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# **City Of Royse City, Texas**

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## **Annual Financial Report**

**Fiscal Year Ended September 30, 2019**

**CITY OF ROYSE CITY, TEXAS**

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED SEPTEMBER 30, 2019*

Carl Alsbrook  
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, 2019**

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*Financial Section*

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**RUTLEDGE CRAIN & COMPANY,PC**

CERTIFIED PUBLIC ACCOUNTANTS

2401 Garden Park Court, Suite B

Arlington, Texas 76013

**INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of Royse City, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Royse City, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Royse City, Texas, as of September 30, 2019, 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, budgetary comparison information, schedule of the City's net pension liability, schedule of City pension contributions, and Schedule of the City's net OPEB liability identified as Required Supplementary Information 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.

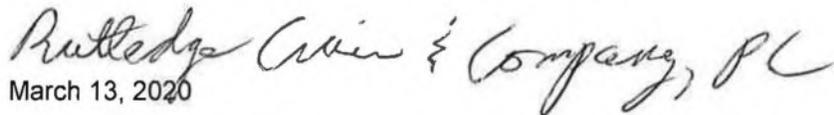
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Royse City, Texas' 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.

### **Change in Accounting Principle**

As discussed in Note IV. H to the financial statements, in the year ended September 30, 2019 the City adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

  
March 13, 2020

*Management's Discussion and Analysis*

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**CITY OF ROYSE CITY, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

**SEPTEMBER 30, 2019**

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, 2019. 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 \$35,397,509 (net position). Of this amount, \$9,370,628 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. A total of \$18,536,386, or 52% 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 \$7,490,495 or 21% of total net position.
- The City's total net position increased by \$4,490,756 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 \$18,106,531, an increase of \$6,280,070 or 53%, in comparison with the prior year. Approximately 19% of total fund balance, or \$3,425,547, 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 \$3,425,547 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 \$2,885,000, or 11% during the current fiscal year. Certificates of Obligation were issued for Fire Station construction.

**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, 2019**

**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 59) 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 65-98) 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.

### **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 22-29 of this report. The General Fund Budgetary Comparison Schedule can be found on page 60.

**CITY OF ROYSE CITY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2019**

*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 59 of this report.

The combining statements and budgetary comparison schedules for the nonmajor governmental funds can be found on pages 65-95 of this report.

**CITY OF ROYSE CITY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2019**

**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 \$35,397,509 as of September 30, 2019. 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.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current and other assets	\$19,727,682	\$12,856,148	\$11,173,162	\$9,654,669	\$30,900,844	\$22,510,817
Capital assets	17,289,074	16,883,677	21,115,366	21,462,305	38,404,440	38,345,982
Total assets	<u>37,016,756</u>	<u>29,739,825</u>	<u>32,288,528</u>	<u>31,116,974</u>	<u>69,305,284</u>	<u>60,856,799</u>
Deferred resources outflows	<u>1,086,283</u>	<u>679,722</u>	<u>243,376</u>	<u>216,975</u>	<u>1,329,659</u>	<u>896,697</u>
Current liabilities	1,022,738	766,428	1,172,095	767,528	2,194,833	1,533,956
Long-term liabilities	20,812,942	15,935,545	11,896,241	12,898,677	32,709,183	28,834,222
Total liabilities	<u>21,835,680</u>	<u>16,701,973</u>	<u>13,068,336</u>	<u>13,666,205</u>	<u>34,904,016</u>	<u>30,368,178</u>
Deferred resources inflows	<u>264,222</u>	<u>382,714</u>	<u>69,196</u>	<u>95,850</u>	<u>333,418</u>	<u>478,564</u>
Net Position:						
Net investment in capital assets	7,720,088	6,229,876	10,816,298	10,085,907	18,536,386	16,315,783
Restricted	4,058,390	3,290,220	3,432,105	3,077,745	7,490,495	6,367,965
Unrestricted	4,224,659	3,814,764	5,145,969	4,408,242	9,370,628	8,223,006
Total Net Position	<u>\$16,003,137</u>	<u>\$13,334,860</u>	<u>\$19,394,372</u>	<u>\$17,571,894</u>	<u>\$35,397,509</u>	<u>\$30,906,754</u>

Fifty-three percent (53%) 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 (21%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$9,370,628 or 26% may be used to meet the government's ongoing obligations to citizens and creditors.

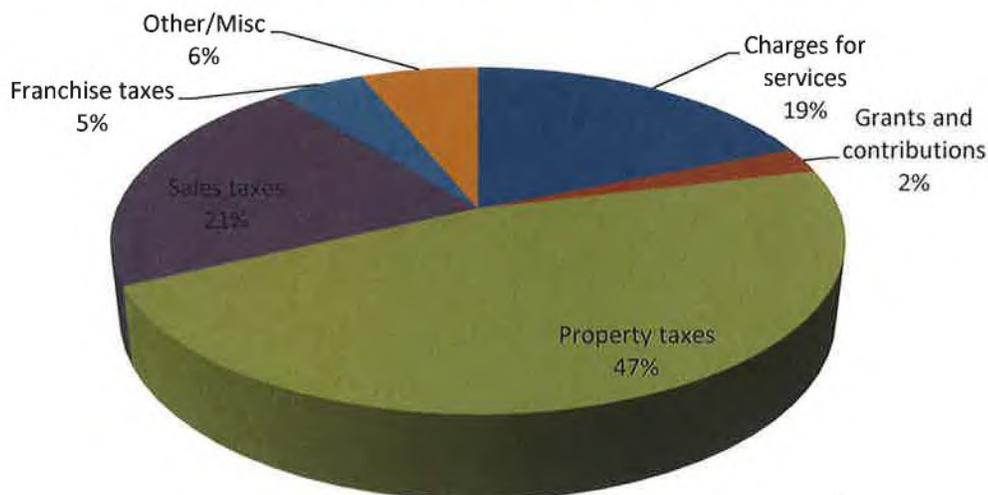
**CITY OF ROYSE CITY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2019  
Governmental Activities**

Governmental activities increased the City's net position by \$2,668,277. Key elements of this increase are as follows in Table 2.

