)
2024	--
	<u>\$ (12,376)</u>

CITY OF ROYSE CITY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended September 30, 2020

F. Other Postemployment Benefits

1. Plan Description

Texas Municipal Retirement System ("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 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.

2. Benefits Provided

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).

*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 their beneficiaries) currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	10
Active employees	76
	<u>99</u>

* Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.)

3. Total OPEB Liability

The City's total OPEB liability of \$142,721 was measured as of December 31, 2019, and 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 applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.5% to 11.5% including inflation
Discount rate	3.71%
Retirees' share of benefit related costs	\$0

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

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

Service Retirees and Beneficiary Mortality Rates

For calculating the OPEB liability and the OPEB contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%.

Disabled Annuitant Mortality Rates

For calculating the OPEB liability and the OPEB contribution rates, the 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% 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.

Changes in the Total OPEB Liability

	Increase (Decrease)
	OPEB Liability
Balance at 12/31/18	\$105,122
Changes for the year:	
Service cost	9,133
Interest	4,053
Effect of plan changes	--
Effect of economic/demographic gains or losses	(460)
Effect of assumption changes or inputs	25,786
Benefit payments	(913)
Net changes	37,599
Balance at 12/31/19	\$142,721

** 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.

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

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 3.71%, 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 (2.71%) or 1 percentage point higher (4.71%) than the current rate:

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Total OPEB Liability	\$175,589	\$142,721	\$117,700

CITY OF ROYSE CITY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2020

Deferred Outflows of Resources and Deferred Inflows of Resources, by year, to be recognized in Future OPEB Expense (excluding City-provided contributions made subsequent to the measurement date).

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$5,804 will be recognized as a reduction of the net OPEB liability for the measurement year ending December 31, 2020 (i.e. recognized in the City's financial statements 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:

	Total		Original Recognition Period	Amount Recognized in 12/31/19 Expense	Balance of Deferred (Inflows) 12/31/19	Date of Deferred (Inflows)/Outflows 12/31/2019
	Remaining (Inflow) or Outflow of Resources	Date Established				
Due to liabilities:						
Difference in expected and actual experience (actuarial (gains) or losses)	\$ (460.00)	12/31/19	7.0200	\$ (66)	\$ (394)	\$ --
	(1,274)	12/31/18	6.1600	(207)	(1,067)	--
Difference in assumption changes						
	25,786	12/31/19	7.0200	3,673	--	22,113
	(7,284)	12/31/18	6.1600	(1,183)	(6,101)	--
	6,411	12/31/17	5.1600	1,242	--	5,169
				<u>3,459</u>	<u>(7,562)</u>	<u>27,282</u>
Employer contributions made subsequent to measurement date				--	--	6,284
				--	--	6,284
				<u>\$3,459</u>	<u>(\$7,562)</u>	<u>\$33,566</u>

\$6,284 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Inflows/outflows to Be Recognized in Future Years

<u>Year ended December</u>	
2020	\$3,459
2021	3,459
2022	3,459
2023	3,459
2024	2,418
Thereafter	3,466
	<u>\$19,720</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF ROYSE CITY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Ad valorem taxes, penalty and interest</i>	\$ 4,310,000	\$ 4,428,000	\$ 4,494,138	\$ 66,138
<i>Sales</i>	2,600,000	2,950,000	3,171,624	221,624
<i>Franchise</i>	498,000	567,700	584,774	17,074
<i>Beverage</i>	9,000	11,400	14,300	2,900
<i>Fines and fees</i>	294,700	220,450	276,315	55,865
<i>Licenses and permits</i>	415,000	707,300	1,342,268	634,968
<i>Charges for services</i>	548,000	911,125	1,002,216	91,091
<i>Intergovernmental</i>	153,900	145,000	153,875	8,875
<i>Interest income</i>	75,000	85,000	67,592	(17,408)
<i>Miscellaneous</i>	9,200	9,500	16,097	6,597
Total revenues	<u>8,912,800</u>	<u>10,035,475</u>	<u>11,123,199</u>	<u>1,087,724</u>
Expenditures:				
Current:				
<i>General government</i>	2,260,400	2,363,000	2,278,197	84,803
<i>Public safety</i>	4,025,250	4,179,750	4,056,403	123,347
<i>Public works</i>	481,650	302,650	428,477	(125,827)
<i>Public services</i>	891,200	841,550	757,265	84,285
<i>Community development</i>	621,800	725,150	702,582	22,568
<i>Culture and recreation</i>	255,400	253,800	236,229	17,571
<i>Environmental services</i>	268,950	220,450	212,151	8,299
Total current	<u>8,804,650</u>	<u>8,886,350</u>	<u>8,671,304</u>	<u>215,046</u>
Capital outlay:				
<i>General government</i>	15,000	23,000	23,471	(471)
<i>Public safety</i>	--	37,000	131,569	(94,569)
<i>Public works</i>	250,000	500,000	319,850	180,150
<i>Public services</i>	10,500	10,500	10,500	--
Total capital outlay	<u>275,500</u>	<u>570,500</u>	<u>485,390</u>	<u>85,110</u>
Debt service:				
Total expenditures	<u>9,080,150</u>	<u>9,456,850</u>	<u>9,156,694</u>	<u>300,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(167,350)</u>	<u>578,625</u>	<u>1,966,505</u>	<u>1,387,880</u>
Other financing sources (uses):				
<i>Transfers in</i>	310,000	305,000	305,000	--
<i>Transfers out</i>	(690,100)	(1,440,100)	(2,138,855)	(698,755)
Total other financing sources (uses)	<u>(380,100)</u>	<u>(1,135,100)</u>	<u>(1,833,855)</u>	<u>(698,755)</u>
Net change in fund balances	<u>(547,450)</u>	<u>(556,475)</u>	<u>132,650</u>	<u>689,125</u>
Fund balances, October 1	<u>4,433,547</u>	<u>4,433,547</u>	<u>4,433,547</u>	<u>--</u>
Fund balances, September 30	<u>\$ 3,886,097</u>	<u>\$ 3,877,072</u>	<u>\$ 4,566,197</u>	<u>\$ 689,125</u>