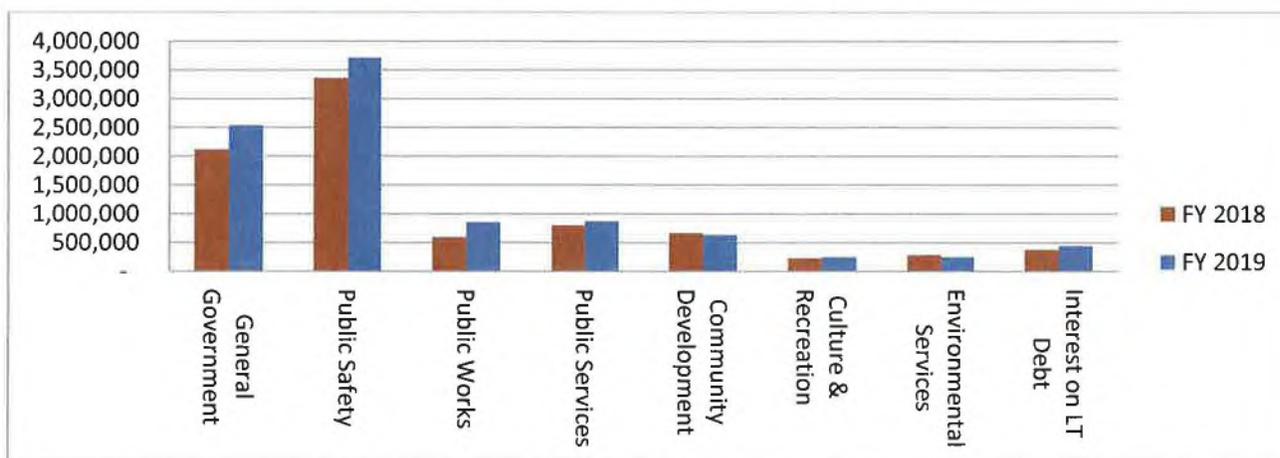
**Table 2  
Change in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 2,253,907	\$ 2,408,723	\$ 6,957,498	\$ 6,315,826	\$ 9,211,405	\$ 8,724,549
Operating grants and contributions	52,841	74,479	-	-	52,841	74,479
Capital grants and contributions	234,324	373,883	908,850	2,008,720	1,143,174	2,382,603
General Revenues:						
Property taxes	5,586,269	4,812,893	-	-	5,586,269	4,812,893
Sales taxes	2,533,439	2,171,495	-	-	2,533,439	2,171,495
Franchise taxes	556,063	479,812	-	-	556,063	479,812
Hotel/Motel taxes	98,052	87,431	-	-	98,052	87,431
Beverage taxes	10,908	7,111	-	-	10,908	7,111
Investment income	345,066	183,168	171,516	108,629	516,582	291,797
Gain on sale of capital asset	753	-	-	-	753	-
Miscellaneous	287,288	294,889	91,042	155,500	378,330	450,389
Total Revenues	11,958,910	10,893,884	8,128,906	8,588,675	20,087,816	19,482,559
Expenses:						
Program Expenses						
General government	2,543,019	2,128,270	-	-	2,543,019	2,128,270
Public safety	3,718,000	3,371,597	-	-	3,718,000	3,371,597
Public works	859,775	599,440	-	-	859,775	599,440
Public services	875,476	806,655	-	-	875,476	806,655
Community development	635,250	673,657	-	-	635,250	673,657
Culture and recreation	254,039	231,218	-	-	254,039	231,218
Environmental services	254,557	286,673	-	-	254,557	286,673
Interest on long-term debt	450,517	384,133	-	-	450,517	384,133
Water and sewer	-	-	6,006,427	4,754,549	6,006,427	4,754,549
Total Expenses	9,590,633	8,481,643	6,006,427	4,754,549	15,597,060	13,236,192
Change in net position before transfers	2,368,277	2,412,241	2,122,479	3,834,126	4,490,756	6,246,367
Transfers	300,000	408,000	(300,000)	(408,000)	-	-
Total change in net position	2,668,277	2,820,241	1,822,479	3,426,126	4,490,756	6,246,367
Net position - October 1	13,372,136	10,537,516	17,621,900	14,194,322	30,994,036	24,731,838
Prior Period Adjustments	(37,276)	(22,897)	(50,007)	(48,555)	(87,283)	(71,452)
Net position - September 30	\$ 16,003,137	\$ 13,334,860	\$ 19,394,372	\$ 17,571,893	\$ 35,397,509	\$ 30,906,753

**Revenues by Source – Governmental Activities**



**Program Expenses – Governmental Activities**



Program revenues were \$2.54 million, compared to \$2.86 million in fiscal year 2018. The breakdown of the change is as follows:

- Overall, charges for services decreased \$1.54 million largely due to timing of permit revenue related to new development project starts in the prior year.
- Operating grants and contributions decreased \$21,638 and capital grants and contributions decreased \$139,559.
- General revenues increased from \$8,036,799 in fiscal year 2018 to \$9,417,838 in fiscal year 2019 due to increased sales tax receipts and new growth related to ad valorem tax.