CITY OF ROYSE CITY, TEXAS
SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
LAST TEN PLAN YEARS

	December 31,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total pension liability:										
Service cost	\$ 873,112	\$ 770,427	\$ 623,280	\$ 551,164	\$ 499,985	\$ 404,223	\$ --	\$ --	\$ --	\$ --
Interest	685,043	594,767	--	439,753	389,694	335,002	--	--	--	--
Changes of benefit terms	--	--	524,432	--	--	--	--	--	--	--
Differences between expected and actual experience	259,449	92,003	659,130	(201,619)	81,108	97,116	--	--	--	--
Changes of assumptions	47,733	--	6,071	--	128,063	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(183,048)	(159,175)	(211,533)	(248,436)	(104,842)	(100,973)	--	--	--	--
Net change in total pension liability	1,682,289	1,298,022	1,601,380	540,862	994,008	735,368	--	--	--	--
Total pension liability - beginning	9,803,759	8,505,737	6,904,357	6,363,495	5,369,487	4,634,119	--	--	--	--
Total pension liability - ending (a)	\$ 11,486,048	\$ 9,803,759	\$ 8,505,737	\$ 6,904,357	\$ 6,363,495	\$ 5,369,487	\$ --	\$ --	\$ --	\$ --
Plan fiduciary net position:										
Contributions - employer	\$ 729,724	\$ 642,880	\$ 464,778	\$ 389,203	\$ 412,033	\$ 257,384	\$ --	\$ --	\$ --	\$ --
Contributions - employee	319,654	277,274	242,252	217,606	230,554	187,480	--	--	--	--
Net investment income	1,139,068	(203,862)	767,860	328,152	6,369	215,140	--	--	--	--
Benefit payments, including refunds of employee contributions	(183,048)	(159,175)	(211,533)	(248,436)	(104,842)	(100,973)	--	--	--	--
Administrative expense	(6,421)	(3,935)	(3,978)	(3,706)	(3,879)	(2,245)	--	--	--	--
Other	(191)	(206)	(202)	(199)	(191)	(185)	--	--	--	--
Net change in plan fiduciary net position	1,998,786	552,976	1,259,177	682,620	540,044	556,601	--	--	--	--
Plan fiduciary net position - beginning	7,350,731	6,797,755	5,538,578	4,855,958	4,315,915	3,759,314	--	--	--	--
Plan fiduciary net position - ending (b)	\$ 9,349,517	\$ 7,350,731	\$ 6,797,755	\$ 5,538,578	\$ 4,855,959	\$ 4,315,915	\$ --	\$ --	\$ --	\$ --
City's net pension liability - ending (a) - (b)	\$ 2,136,531	\$ 2,453,028	\$ 1,707,982	\$ 1,365,779	\$ 1,507,536	\$ 1,053,572	\$ --	\$ --	\$ --	\$ --
Plan fiduciary net position as a percentage of the total pension liability	81.40%	74.98%	79.92%	80.22%	76.31%	80.38%	--	--	--	--
Covered-employee payroll	\$ 4,566,486	\$ 3,961,063	\$ 3,460,744	\$ 3,108,654	\$ 2,939,358	\$ 2,678,293	\$ --	\$ --	\$ --	\$ --
City's net pension liability as a percentage of covered-employee payroll	46.79%	61.93%	49.35%	43.93%	51.29%	39.34%	--	--	--	--

Notes to Schedule:

The City implemented GASB 68 for the year ended September 30, 2015

CITY OF ROYSE CITY, TEXAS
SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN
LAST TEN FISCAL YEARS

	September 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 751,545	\$ 709,950	\$ 597,472	\$ 506,859	\$ 402,912	\$ 276,233	\$ 239,078	\$ 245,390	\$ 221,868	\$ 180,934
Contributions in relation to the actuarially determined contribution	(751,545)	(709,950)	(597,472)	(506,859)	(402,912)	(276,233)	(239,078)	(245,390)	(221,868)	(180,934)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	\$ 4,848,766	\$ 4,426,898	\$ 3,834,103	\$ 3,320,321	\$ 3,353,461	\$ 2,678,293	\$ 2,652,167	\$ 2,484,672	\$ 2,190,427	\$ 2,108,279
Contributions as a percentage of covered-employee payroll	15.50%	16.04%	15.58%	15.27%	12.01%	10.31%	9.01%	9.88%	10.13%	8.58%

Notes to Schedule

Valuation date: 12/31/19

Methods and assumptions used to determine contribution rates:

Valuation timing	Actuarially determined contribution rates are calculated as of December 31, and become effective in January, thirteen months later.
Actuarial cost method	Entry age, normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	10 years, smoothed market, 12% soft corridor
Inflation	2.5%
Salary increases	3.5% to 11.50%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Retirement age	Experienced-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 2010-2014.
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	There were no benefit changes during the year.

CITY OF ROYSE CITY, TEXAS

*SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST TEN PLAN YEARS **

	December 31, 2019									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB liability:										
Service cost	\$ 9,133	\$ 8,714	\$ 6,921	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Interest	4,053	3,560	3,336	--	--	--	--	--	--	--
Changes of benefit terms	--	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	(460)	(1,481)	--	--	--	--	--	--	--	--
Changes of assumptions or other inputs	25,786	(8,467)	8,895	--	--	--	--	--	--	--
Benefit payments	(913)	(792)	(692)	--	--	--	--	--	--	--
Net change in total OPEB liability	37,599	1,534	18,460	--	--	--	--	--	--	--
Total OPEB liability - beginning	105,122	103,588	85,128	--	--	--	--	--	--	--
Total OPEB liability - ending	<u>\$ 142,721</u>	<u>\$ 105,122</u>	<u>\$ 103,588</u>	<u>\$ --</u>						
Covered-employee payroll	\$ 4,566,486	\$ 3,961,063	\$ 3,460,744	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total OPEB liability as a percentage of covered-employee payroll	3.13%	2.65%	2.99%	--	--	--	--	--	--	--

Notes to Schedule:

There were no changes of benefit terms in 2019.

There were no changes of assumptions in 2019. The following are the discount rates used in each period.

2019	3.71%
2018	3.71%
2017	3.31%
2016	NA
2015	NA
2014	NA
2013	NA
2012	NA
2011	NA
2010	NA

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CITY OF ROYSE CITY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2020
(Unaudited)

Information concerning the budget and budget calendar are detailed in footnote II.A. The General Fund budget is presented on a generally accepted accounting principles basis.

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CITY OF ROYSE CITY, TEXAS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
Cash and cash equivalents	\$ 3,122,897	\$ 2,817,435	\$ 5,940,332
<i>Receivables (net of allowances for uncollectibles):</i>			
<i>Other receivables</i>	5,930	--	5,930
<i>Due from other governments</i>	406,316	--	406,316
Total Assets	<u>3,535,143</u>	<u>2,817,435</u>	<u>6,352,578</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
<i>Accounts payable</i>	\$ 95,933	\$ --	\$ 95,933
<i>Other liabilities</i>	34,243	--	34,243
Total Liabilities	<u>130,176</u>	<u>--</u>	<u>130,176</u>
FUND BALANCES			
<i>Restricted</i>	3,287,651	2,817,435	6,105,086
<i>Assigned</i>	117,316	--	117,316
Total fund balances	<u>3,404,967</u>	<u>2,817,435</u>	<u>6,222,402</u>
Total Liabilities and Fund Balances	<u>\$ 3,535,143</u>	<u>\$ 2,817,435</u>	<u>\$ 6,352,578</u>

CITY OF ROYSE CITY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
Hotel motel tax	\$ 71,204	\$ --	\$ 71,204
Fines and fees	14,935	805,500	820,435
Licenses and permits	1,800	--	1,800
Impact fees	206,977	--	206,977
Intergovernmental	406,316	--	406,316
Donations	46,826	--	46,826
Interest income	27,454	12,535	39,989
Miscellaneous	331,760	--	331,760
Total revenues	<u>1,107,272</u>	<u>818,035</u>	<u>1,925,307</u>
Expenditures:			
Current:			
General government	166,471	22,947	189,418
Public safety	4,144	115,164	119,308
Public works	1,225	--	1,225
Public services	1,693	--	1,693
Culture and recreation	960	--	960
Environmental services	6,635	--	6,635
Total current	<u>181,128</u>	<u>138,111</u>	<u>319,239</u>
Capital outlay:			
General government	9,000	--	9,000
Public safety	24,092	--	24,092
Total capital outlay	<u>33,092</u>	<u>--</u>	<u>33,092</u>
Debt service:			
Total expenditures	<u>214,220</u>	<u>138,111</u>	<u>352,331</u>
Excess (deficiency) of revenues over (under) expenditures	893,052	679,924	1,572,976
Other financing sources (uses):			
Transfers in	--	407,000	407,000
Transfers out	(5,000)	--	(5,000)
Total other financing sources (uses)	<u>(5,000)</u>	<u>407,000</u>	<u>402,000</u>
Net change in fund balances	888,052	1,086,924	1,974,976
Fund balances, October 1	2,516,133	980,511	3,496,644
Fund balances, September 30	<u>\$ 3,404,185</u>	<u>\$ 2,067,435</u>	<u>\$ 5,471,620</u>

CITY OF ROYSE CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2020

	Municipal Court Technology	Municipal Court Security	Jury Fee Fund	Hotel/Motel Occupancy Tax Fund
ASSETS				
Cash and cash equivalents	\$ 21,362	\$ 37,024	\$ 38	\$ 233,542
<i>Receivables (net of allowances for uncollectibles):</i>				
<i>Other receivables</i>	--	--	--	5,930
<i>Due from other governments</i>	--	--	--	--
Total Assets	<u>21,362</u>	<u>37,024</u>	<u>38</u>	<u>239,472</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
<i>Accounts payable</i>	\$ 10	\$ --	\$ --	\$ 1,485
<i>Other liabilities</i>	--	--	--	--
Total Liabilities	<u>10</u>	<u>--</u>	<u>--</u>	<u>1,485</u>
FUND BALANCES				
<i>Restricted</i>	21,352	37,024	38	237,987
<i>Assigned</i>	--	--	--	--
Total fund balances	<u>21,352</u>	<u>37,024</u>	<u>38</u>	<u>237,987</u>
Total Liabilities and Fund Balances	<u>\$ 21,362</u>	<u>\$ 37,024</u>	<u>\$ 38</u>	<u>\$ 239,472</u>

Roadway Impact Fees	Police Forfeiture Federal	Police Forfeiture Local	Verandah Road Maintenance	Library Grant
\$ 1,653,487	\$ 21,306	\$ 31,126	\$ 227,553	\$ 789
--	--	--	--	--
<u>1,653,487</u>	<u>21,306</u>	<u>31,126</u>	<u>227,553</u>	<u>789</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	24,141	--	--
<u>--</u>	<u>--</u>	<u>24,141</u>	<u>--</u>	<u>--</u>
1,653,487	21,306	6,985	227,553	--
--	--	--	--	789
<u>1,653,487</u>	<u>21,306</u>	<u>6,985</u>	<u>227,553</u>	<u>789</u>
<u>\$ 1,653,487</u>	<u>\$ 21,306</u>	<u>\$ 31,126</u>	<u>\$ 227,553</u>	<u>\$ 789</u>

CITY OF ROYSE CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2020

	<u>Library Donations</u>	<u>Juvenile Case Management</u>	<u>Senior Center Donations</u>	<u>Main Street Donations</u>
ASSETS				
Cash and cash equivalents	\$ 417	\$ 22,199	\$ 5,235	\$ 35,030
<i>Receivables (net of allowances for uncollectibles):</i>				
<i>Other receivables</i>	--	--	--	--
<i>Due from other governments</i>	--	--	--	--
Total Assets	<u>417</u>	<u>22,199</u>	<u>5,235</u>	<u>35,030</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
<i>Accounts payable</i>	\$ --	\$ --	\$ --	\$ 931
<i>Other liabilities</i>	--	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>931</u>
 FUND BALANCES				
<i>Restricted</i>	--	22,199	--	--
<i>Assigned</i>	417	--	5,235	34,099
Total fund balances	<u>417</u>	<u>22,199</u>	<u>5,235</u>	<u>34,099</u>
Total Liabilities and Fund Balances	<u>\$ 417</u>	<u>\$ 22,199</u>	<u>\$ 5,235</u>	<u>\$ 35,030</u>

Parks Donations	Animal Control Donations	Police Donations	Animal Shelter New Building	Fire Donations
\$ 12,110	\$ 43,736	\$ 28,147	\$ 8,234	\$ 7,154
--	--	--	--	--
--	--	--	--	--
<u>12,110</u>	<u>43,736</u>	<u>28,147</u>	<u>8,234</u>	<u>7,154</u>
\$ --	\$ 1,141	\$ 21,464	\$ --	\$ --
--	--	--	--	--
--	1,141	21,464	--	--
--	--	--	--	--
<u>12,110</u>	<u>42,595</u>	<u>6,683</u>	<u>8,234</u>	<u>7,154</u>
<u>12,110</u>	<u>42,595</u>	<u>6,683</u>	<u>8,234</u>	<u>7,154</u>
<u>\$ 12,110</u>	<u>\$ 43,736</u>	<u>\$ 28,147</u>	<u>\$ 8,234</u>	<u>\$ 7,154</u>

CITY OF ROYSE CITY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2020

	<u>Park Recreation Programs</u>	<u>CARES Grant</u>
ASSETS		
Cash and cash equivalents	\$ 37,412	\$ --
<i>Receivables (net of allowances for uncollectibles):</i>		
<i>Other receivables</i>	--	--
<i>Due from other governments</i>	<u>--</u>	<u>406,316</u>
Total Assets	<u><u>37,412</u></u>	<u><u>406,316</u></u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
<i>Accounts payable</i>	\$ --	\$ 70,000
<i>Other liabilities</i>	<u>--</u>	<u>--</u>
Total Liabilities	<u><u>--</u></u>	<u><u>70,000</u></u>
 FUND BALANCES		
<i>Restricted</i>	37,412	336,316
<i>Assigned</i>	<u>--</u>	<u>--</u>
Total fund balances	<u><u>37,412</u></u>	<u><u>336,316</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 37,412</u></u>	<u><u>\$ 406,316</u></u>