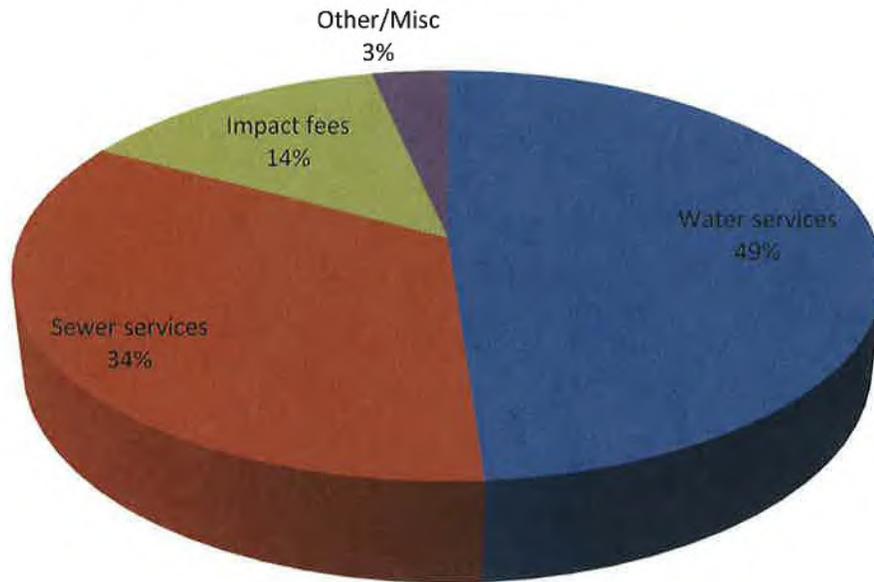
Overall, governmental activities expenses were \$9.59 million, an increase of \$1.1 million.

**CITY OF ROYSE CITY, TEXAS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
 SEPTEMBER 30, 2019**

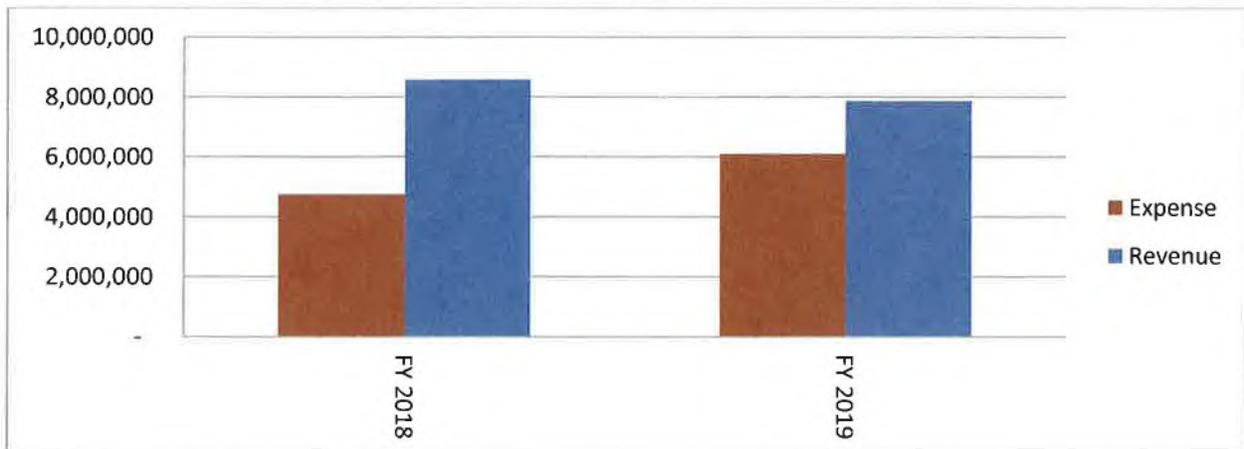
**Business-Type Activities**

Revenues of the City's business-type activities were \$7.87 million for the fiscal year ended September 30, 2019. Revenues decreased approximately \$450,000 or 5% as compared to the prior fiscal year, due to a large capital contribution in the prior year. Expenses for the City's business-type increased \$1.25 million, which is primarily increased sewer treatment costs and water costs from NTMWD.

**Revenues by Source – Business-Type Activities**



**Expenditures – Business-Type Activities**



**CITY OF ROYSE CITY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2019**

**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 \$18,106,531. Within this total, \$13,560,388 is restricted for specific legal requirements, such as debt covenants, and \$1,120,596 has been committed and assigned to specific types of expenditures. Unassigned fund balance is \$3,425,547 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 \$94,411 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 \$1,335,271, 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 \$5,145,969 compared to \$4,408,242 in the prior year.

**Capital Asset and Debt Administration**

**Capital Assets** – At the end of the fiscal year 2019, the City had \$38.4 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 \$58,458 over the prior fiscal year.

Major capital asset transactions during the year include road and waterline construction, purchase replacement vehicles, park improvements and outdoor warning sirens.

**CITY OF ROYSE CITY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2019**

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	2,210,507	2,210,507	1,371,632	1,340,132	3,582,139	3,550,639
Construction in progress	698,727	85,300	-	-	698,727	85,300
Buildings and improvements	13,352,940	13,686,439	392	1,458	13,353,332	13,687,897
Machinery and equipment	1,026,900	901,429	117,012	109,386	1,143,912	1,010,815
Infrastructure	-	-	19,626,330	20,010,430	19,626,330	20,010,430
Total	17,289,074	16,883,675	21,115,366	21,461,406	38,404,440	38,345,081

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 \$29.9 million in long-term debt outstanding, a \$3.1 million, or 11.5% increase 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	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$3,935,000	\$4,308,000	\$5,550,000	\$6,242,000	\$9,485,000	\$10,550,000
Certificates of obligation	13,652,000	9,369,000	5,743,000	6,076,000	19,395,000	15,445,000
Unamortized premium (discount)	814,260	549,154	266,614	295,864	1,080,874	845,018
Capital lease	-	-	13,397	26,340	13,397	26,340
Total	\$18,401,260	\$14,226,154	\$11,573,011	\$12,640,204	\$29,974,271	\$26,866,358

During fiscal year 2019, the City issued \$5.005 million of certificates of obligation to provide funding for fire station construction.