Union Square Public Improvement District	Waterscape Public Improvement District	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 686,889	\$ 10,107	\$ 3,122,897
--	--	5,930
<u>686,889</u>	<u>10,107</u>	<u>406,316</u>
		<u>3,535,143</u>
\$ 902	\$ --	\$ 95,933
--	10,102	<u>34,243</u>
<u>902</u>	<u>10,102</u>	<u>130,176</u>
685,987	5	3,287,651
--	--	117,316
<u>685,987</u>	<u>5</u>	<u>3,404,967</u>
<u>\$ 686,889</u>	<u>\$ 10,107</u>	<u>\$ 3,535,143</u>

CITY OF ROYSE CITY, TEXAS

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020*

	Municipal Court Technology	Municipal Court Security	Jury Fee Fund	Hotel/Motel Occupancy Tax Fund
Revenues:				
<i>Hotel motel tax</i>	\$ --	\$ --	\$ --	\$ 71,204
<i>Fines and fees</i>	4,766	4,304	38	--
<i>Licenses and permits</i>	--	--	--	--
<i>Impact fees</i>	--	--	--	--
<i>Intergovernmental</i>	--	--	--	--
<i>Donations</i>	--	--	--	--
<i>Interest income</i>	438	345	--	2,139
<i>Miscellaneous</i>	--	--	--	--
Total revenues	<u>5,204</u>	<u>4,649</u>	<u>38</u>	<u>73,343</u>
Expenditures:				
Current:				
<i>General government</i>	--	--	--	40,908
<i>Public safety</i>	4,144	--	--	--
<i>Public works</i>	--	--	--	--
<i>Public services</i>	--	--	--	--
<i>Culture and recreation</i>	--	--	--	--
<i>Environmental services</i>	--	--	--	--
Total current	<u>4,144</u>	<u>--</u>	<u>--</u>	<u>40,908</u>
Capital outlay:				
<i>General government</i>	--	--	--	--
<i>Public safety</i>	24,092	--	--	--
Total capital outlay	<u>24,092</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total expenditures	<u>28,236</u>	<u>--</u>	<u>--</u>	<u>40,908</u>
Excess (deficiency) of revenues over (under) expenditures	(23,032)	4,649	38	32,435
Other financing sources (uses):				
<i>Transfers out</i>	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	(23,032)	4,649	38	32,435
Fund balances, October 1	44,384	32,375	--	205,552
Fund balances, September 30	<u>\$ 21,352</u>	<u>\$ 37,024</u>	<u>\$ 38</u>	<u>\$ 237,987</u>

Roadway Impact Fees	Police Forfeiture Federal	Police Forfeiture Local	Verandah Road Maintenance	Library Grant
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
154,477	--	--	52,500	--
--	--	--	--	--
17,385	241	63	1,928	--
--	35,714	3,805	--	--
<u>171,862</u>	<u>35,955</u>	<u>3,868</u>	<u>54,428</u>	<u>--</u>
--	14,649	75	--	--
--	--	--	--	--
1,225	--	--	--	--
--	--	--	--	960
--	--	--	--	--
<u>1,225</u>	<u>14,649</u>	<u>75</u>	<u>--</u>	<u>960</u>
--	--	--	--	--
--	--	--	--	--
<u>1,225</u>	<u>14,649</u>	<u>75</u>	<u>--</u>	<u>960</u>
170,637	21,306	3,793	54,428	(960)
--	--	--	--	--
--	--	--	--	--
<u>170,637</u>	<u>21,306</u>	<u>3,793</u>	<u>54,428</u>	<u>(960)</u>
1,482,850	--	3,192	173,125	1,749
<u>\$ 1,653,487</u>	<u>\$ 21,306</u>	<u>\$ 6,985</u>	<u>\$ 227,553</u>	<u>\$ 789</u>

CITY OF ROYSE CITY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Library Donations	Juvenile Case Management	Senior Center Donations	Main Street Donations
Revenues:				
Hotel motel tax	\$ --	\$ --	\$ --	\$ --
Fines and fees	--	5,827	--	--
Licenses and permits	--	--	--	--
Impact fees	--	--	--	--
Intergovernmental	--	--	--	--
Donations	--	--	--	14,933
Interest income	4	222	52	353
Miscellaneous	--	--	--	--
Total revenues	<u>4</u>	<u>6,049</u>	<u>52</u>	<u>15,286</u>
Expenditures:				
Current:				
General government	--	790	--	13,709
Public safety	--	--	--	--
Public works	--	--	--	--
Public services	--	--	--	--
Culture and recreation	--	--	--	--
Environmental services	--	--	--	--
Total current	<u>--</u>	<u>790</u>	<u>--</u>	<u>13,709</u>
Capital outlay:				
General government	--	--	--	--
Public safety	--	--	--	--
Total capital outlay	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total expenditures	<u>--</u>	<u>790</u>	<u>--</u>	<u>13,709</u>
Excess (deficiency) of revenues over (under) expenditures	4	5,259	52	1,577
Other financing sources (uses):				
Transfers out	--	(5,000)	--	--
Total other financing sources (uses)	<u>--</u>	<u>(5,000)</u>	<u>--</u>	<u>--</u>
Net change in fund balances	4	259	52	1,577
Fund balances, October 1	413	21,940	5,183	32,522
Fund balances, September 30	<u>\$ 417</u>	<u>\$ 22,199</u>	<u>\$ 5,235</u>	<u>\$ 34,099</u>

<u>Parks Donations</u>	<u>Animal Control Donations</u>	<u>Police Donations</u>	<u>Animal Shelter New Building</u>	<u>Fire Donations</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	15,979	2,375	593	12,946
122	349	99	78	138
--	--	--	--	--
<u>122</u>	<u>16,328</u>	<u>2,474</u>	<u>671</u>	<u>13,084</u>
1,070	--	2,694	--	9,233
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	6,635	--	--	--
<u>1,070</u>	<u>6,635</u>	<u>2,694</u>	<u>--</u>	<u>9,233</u>
--	--	--	--	9,000
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,000</u>
1,070	6,635	2,694	--	18,233
(948)	9,693	(220)	671	(5,149)
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
(948)	9,693	(220)	671	(5,149)
13,058	32,902	6,903	7,563	12,303
<u>\$ 12,110</u>	<u>\$ 42,595</u>	<u>\$ 6,683</u>	<u>\$ 8,234</u>	<u>\$ 7,154</u>