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

### **Economic Factors and Next Year's Budgets and Rates**

Fiscal 2019 continued to be dominated by residential growth and interest in additional subdivision development. Waterscape neared completion of phase 2 of its 1000 lot subdivision and executed an amended development agreement providing for annexation of Phase 2 and 3; Parkside Village began a 400+ lot subdivision in 2019 and includes an extension of a major thoroughfare in the southwestern sector of town. Hines Acquisitions entitled a 1000+ lot subdivision and will begin construction in Q1 2020. 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.

Retail and commercial growth continue as infill projects in existing areas. Buc-ee's opened a 50,000 square foot travel center in the June of 2019. It is anticipated this will spur additional retail/commercial interest in the surrounding area. In addition small, local business owners are making Royse City home and expanding the niche boutiques and eatery selection.

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. The Parks and Main Street Departments will host a number of gatherings and each year. New additions in fiscal 2020 include three new restaurants, two of which are new construction and continue the vibrant growth of the Main Street area.

The largest single revenue source in the fiscal year 2020 General Fund Budget is property taxes, which account for 47% of total revenues. Assessed property values in Royse City increased \$112 million from the prior year, including \$59.7 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 2020. Sales tax revenue remains the City's second largest revenue source, making up 28% of General Fund Revenues. A 6% increase in sales tax revenue is projected as the retail base normalizes and the addition of Buc-ee's. One full-time firefighter position, one police officer, an expanded part-time firefighter program, Special Projects Coordinator, Fleet maintenance technician, and maintenance workers for Parks and Public Works were funded in the FY20 budget as well as additional funding for equipment and vehicle replacements, lighting improvements on Main Street and improvements at city facilities. Water, Wastewater Master Plans and impact fee updates for water, wastewater and roadway will be finalized in fiscal year 2020.

Water/Sewer Fund expenditures are projected to increase 7% in fiscal year 2020 primarily due to capital projects.

### **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, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<i>Cash and cash equivalents</i>	\$ 18,378,897	\$ 5,326,442	\$ 23,705,339	\$ 2,828,222
<i>Receivables (net of allowances for uncollectibles)</i>	738,157	1,051,478	1,789,635	-
<i>Due from other governments</i>	511,510	-	511,510	170,503
<i>Due from component unit</i>	99,118	-	99,118	-
Restricted assets:				
<i>Cash and cash equivalents</i>	-	4,795,242	4,795,242	-
<i>Capital assets (net of accumulated depreciation)</i>				
<i>Land</i>	2,210,507	1,371,632	3,582,139	49,287
<i>Buildings and system</i>	13,352,940	392	13,353,332	-
<i>Machinery and equipment</i>	1,026,900	117,012	1,143,912	-
<i>Infrastructure</i>	-	19,626,330	19,626,330	-
<i>Construction in progress</i>	698,727	-	698,727	-
<b>Total Assets</b>	<u>37,016,756</u>	<u>32,288,528</u>	<u>69,305,284</u>	<u>3,048,012</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
<i>Deferred loss on refunding</i>	36,181	101,530	137,711	-
<i>Deferred pension plan expense</i>	1,039,556	140,781	1,180,337	54,022
<i>Deferred opeb expense</i>	10,546	1,065	11,611	603
<b>Total Deferred Outflows of Resources</b>	<u>1,086,283</u>	<u>243,376</u>	<u>1,329,659</u>	<u>54,625</u>
<b>LIABILITIES</b>				
<i>Accounts payable and accrued liabilities</i>	875,756	638,028	1,513,784	15,801
<i>Accrued interest payable</i>	55,336	44,391	99,727	-
<i>Due to other governments</i>	91,646	-	91,646	-
<i>Due to primary government</i>	-	-	-	99,118
<i>Customer deposits</i>	-	489,676	489,676	-
Noncurrent liabilities:				
<i>Due within one year</i>	1,345,777	968,193	2,313,970	-
<i>Due in more than one year</i>	19,467,165	10,928,048	30,395,213	113,389
<b>Total Liabilities</b>	<u>21,835,680</u>	<u>13,068,336</u>	<u>34,904,016</u>	<u>228,308</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<i>Deferred resource inflow - pension</i>	228,193	46,282	274,475	9,737
<i>Deferred resource inflow - opeb</i>	7,389	746	8,135	423
<i>Unavailable revenue-other</i>	28,640	22,168	50,808	-
<b>Total deferred inflows of resources</b>	<u>264,222</u>	<u>69,196</u>	<u>333,418</u>	<u>10,160</u>
<b>NET POSITION:</b>				
<i>Net Investment in Capital Assets</i>	7,720,088	10,816,298	18,536,386	-
Restricted For:				
<i>Debt Service</i>	1,413,110	-	1,413,110	-
<i>Capital Projects</i>	989,305	335,000	1,324,305	-
<i>Impact fees</i>	1,655,975	3,097,105	4,753,080	-
<i>Unrestricted</i>	4,224,659	5,145,969	9,370,628	2,864,169
<b>Total Net Position</b>	<u>\$ 16,003,137</u>	<u>\$ 19,394,372</u>	<u>\$ 35,397,509</u>	<u>\$ 2,864,169</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, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
<i>General government</i>	\$ 2,543,019	\$ 208,339	\$ 19,289	\$ 100,000
<i>Public safety</i>	3,718,000	698,908	12,887	-
<i>Public works</i>	859,775	198,640	9,048	124,492
<i>Public services</i>	875,476	50,670	-	-
<i>Community development</i>	635,250	1,059,426	-	-
<i>Culture and recreation</i>	254,039	37,924	-	9,832
<i>Environmental services</i>	254,557	-	11,617	-
<i>Interest</i>	450,517	-	-	-
Total governmental activities	<u>9,590,633</u>	<u>2,253,907</u>	<u>52,841</u>	<u>234,324</u>
Business-type Activities:				
Water and Sewer	6,006,427	6,957,498	-	908,850
Total Business-type Activities	<u>6,006,427</u>	<u>6,957,498</u>	<u>-</u>	<u>908,850</u>
Total Primary Government	<u>\$ 15,597,060</u>	<u>\$ 9,211,405</u>	<u>\$ 52,841</u>	<u>\$ 1,143,174</u>
<b>COMPONENT UNIT:</b>				
Royse City Community Development Corporation	<u>\$ 567,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues:				
<i>Ad valorem taxes, penalty and interest</i>				
<i>Sales Taxes</i>				
<i>Franchise Taxes</i>				
<i>Hotel Motel Taxes</i>				
<i>Alcoholic Beverage Taxes</i>				
<i>Miscellaneous</i>				
<i>Unrestricted Investment Earnings</i>				
<i>Gain on Sale of Capital Assets</i>				
<i>Transfers</i>				
<i>Total General Revenues and Transfers</i>				
Change in Net Position				
Net Position - Beginning				
Prior Period Adjustment				
Net Position - Ending				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (2,215,391)		\$ (2,215,391)	
(3,006,205)		(3,006,205)	
(527,595)		(527,595)	
(824,806)		(824,806)	
424,176		424,176	
(206,283)		(206,283)	
(242,940)		(242,940)	
(450,517)		(450,517)	
<u>(7,049,561)</u>		<u>(7,049,561)</u>	
	\$ 1,859,921	1,859,921	
	<u>1,859,921</u>	<u>1,859,921</u>	
<u>(7,049,561)</u>	<u>1,859,921</u>	<u>(5,189,640)</u>	
			\$ (567,217)
5,586,269	-	5,586,269	-
2,533,439	-	2,533,439	933,849
556,063	-	556,063	-
98,052	-	98,052	-
10,908	-	10,908	-
287,288	91,042	378,330	809
345,066	171,516	516,582	50,594
753	-	753	-
300,000	(300,000)	-	-
<u>9,717,838</u>	<u>(37,442)</u>	<u>9,680,396</u>	<u>985,252</u>
2,668,277	1,822,479	4,490,756	418,035
13,372,136	17,621,901	30,994,037	2,450,670
(37,276)	(50,008)	(87,284)	(4,536)
<u>\$ 16,003,137</u>	<u>\$ 19,394,372</u>	<u>\$ 35,397,509</u>	<u>\$ 2,864,169</u>

**CITY OF ROYSE CITY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,313,284	\$ 1,332,877
<i>Receivables (net of allowances for uncollectibles):</i>		
<i>Taxes - delinquent</i>	154,893	80,233
<i>Fines</i>	237,667	-
<i>Other receivables</i>	214,056	-
<i>Due from other governments</i>	511,510	-
<i>Due from component unit</i>	99,118	-
Total Assets	<u>5,530,528</u>	<u>1,413,110</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
<i>Accounts payable</i>	\$ 470,941	\$ -
<i>Accrued liabilities</i>	18,828	-
<i>Other liabilities</i>	164,360	-
<i>Due to other governments</i>	91,646	-
Total Liabilities	<u>745,775</u>	<u>-</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
<i>Unavailable revenue-property taxes</i>	149,562	77,839
<i>Unavailable revenue-fines</i>	173,004	-
<i>Unearned revenue-other</i>	28,640	-
Total deferred inflows of resources	<u>351,206</u>	<u>77,839</u>
 <b>FUND BALANCES</b>		
<i>Restricted</i>	-	1,335,271
<i>Assigned</i>	1,008,000	-
<i>Unassigned</i>	3,425,547	-
Total fund balances	<u>4,433,547</u>	<u>1,335,271</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,530,528</u>	<u>\$ 1,413,110</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>
\$ 8,961,283	\$ 3,546,749	\$ 18,154,193
-	-	235,126
-	-	237,667
-	51,308	265,364
-	-	511,510
-	-	99,118
<u>8,961,283</u>	<u>3,598,057</u>	<u>19,502,978</u>
\$ 120,214	\$ 90,190	\$ 681,345
-	-	18,828
-	11,223	175,583
-	-	91,646
<u>120,214</u>	<u>101,413</u>	<u>967,402</u>
-	-	227,401
-	-	173,004
-	-	28,640
-	-	<u>429,045</u>
8,841,069	3,384,048	13,560,388
-	112,596	1,120,596
-	-	3,425,547
<u>8,841,069</u>	<u>3,496,644</u>	<u>18,106,531</u>
<u>\$ 8,961,283</u>	<u>\$ 3,598,057</u>	<u>\$ 19,502,978</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, 2019

Total fund balances - governmental funds balance sheet	\$ 18,106,531
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.	17,289,074
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	227,401
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	224,704
Payables for bond principal which are not due in the current period are not reported in the funds.	(17,587,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(55,336)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(206,368)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	36,181
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	173,004
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.	(2,117,201)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(228,193)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,039,555
Bond premiums and discounts are amortized in the SNA but not in the funds.	(814,260)
Recognition of the City's net OPEB liability is not reported in the funds.	(88,114)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(7,389)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>10,546</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 16,003,137</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, 2019