CITY OF ROYSE CITY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Park Recreation Programs	CARES Grant
Revenues:		
Hotel motel tax	\$ --	\$ --
Fines and fees	--	--
Licenses and permits	1,800	--
Impact fees	--	--
Intergovernmental	--	406,316
Donations	--	--
Interest income	374	--
Miscellaneous	--	--
Total revenues	<u>2,174</u>	<u>406,316</u>
Expenditures:		
Current:		
General government	--	70,000
Public safety	--	--
Public works	--	--
Public services	1,693	--
Culture and recreation	--	--
Environmental services	--	--
Total current	<u>1,693</u>	<u>70,000</u>
Capital outlay:		
General government	--	--
Public safety	--	--
Total capital outlay	<u>--</u>	<u>--</u>
Total expenditures	<u>1,693</u>	<u>70,000</u>
Excess (deficiency) of revenues over (under) expenditures	481	336,316
Other financing sources (uses):		
Transfers out	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>
Net change in fund balances	481	336,316
Fund balances, October 1	36,931	--
Fund balances, September 30	<u>\$ 37,412</u>	<u>\$ 336,316</u>

Union Square Public Improvement District	Waterscape Public Improvement District	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ 71,204
--	--	14,935
--	--	1,800
--	--	206,977
--	--	406,316
--	--	46,826
3,028	96	27,454
<u>292,241</u>	<u>--</u>	<u>331,760</u>
<u>295,269</u>	<u>96</u>	<u>1,107,272</u>
12,307	254	165,689
--	--	4,144
--	--	1,225
--	--	1,693
--	--	960
--	--	6,635
<u>12,307</u>	<u>254</u>	<u>180,346</u>
--	--	9,000
<u>--</u>	<u>--</u>	<u>24,092</u>
<u>--</u>	<u>--</u>	<u>33,092</u>
<u>12,307</u>	<u>254</u>	<u>213,438</u>
282,962	(158)	893,834
<u>--</u>	<u>--</u>	<u>(5,000)</u>
<u>--</u>	<u>--</u>	<u>(5,000)</u>
282,962	(158)	888,834
<u>403,025</u>	<u>163</u>	<u>2,516,133</u>
<u>\$ 685,987</u>	<u>\$ 5</u>	<u>\$ 3,404,967</u>

CITY OF ROYSE CITY, TEXAS
MUNICIPAL COURT TECHNOLOGY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 5,000	\$ 4,766	\$ (234)
<i>Interest income</i>	200	438	238
Total revenues	<u>5,200</u>	<u>5,204</u>	<u>4</u>
Expenditures:			
Current:			
<i>Public safety</i>	5,908	4,144	1,764
Total current	<u>5,908</u>	<u>4,144</u>	<u>1,764</u>
Capital outlay:			
<i>Public safety</i>	24,092	24,092	--
Total capital outlay	<u>24,092</u>	<u>24,092</u>	<u>--</u>
Total expenditures	<u>30,000</u>	<u>28,236</u>	<u>1,764</u>
Net change in fund balances	(24,800)	(23,032)	1,768
Fund balances, October 1	44,384	44,384	--
Fund balances, September 30	<u>\$ 19,584</u>	<u>\$ 21,352</u>	<u>\$ 1,768</u>

CITY OF ROYSE CITY, TEXAS

MUNICIPAL COURT SECURITY FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-6

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 4,000	\$ 4,304	\$ 304
<i>Interest income</i>	<u>300</u>	<u>345</u>	<u>45</u>
Total revenues	<u>4,300</u>	<u>4,649</u>	<u>349</u>
Expenditures:			
Current:			
<i>Public safety</i>	<u>5,000</u>	<u>--</u>	<u>5,000</u>
Total current	<u>5,000</u>	<u>--</u>	<u>5,000</u>
Total expenditures	<u>5,000</u>	<u>--</u>	<u>5,000</u>
Net change in fund balances	(700)	4,649	5,349
Fund balances, October 1	<u>32,375</u>	<u>32,375</u>	<u>--</u>
Fund balances, September 30	<u>\$ 31,675</u>	<u>\$ 37,024</u>	<u>\$ 5,349</u>

CITY OF ROYSE CITY, TEXAS
HOTEL/MOTEL OCCUPANCY TAX FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-7

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Hotel motel tax</i>	\$ 80,000	\$ 71,204	\$ (8,796)
<i>Interest income</i>	--	2,139	2,139
Total revenues	<u>80,000</u>	<u>73,343</u>	<u>(6,657)</u>
Expenditures:			
Current:			
<i>General government</i>	46,800	40,908	5,892
Total current	<u>46,800</u>	<u>40,908</u>	<u>5,892</u>
Total expenditures	<u>46,800</u>	<u>40,908</u>	<u>5,892</u>
Net change in fund balances	33,200	32,435	(765)
Fund balances, October 1	205,552	205,552	--
Fund balances, September 30	<u>\$ 238,752</u>	<u>\$ 237,987</u>	<u>\$ (765)</u>

CITY OF ROYSE CITY, TEXAS
ROADWAY IMPACT FEES
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-8

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
<i>Impact fees</i>	\$ 100,000	\$ 154,477	\$ 54,477
<i>Interest income</i>	<u>18,000</u>	<u>17,385</u>	<u>(615)</u>
Total revenues	<u>118,000</u>	<u>171,862</u>	<u>53,862</u>
Expenditures:			
Current:			
<i>Public works</i>	<u>20,000</u>	<u>1,225</u>	<u>18,775</u>
Total current	<u>20,000</u>	<u>1,225</u>	<u>18,775</u>
Total expenditures	<u>20,000</u>	<u>1,225</u>	<u>18,775</u>
Net change in fund balances	98,000	170,637	72,637
Fund balances, October 1	1,482,850	1,482,850	--
Fund balances, September 30	<u>\$ 1,580,850</u>	<u>\$ 1,653,487</u>	<u>\$ 72,637</u>

CITY OF ROYSE CITY, TEXAS
POLICE FORFEITURE FEDERAL
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-9

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
<i>Interest income</i>	\$ --	\$ 241	\$ 241
<i>Miscellaneous</i>	<u>35,700</u>	<u>35,714</u>	<u>14</u>
Total revenues	<u>35,700</u>	<u>35,955</u>	<u>255</u>
Expenditures:			
Current:			
<i>General government</i>	<u>10,000</u>	<u>14,649</u>	<u>(4,649)</u>
Total current	<u>10,000</u>	<u>14,649</u>	<u>(4,649)</u>
Total expenditures	<u>10,000</u>	<u>14,649</u>	<u>(4,649)</u>
Net change in fund balances	25,700	21,306	(4,394)
Fund balances, October 1	--	--	--
Fund balances, September 30	<u>\$ 25,700</u>	<u>\$ 21,306</u>	<u>\$ (4,394)</u>