	General Fund	Debt Service Fund
Revenues:		
<i>Ad valorem taxes, penalty and interest</i>	\$ 3,967,375	\$ 1,519,382
<i>Sales</i>	2,533,439	-
<i>Franchise</i>	556,063	-
<i>Hotel motel tax</i>	-	-
<i>Beverage</i>	11,733	-
<i>Fines and fees</i>	347,444	-
<i>Licenses and permits</i>	686,943	-
<i>Charges for services</i>	786,508	-
<i>Impact fees</i>	-	-
<i>Intergovernmental</i>	149,407	-
<i>Donations</i>	7,995	100,000
<i>Interest income</i>	115,171	52,750
<i>Miscellaneous</i>	10,066	-
Total revenues	<u>9,172,144</u>	<u>1,672,132</u>
Expenditures:		
Current:		
<i>General government</i>	2,047,417	-
<i>Public safety</i>	3,601,424	-
<i>Public works</i>	524,017	-
<i>Public services</i>	776,152	-
<i>Community development</i>	615,539	-
<i>Culture and recreation</i>	237,773	-
<i>Environmental services</i>	239,810	-
Total current	<u>8,042,132</u>	<u>-</u>
Capital outlay:		
<i>General government</i>	36,552	-
<i>Public safety</i>	170,229	-
<i>Public works</i>	-	-
<i>Public services</i>	27,973	-
Total capital outlay	<u>234,754</u>	<u>-</u>
Debt service:		
<i>Principal</i>	-	1,095,000
<i>Interest</i>	-	415,492
<i>Bond issuance cost</i>	-	-
Total debt service	<u>-</u>	<u>1,510,492</u>
Total expenditures	<u>8,276,886</u>	<u>1,510,492</u>
Excess (deficiency) of revenues over (under) expenditures	895,258	161,640
Other financing sources (uses):		
<i>Transfers in</i>	308,000	-
<i>Sale of capital assets</i>	753	-
<i>Transfers out</i>	(1,109,600)	-
<i>Issuance of long-term debt</i>	-	-
<i>Premium on bonds issued</i>	-	-
Total other financing sources (uses)	<u>(800,847)</u>	<u>-</u>
Net change in fund balances	94,411	161,640
Fund balances, October 1	4,339,136	1,173,631
Fund balances, September 30	<u>\$ 4,433,547</u>	<u>\$ 1,335,271</u>

The accompanying notes are an integral part of this statement.

Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,486,757
-	-	2,533,439
-	-	556,063
-	98,052	98,052
-	-	11,733
-	209,723	557,167
-	28,645	715,588
-	-	786,508
-	129,097	129,097
-	-	149,407
-	62,673	170,668
129,410	47,734	345,065
-	292,456	302,522
<u>129,410</u>	<u>868,380</u>	<u>11,842,066</u>
265	342,892	2,390,574
3,490	-	3,604,914
3,930	28,506	556,453
-	24,584	800,736
-	-	615,539
-	6,844	244,617
-	-	239,810
<u>7,685</u>	<u>402,826</u>	<u>8,452,643</u>
-	28,155	64,707
216,224	-	386,453
345,597	-	345,597
83,784	-	111,757
<u>645,605</u>	<u>28,155</u>	<u>908,514</u>
-	-	1,095,000
-	-	415,492
76,215	-	76,215
<u>76,215</u>	<u>-</u>	<u>1,586,707</u>
729,505	430,981	10,947,864
(600,095)	437,399	894,202
-	868,500	1,176,500
-	-	753
-	(8,000)	(1,117,600)
5,005,000	-	5,005,000
321,215	-	321,215
<u>5,326,215</u>	<u>860,500</u>	<u>5,385,868</u>
4,726,120	1,297,899	6,280,070
4,114,949	2,198,745	11,826,461
<u>\$ 8,841,069</u>	<u>\$ 3,496,644</u>	<u>\$ 18,106,531</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, 2019*

Net change in fund balances - total governmental funds	\$ 6,280,070
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,019,907
The depreciation of capital assets used in governmental activities is not reported in the funds.	(614,510)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	99,511
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,095,000
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.	46,016
The net revenue (expense) of internal service funds is reported with governmental activities.	202,760
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(58,184)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	16,577
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(5,005,000)
Bond premiums are reported in the funds but not in the SOA.	(321,215)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(82,152)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(5,680)
Change in net position of governmental activities - Statement of Activities	<u>\$ 2,668,277</u>

The accompanying notes are an integral part of this statement.

## CITY OF ROYSE CITY, TEXAS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2019

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
<i>Cash and Cash Equivalents</i>	\$ 5,326,442	\$ 224,704
<i>Receivables (net of allowances for uncollectibles):</i>	1,051,478	-
<i>Restricted Cash and Cash Equivalents</i>	4,795,242	-
Total Current Assets	<u>11,173,162</u>	<u>224,704</u>
Noncurrent Assets:		
<i>Land</i>	1,371,632	-
<i>Buildings</i>	39,551	-
<i>Machinery and Equipment</i>	628,240	-
<i>Infrastructure</i>	26,214,257	-
<i>Less Accumulated Depreciation</i>	(7,138,314)	-
Total Noncurrent Assets	<u>21,115,366</u>	<u>-</u>
Total Assets	<u>32,288,528</u>	<u>224,704</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
<i>Deferred loss on refunding</i>	101,530	-
<i>Deferred pension plan expense</i>	140,781	-
<i>Deferred opeb expense</i>	1,065	-
Total Outflows of Resources	<u>243,376</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
<i>Accounts payable</i>	616,745	-
<i>Other liabilities</i>	21,283	-
<i>Compensated absences payable - current</i>	1,546	-
<i>Accrued interest payable</i>	44,391	-
<i>General obligation bonds payable - current</i>	606,666	-
<i>Certificates of obligation - current</i>	346,584	-
<i>Capital leases payable</i>	13,397	-
Liabilities payable from restricted assets:		
<i>Customer Deposits</i>	489,676	-
Total Current Liabilities	<u>2,140,288</u>	<u>-</u>
Noncurrent Liabilities:		
<i>General Obligation Bonds Payable</i>	5,176,653	-
<i>Certificates of obligation</i>	5,429,711	-
<i>Compensated absences payable - noncurrent</i>	13,913	-
<i>Net Pension Obligation</i>	298,872	-
<i>Other post employment benefits</i>	8,899	-
Total Noncurrent Liabilities	<u>10,928,048</u>	<u>-</u>
Total Liabilities	<u>13,068,336</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
<i>Deferred resource inflow - pension</i>	46,282	-
<i>Deferred resource inflow - opeb</i>	746	-
<i>Unearned Revenue</i>	22,168	-
Total Inflows of Resources	<u>69,196</u>	<u>-</u>
<b>NET POSITION</b>		
<i>Net Investment in Capital Assets</i>	10,816,298	-
<i>Restricted for Capital Projects</i>	335,000	-
<i>Restricted for impact fee use</i>	3,097,105	-
<i>Unrestricted</i>	5,145,969	224,704
Total Net Position	<u>\$ 19,394,372</u>	<u>\$ 224,704</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, 2019

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
<b>OPERATING REVENUES:</b>		
<i>Charges for services - water</i>	\$ 4,027,996	\$ -
<i>Charges for services - sewer</i>	2,807,644	-
<i>Water and wastewater impact fees</i>	856,050	-
<i>Miscellaneous</i>	265,702	60,500
Total Operating Revenues	<u>7,957,392</u>	<u>60,500</u>
<b>OPERATING EXPENSES:</b>		
<i>Personal services</i>	593,941	-
<i>Materials and supplies</i>	147,376	-
<i>Repairs and maintenance</i>	397,628	-
<i>Water purchases</i>	1,432,070	-
<i>Contractual services</i>	721,970	-
<i>Interceptor expenses</i>	1,739,816	-
<i>Depreciation</i>	671,317	-
<i>Other expense</i>	-	111,394
Total Operating Expenses	<u>5,704,118</u>	<u>111,394</u>
Operating Income	<u>2,253,274</u>	<u>(50,894)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
<i>Interest revenue</i>	171,514	712
<i>Gain (loss) on disposal of capital assets</i>	-	11,842
<i>Interest expense</i>	(302,309)	-
Total Non-operating Revenues (Expenses)	<u>(130,795)</u>	<u>12,554</u>
Income before Transfers	2,122,479	(38,340)
<i>Transfers in</i>	-	241,100
<i>Transfers out</i>	<u>(300,000)</u>	<u>-</u>
Change in Net Position	1,822,479	202,760
Total Net Position - Beginning	17,621,901	21,944
Prior Period Adjustment	(50,008)	-
Total Net Position - Ending	<u>\$ 19,394,372</u>	<u>\$ 224,704</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, 2019**

	Business Type Activities <u>Water and Sewer Fund</u>	Governmental Activities <u>Internal Service Fund</u>
<b>Cash Flows from Operating Activities:</b>		
<i>Cash Received from Customers</i>	\$ 7,947,481	\$ 60,500
<i>Cash Payments to Employees for Services</i>	(645,816)	-
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(3,995,736)	(111,394)
Net Cash Provided (Used) by Operating Activities	<u>3,305,929</u>	<u>(50,894)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>		
<i>Receipts from other funds</i>	-	-
<i>Receipts from component unit</i>	-	-
<i>Transfers From (To) Other Funds</i>	(300,000)	241,000
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(300,000)</u>	<u>241,000</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
<i>Proceeds from bonds</i>	-	-
<i>Principal and Interest Paid</i>	(1,373,865)	-
<i>Acquisition or Construction of Capital Assets</i>	(324,378)	-
<i>Proceeds from Sale of Capital Assets</i>	-	11,842
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,698,243)</u>	<u>11,842</u>
<b>Cash Flows from Investing Activities:</b>		
<i>Interest and Dividends on Investments</i>	171,514	712
Net Cash Provided (Used) for Investing Activities	<u>171,514</u>	<u>712</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,479,200	202,660
Cash and Cash Equivalents at Beginning of Year	8,642,484	21,624
Cash and Cash Equivalents at End of Year	<u>\$ 10,121,684</u>	<u>\$ 224,284</u>
Reported on Statement of Net Position		
Unrestricted cash	\$ 5,326,442	\$ 224,284
Restricted cash	4,795,242	-
	<u>\$ 10,121,684</u>	<u>\$ 224,284</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 2,253,274	\$ (50,984)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
<i>Depreciation</i>	671,317	-
<i>Decrease in pension expense</i>	(67,339)	-
Change in Assets and Liabilities:		
<i>Decrease (Increase) in Receivables</i>	(39,294)	-
<i>Increase (Decrease) in Accounts Payable</i>	428,534	-
<i>Increase (Decrease) in Other Payables</i>	14,590	-
<i>Increase (Decrease) in Accrued Expenses</i>	(3,206)	-
<i>Increase (Decrease) in Customer Deposits</i>	42,000	-
<i>Increase (Decrease) in Pension Liability</i>	62,658	-
<i>Increase (Decrease) in Other</i>	(56,605)	-
Total Adjustments	<u>1,052,655</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,305,929</u>	<u>\$ (50,984)</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, 2019

**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, 2019 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.

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, 2019

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.

**CITY OF ROYSE CITY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2019

- 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.
- 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.

**CITY OF ROYSE CITY, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended September 30, 2019

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the 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 80 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, 2019. No unused sick or holiday leave will be paid out upon termination of employment.

**CITY OF ROYSE CITY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2019

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 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, 2019**

	General	Debt	Bonds Capital	Other	
	Fund	Service	Projects	Funds	Total
<b>Fund Balances</b>					
Restricted for:					
Debt service	\$ --	\$1,335,271	\$ --	\$ --	\$ 1,335,271
Capital projects	--	--	8,841,069	786,655	9,627,724
Roadway fees	--	--	--	1,655,975	1,655,975
Police	--	--	--	3,192	3,192
Municipal court use	--	--	--	98,700	98,700
Hotel motel use	--	--	--	205,552	205,552
Public improvement	--	--	--	403,188	403,188
Other	--	--	--	230,786	230,786
	<u>--</u>	<u>1,335,271</u>	<u>8,841,069</u>	<u>3,384,048</u>	<u>13,560,388</u>
Assigned:					
General government	12,000	--	--	40,085	52,085
Library	--	--	--	2,162	2,162
Senior center	--	--	--	5,183	5,183
Parks and recreation	61,000	--	--	13,058	74,058
Public safety	935,000	--	--	19,206	954,206
Animal Control	--	--	--	32,902	32,902
	<u>1,008,000</u>	<u>--</u>	<u>--</u>	<u>112,596</u>	<u>1,120,596</u>
Unassigned	<u>3,425,547</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,425,547</u>
	<u>\$4,433,547</u>	<u>\$1,335,271</u>	<u>\$ 8,841,069</u>	<u>\$3,496,644</u>	<u>\$ 18,106,531</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 2019, 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, 2019

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

- Library Grant
- Library Donations
- Animal Shelter New Building
- 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, 2019.