CITY OF ROYSE CITY, TEXAS
POLICE FORFEITURE LOCAL
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-10

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Interest income</i>	\$ --	\$ 63	\$ 63
<i>Miscellaneous</i>	<u>5,400</u>	<u>3,805</u>	<u>(1,595)</u>
Total revenues	<u>5,400</u>	<u>3,868</u>	<u>(1,532)</u>
Expenditures:			
Current:			
<i>General government</i>	<u>1,000</u>	<u>75</u>	<u>925</u>
Total current	<u>1,000</u>	<u>75</u>	<u>925</u>
Total expenditures	<u>1,000</u>	<u>75</u>	<u>925</u>
Net change in fund balances	4,400	3,793	(607)
Fund balances, October 1	3,192	3,192	--
Fund balances, September 30	<u>\$ 7,592</u>	<u>\$ 6,985</u>	<u>\$ (607)</u>

CITY OF ROYSE CITY, TEXAS
VERANDAH ROAD MAINTENANCE
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-11

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Impact fees</i>	\$ 52,500	\$ 52,500	\$ --
<i>Interest income</i>	<u>2,000</u>	<u>1,928</u>	<u>(72)</u>
Total revenues	<u>54,500</u>	<u>54,428</u>	<u>(72)</u>
Net change in fund balances	54,500	54,428	(72)
Fund balances, October 1	173,125	173,125	--
Fund balances, September 30	<u>\$ 227,625</u>	<u>\$ 227,553</u>	<u>\$ (72)</u>

CITY OF ROYSE CITY, TEXAS
JUVENILE CASE MANAGEMENT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-12

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
<i>Fines and fees</i>	\$ 5,900	\$ 5,827	\$ (73)
<i>Interest income</i>	--	222	222
Total revenues	<u>5,900</u>	<u>6,049</u>	<u>149</u>
Expenditures:			
Current:			
<i>General government</i>	<u>1,000</u>	<u>790</u>	<u>210</u>
Total current	<u>1,000</u>	<u>790</u>	<u>210</u>
Total expenditures	<u>1,000</u>	<u>790</u>	<u>210</u>
Excess (deficiency) of revenues over (under) expenditures	4,900	5,259	359
Other financing sources (uses):			
<i>Transfers out</i>	<u>(5,000)</u>	<u>(5,000)</u>	<u>--</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>--</u>
Net change in fund balances	(100)	259	359
Fund balances, October 1	<u>21,940</u>	<u>21,940</u>	<u>--</u>
Fund balances, September 30	<u>\$ 21,840</u>	<u>\$ 22,199</u>	<u>\$ 359</u>

CITY OF ROYSE CITY, TEXAS
 SENIOR CENTER DONATIONS
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-13

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
<i>Interest income</i>	\$ --	\$ 52	\$ 52
Total revenues	<u> --</u>	<u> 52</u>	<u> 52</u>
Expenditures:			
Current:			
<i>Culture and recreation</i>	1,000	--	1,000
Total current	<u>1,000</u>	<u> --</u>	<u>1,000</u>
Total expenditures	<u>1,000</u>	<u> --</u>	<u>1,000</u>
Net change in fund balances	(1,000)	52	1,052
Fund balances, October 1	5,183	5,183	--
Fund balances, September 30	<u>\$ 4,183</u>	<u>\$ 5,235</u>	<u>\$ 1,052</u>

CITY OF ROYSE CITY, TEXAS
MAIN STREET DONATIONS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-14

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
<i>Donations</i>	\$ 15,000	\$ 14,933	\$ (67)
<i>Interest income</i>	--	353	353
Total revenues	<u>15,000</u>	<u>15,286</u>	<u>286</u>
Expenditures:			
Current:			
<i>General government</i>	<u>15,000</u>	<u>13,709</u>	<u>1,291</u>
Total current	<u>15,000</u>	<u>13,709</u>	<u>1,291</u>
Total expenditures	<u>15,000</u>	<u>13,709</u>	<u>1,291</u>
Net change in fund balances	--	1,577	1,577
Fund balances, October 1	32,522	32,522	--
Fund balances, September 30	<u>\$ 32,522</u>	<u>\$ 34,099</u>	<u>\$ 1,577</u>

CITY OF ROYSE CITY, TEXAS
PARKS DONATIONS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-15

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
<i>Interest income</i>	\$ --	\$ 122	\$ 122
Total revenues	<u> --</u>	<u> 122</u>	<u> 122</u>
Expenditures:			
Current:			
<i>General government</i>	1,100	1,070	30
Total current	<u>1,100</u>	<u>1,070</u>	<u>30</u>
Total expenditures	<u>1,100</u>	<u>1,070</u>	<u>30</u>
Net change in fund balances	(1,100)	(948)	152
Fund balances, October 1	13,058	13,058	--
Fund balances, September 30	<u>\$ 11,958</u>	<u>\$ 12,110</u>	<u>\$ 152</u>

CITY OF ROYSE CITY, TEXAS
ANIMAL CONTROL DONATIONS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-16

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
<i>Donations</i>	\$ 15,000	\$ 15,979	\$ 979
<i>Interest income</i>	--	349	349
Total revenues	<u>15,000</u>	<u>16,328</u>	<u>1,328</u>
Expenditures:			
Current:			
<i>Environmental services</i>	5,000	6,635	(1,635)
Total current	<u>5,000</u>	<u>6,635</u>	<u>(1,635)</u>
Total expenditures	<u>5,000</u>	<u>6,635</u>	<u>(1,635)</u>
Net change in fund balances	10,000	9,693	(307)
Fund balances, October 1	32,902	32,902	--
Fund balances, September 30	<u>\$ 42,902</u>	<u>\$ 42,595</u>	<u>\$ (307)</u>

CITY OF ROYSE CITY, TEXAS
POLICE DONATIONS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-17

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
<i>Donations</i>	\$ 2,400	\$ 2,375	\$ (25)
<i>Interest income</i>	--	99	99
Total revenues	<u>2,400</u>	<u>2,474</u>	<u>74</u>
Expenditures:			
Current:			
<i>General government</i>	<u>1,000</u>	<u>2,694</u>	<u>(1,694)</u>
Total current	<u>1,000</u>	<u>2,694</u>	<u>(1,694)</u>
Total expenditures	<u>1,000</u>	<u>2,694</u>	<u>(1,694)</u>
Net change in fund balances	1,400	(220)	(1,620)
Fund balances, October 1	6,903	6,903	--
Fund balances, September 30	<u>\$ 8,303</u>	<u>\$ 6,683</u>	<u>\$ (1,620)</u>

CITY OF ROYSE CITY, TEXAS
ANIMAL SHELTER - NEW BUILDING
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-18

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Donations</i>	\$ 600	\$ 593	\$ (7)
<i>Interest income</i>	--	78	78
Total revenues	<u>600</u>	<u>671</u>	<u>71</u>
Net change in fund balances	600	671	71
Fund balances, October 1	7,563	7,563	--
Fund balances, September 30	<u>\$ 8,163</u>	<u>\$ 8,234</u>	<u>\$ 71</u>

CITY OF ROYSE CITY, TEXAS
FIRE DONATIONS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-19

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
<i>Donations</i>	\$ 13,000	\$ 12,946	\$ (54)
<i>Interest income</i>	--	138	138
Total revenues	<u>13,000</u>	<u>13,084</u>	<u>84</u>
Expenditures:			
Current:			
<i>General government</i>	<u>9,300</u>	<u>9,233</u>	<u>67</u>
Total current	<u>9,300</u>	<u>9,233</u>	<u>67</u>
Capital outlay:			
<i>General government</i>	<u>9,000</u>	<u>9,000</u>	<u>--</u>
Total capital outlay	<u>9,000</u>	<u>9,000</u>	<u>--</u>
Total expenditures	<u>18,300</u>	<u>18,233</u>	<u>67</u>
Net change in fund balances	(5,300)	(5,149)	151
Fund balances, October 1	12,303	12,303	--
Fund balances, September 30	<u>\$ 7,003</u>	<u>\$ 7,154</u>	<u>\$ 151</u>

CITY OF ROYSE CITY, TEXAS
PARK/RECREATION PROGRAMS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-20

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Licenses and permits</i>	\$ 2,000	\$ 1,800	\$ (200)
<i>Interest income</i>	--	374	374
Total revenues	<u>2,000</u>	<u>2,174</u>	<u>174</u>
Expenditures:			
Current:			
<i>Public services</i>	<u>2,100</u>	<u>1,693</u>	<u>407</u>
Total current	<u>2,100</u>	<u>1,693</u>	<u>407</u>
Net change in fund balances	(100)	481	581
Fund balances, October 1	<u>36,931</u>	<u>36,931</u>	--
Fund balances, September 30	<u>\$ 36,831</u>	<u>\$ 37,412</u>	<u>\$ 581</u>

CITY OF ROYSE CITY, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-21

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Ad valorem taxes, penalty and interest</i>	\$ 1,785,300	\$ 1,813,266	\$ 27,966
<i>Interest income</i>	<u>30,000</u>	<u>25,749</u>	<u>(4,251)</u>
Total revenues	<u>1,815,300</u>	<u>1,839,015</u>	<u>23,715</u>
Expenditures:			
Debt service:			
<i>Principal</i>	1,261,000	1,219,000	42,000
<i>Interest</i>	<u>571,300</u>	<u>563,615</u>	<u>7,685</u>
Total debt service	<u>1,832,300</u>	<u>1,782,615</u>	<u>49,685</u>
Total expenditures	<u>1,832,300</u>	<u>1,782,615</u>	<u>49,685</u>
Excess (deficiency) of revenues over (under) expenditures	(17,000)	56,400	73,400
Other financing sources (uses):			
<i>Transfers out</i>	<u>--</u>	<u>(42,000)</u>	<u>42,000</u>
Total other financing sources (uses)	<u>--</u>	<u>(42,000)</u>	<u>42,000</u>
Net change in fund balances	(17,000)	14,400	31,400
Fund balances, October 1	1,335,271	1,335,271	--
Fund balances, September 30	<u>\$ 1,318,271</u>	<u>\$ 1,349,671</u>	<u>\$ 31,400</u>

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CITY OF ROYSE CITY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2020

	Park Development Fees	Verandah Development Fees	General Capital/CIP	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS				
Cash and cash equivalents	\$ 111,597	\$ 892,774	\$ 1,813,064	\$ 2,817,435
Total Assets	<u>111,597</u>	<u>892,774</u>	<u>1,813,064</u>	<u>2,817,435</u>
 FUND BALANCES				
<i>Restricted</i>	\$ 111,597	\$ 892,774	\$ 1,813,064	\$ 2,817,435
Total fund balances	<u>111,597</u>	<u>892,774</u>	<u>1,813,064</u>	<u>2,817,435</u>
Total Liabilities and Fund Balances	<u>111,597</u>	<u>892,774</u>	<u>1,813,064</u>	<u>2,817,435</u>

CITY OF ROYSE CITY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Park Development Fees	Verandah Development Fees	General Capital/CIP	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:				
<i>Fines and fees</i>	\$ 89,500	\$ 716,000	\$ --	\$ 805,500
<i>Interest income</i>	557	4,458	7,520	12,535
Total revenues	<u>90,057</u>	<u>720,458</u>	<u>7,520</u>	<u>818,035</u>
Expenditures:				
Current:				
<i>General government</i>	--	--	22,947	22,947
<i>Public safety</i>	--	--	115,164	115,164
Total current	<u>--</u>	<u>--</u>	<u>138,111</u>	<u>138,111</u>
Total expenditures	<u>--</u>	<u>--</u>	<u>138,111</u>	<u>138,111</u>
Excess (deficiency) of revenues over (under) expenditures	90,057	720,458	(130,591)	679,924
Other financing sources (uses):				
<i>Transfers in</i>	--	--	1,157,000	1,157,000
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>1,157,000</u>	<u>1,157,000</u>
Net change in fund balances	90,057	720,458	1,026,409	1,836,924
Fund balances, October 1	21,540	172,316	786,655	980,511
Fund balances, September 30	<u>\$ 111,597</u>	<u>\$ 892,774</u>	<u>\$ 1,813,064</u>	<u>\$ 2,817,435</u>

CITY OF ROYSE CITY, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2020

	<u>Technology Replacement</u>	<u>Vehicle Replacement</u>	<u>Total Internal Service Funds (See Exhibit A-7)</u>
ASSETS			
Current Assets:			
<i>Cash and Cash Equivalents</i>	\$ 126,150	\$ 215,096	\$ 341,246
Total Current Assets	<u>126,150</u>	<u>215,096</u>	<u>341,246</u>
Total Assets	<u>126,150</u>	<u>215,096</u>	<u>341,246</u>
LIABILITIES			
Current Liabilities:			
<i>Accounts payable</i>	\$ --	\$ 11,449	\$ 11,449
Total Current Liabilities	<u>--</u>	<u>11,449</u>	<u>11,449</u>
Total Liabilities	<u>--</u>	<u>11,449</u>	<u>11,449</u>
NET POSITION			
<i>Unrestricted</i>	126,150	203,647	329,797
Total Net Position	<u>\$ 126,150</u>	<u>\$ 203,647</u>	<u>\$ 329,797</u>

CITY OF ROYSE CITY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Technology Replacement	Vehicle Replacement	Total Internal Service Funds (See Exhibit A-8)
OPERATING REVENUES:			
<i>Miscellaneous</i>	\$ --	\$ 609	\$ 609
Total Operating Revenues	<u> --</u>	<u> 609</u>	<u> 609</u>
OPERATING EXPENSES:			
<i>Other expense</i>	--	241,558	241,558
Total Operating Expenses	<u> --</u>	<u>241,558</u>	<u>241,558</u>
Operating Income	<u> --</u>	<u>(240,949)</u>	<u>(240,949)</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest revenue</i>	1,018	924	1,942
Total Non-operating Revenues (Expenses)	<u> 1,018</u>	<u> 924</u>	<u> 1,942</u>
Income before Transfers	1,018	(240,025)	(239,007)
<i>Transfers in</i>	<u> 25,000</u>	<u> 319,100</u>	<u> 344,100</u>
Change in Net Position	26,018	79,075	105,093
Total Net Position - Beginning	<u> 100,132</u>	<u> 124,572</u>	<u> 224,704</u>
Total Net Position - Ending	<u>\$ 126,150</u>	<u>\$ 203,647</u>	<u>\$ 329,797</u>

CITY OF ROYSE CITY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Technology Replacement	Vehicle Replacement	Total Internal Service Funds (See Exhibit A-9)
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ --	\$ 609	\$ 609
<i>Cash Payments to Suppliers for Goods and Services</i>	--	(230,109)	(230,109)
Net Cash Provided (Used) by Operating Activities	<u>--</u>	<u>(229,500)</u>	<u>(229,500)</u>
Cash Flows from Non-capital Financing Activities:			
<i>Transfers From (To) Other Funds</i>	25,000	319,100	344,100
Net Cash Provided (Used) by Non-capital Financing Activities	<u>25,000</u>	<u>319,100</u>	<u>344,100</u>
Cash Flows from Capital and Related Financing Activities:			
<i>Proceeds from Sale of Capital Assets</i>	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>
Cash Flows from Investing Activities:			
<i>Interest and Dividends on Investments</i>	1,018	924	1,942
Net Cash Provided (Used) for Investing Activities	<u>1,018</u>	<u>924</u>	<u>1,942</u>
Net Increase (Decrease) in Cash and Cash Equivalents	26,018	90,524	116,542
Cash and Cash Equivalents at Beginning of Year	100,132	124,572	224,704
Cash and Cash Equivalents at End of Year	<u>\$ 126,150</u>	<u>\$ 215,096</u>	<u>\$ 341,246</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ --	\$ (240,949)	(240,949)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
<i>Depreciation</i>	--	--	--
<i>Decrease in pension expense</i>	--	--	--
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	--	--	--
<i>Increase (Decrease) in Accounts Payable</i>	--	11,449	11,449
<i>Increase (Decrease) in Other Payables</i>	--	--	--
<i>Increase (Decrease) in Accrued Expenses</i>	--	--	--
<i>Increase (Decrease) in Customer Deposits</i>	--	--	--
<i>Increase (Decrease) in Pension and OPEB Liability</i>	--	--	--
<i>Increase (Decrease) in Other</i>	--	--	--
Total Adjustments	<u>--</u>	<u>11,449</u>	<u>11,449</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ --</u>	<u>\$ (229,500)</u>	<u>(229,500)</u>

Discrete Component Unit

The Royse City Community Development Corporation ("CDC") is a discretely presented component unit of the City.

CITY OF ROYSE CITY, TEXAS

*BALANCE SHEET - ROYSE CITY COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2020*

ASSETS

Cash and cash equivalents	\$	3,232,854
<i>Due from other governments</i>		<u>217,723</u>
Total Assets		<u><u>3,450,577</u></u>

LIABILITIES AND FUND BALANCES

LIABILITIES

<i>Other liabilities</i>	\$	3,538
<i>Due to primary government</i>		<u>75,924</u>
Total Liabilities		<u><u>79,462</u></u>

FUND BALANCES

<i>Restricted</i>		<u>3,371,115</u>
Total fund balances		<u><u>3,371,115</u></u>
Total Liabilities and Fund Balances	\$	<u><u>3,450,577</u></u>

CITY OF ROYSE CITY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION - ROYSE CITY COMMUNITY DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2020

Total fund balances - governmental funds balance sheet	\$ 3,371,115
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	139,842
Recognition of the CDC's net pension liability is not reported in the funds.	(66,873)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(23,040)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	40,185
Recognition of the CDC's net OPEB liability is not reported in the funds.	(7,050)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	49
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>1,658</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 3,455,886</u>

CITY OF ROYSE CITY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund
Revenues:	
<i>Sales</i>	\$ 1,168,525
<i>Interest income</i>	18,136
<i>Miscellaneous</i>	17,819
Total revenues	<u>1,204,480</u>
Expenditures:	
Current:	
<i>General government</i>	717,172
Total current	<u>717,172</u>
Net change in fund balances	487,308
Fund balances, October 1	<u>2,883,807</u>
Fund balances, September 30	<u>\$ 3,371,115</u>

CITY OF ROYSE CITY, 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*

Net change in fund balances - total governmental funds	\$ 487,308
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	90,555
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	14,758
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	<u>(905)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 591,716</u>

CITY OF ROYSE CITY, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-29

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Sales</i>	\$ 1,052,792	\$ 1,052,792	\$ 1,168,525	\$ 115,733
<i>Interest income</i>	51,677	51,677	18,136	(33,541)
<i>Miscellaneous</i>	--	--	17,819	17,819
Total revenues	<u>1,104,469</u>	<u>1,104,469</u>	<u>1,204,480</u>	<u>100,011</u>
Expenditures:				
Current:				
<i>General government</i>	<u>813,950</u>	<u>813,950</u>	<u>717,172</u>	<u>96,778</u>
Total current	<u>813,950</u>	<u>813,950</u>	<u>717,172</u>	<u>96,778</u>
Total expenditures	<u>813,950</u>	<u>813,950</u>	<u>717,172</u>	<u>96,778</u>
Net change in fund balances	290,519	290,519	487,308	196,789
Fund balances, October 1	<u>2,883,807</u>	<u>2,883,807</u>	<u>2,883,807</u>	--
Fund balances, September 30	<u>\$ 3,174,326</u>	<u>\$ 3,174,326</u>	<u>\$ 3,371,115</u>	<u>\$ 196,789</u>