**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, 2019, 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, 2019, the City had the following investments which are considered cash equivalents:

<b>Investment Type</b>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
LOGIC	\$ 20,806,430	45
Cash	<u>10,522,373</u>	
Total cash and cash equivalents	<u><u>\$ 31,328,803</u></u>	

Cash and cash equivalents are reported in the:

Statement of net position as	
Governmental activities unrestricted	\$ 18,378,897
Governmental activities restricted	--
Business-type activities unrestricted	5,326,442
Business-type activities restricted	<u>4,795,242</u>
Total City	28,500,581
CDC Discrete Component Unit	<u>2,828,222</u>
	<u><u>\$ 31,328,803</u></u>

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.

**CITY OF ROYSE CITY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2019

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](http://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, 2019 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.

As of September 30, 2019, the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

**CITY OF ROYSE CITY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2019

**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	\$ 154,893	\$ 80,233	\$ --	\$ 235,126	\$ --
Fines receivable	\$ 353,003	\$ --	\$ --	\$ 353,003	\$ --
Allowance for uncollectibles	(115,336)	--	--	(115,336)	--
	<u>\$ 237,667</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 237,667</u>	<u>\$ --</u>
Accounts receivable	\$ --	\$ --	\$ --	\$ --	\$ 1,403,662
Allowance for uncollectibles	--	--	--	--	(352,184)
Net other receivables	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,051,478</u>
Other receivables	<u>\$ 214,056</u>	<u>\$ --</u>	<u>\$ 51,308</u>	<u>\$ 265,364</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)	\$ 149,562	\$ --
Fines receivable (General Fund)	173,004	--
Delinquent property taxes receivable (Debt Service Fund)	77,839	--
Developer deferred revenue	--	28,640
Total deferred/unearned revenue for governmental funds	<u>\$ 400,405</u>	<u>\$ 28,640</u>

**CITY OF ROYSE CITY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2019**

D. Capital assets

Capital asset activity for the year ended September 30, 2019:

Primary Government

	Balance 9/30/18	Additions	Retirements	Completed Construction	Balance 9/30/19
<b>GOVERNMENTAL ACTIVITIES:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,210,507	--	--	--	\$ 2,210,507
Construction in progress	85,300	613,427	--	--	698,727
	<u>2,295,807</u>	<u>613,427</u>	<u>--</u>	<u>--</u>	<u>2,909,234</u>
Capital assets, being depreciated:					
Buildings and improvements	16,175,928	53,225	--	--	16,229,153
Machinery and equipment	3,497,963	353,256	(123,437)	--	3,727,782
Total capital assets being depreciated	<u>19,673,891</u>	<u>406,481</u>	<u>(123,437)</u>	<u>--</u>	<u>19,956,935</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,489,488)	(386,725)	--	--	(2,876,213)
Machinery and equipment	(2,596,534)	(227,785)	123,437	--	(2,700,882)
Total accumulated depreciation	<u>(5,086,022)</u>	<u>(614,510)</u>	<u>123,437</u>	<u>--</u>	<u>(5,577,095)</u>
Total capital assets being depreciated, net	<u>14,587,869</u>	<u>(208,029)</u>	<u>--</u>	<u>--</u>	<u>14,379,840</u>
Governmental activities capital assets, net	<u>\$ 16,883,676</u>	<u>\$ 405,398</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17,289,074</u>

**CITY OF ROYSE CITY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2019**

	Balance 9/30/18	Additions	Retirements	Completed Construction	Balance 9/30/19
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,340,132	\$ 31,500	\$ --	\$ --	\$ 1,371,632
Construction in progress	--	--	--	--	--
Total capital assets not being depreciated	1,340,132	31,500	--	--	1,371,632
Capital assets, being depreciated:					
Buildings and improvements	39,551	--	--	--	39,551
Water and sewer system	25,947,238	267,018	--	--	26,214,256
Machinery and equipment	602,380	25,858	--	--	628,238
Total capital assets being depreciated	26,589,169	292,876	--	--	26,882,045
Less accumulated depreciation for:					
Buildings and improvements	(38,093)	(1,066)	--	--	(39,159)
Water and sewer system	(5,935,907)	(652,019)	--	--	(6,587,926)
Machinery and equipment	(492,994)	(18,232)	--	--	(511,226)
Total accumulated depreciation	(6,466,994)	(671,317)	--	--	(7,138,311)
Capital assets being depreciated, net	20,122,175	(378,441)	--	--	19,743,734
Business type activities capital assets, net	\$ 21,462,307	\$ (346,941)	\$ --	\$ --	\$ 21,115,366

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

**Governmental activities:**

General government	\$ 57,311
Public safety	160,356
Public works	301,393
Public services	67,583
Community development	8,808
Culture and recreation	8,144
Environmental services	10,915
Total depreciation expense - governmental activities	<u>\$ 614,510</u>

**Business-type activities:**

Water and sewer	<u>\$ 617,317</u>
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**CITY OF ROYSE CITY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2019

Construction commitments

The City has active construction projects as of September 30, 2019, consisting of street, park, and public safety improvements.

Project	Spent to Date	Remaining Commitment
Howard Street reconstruction	\$ 430,897	\$ 1,168,350
City Lake Park restrooms	83,784	4,410
Outdoor warning sirens	132,005	64,875
Fire Station 1	52,041	422,534
	<u>\$ 698,727</u>	<u>\$ 1,660,169</u>

These projects are being financed by bond proceeds and operations.

E. Interfund receivables, payables, and transfers

The were no interfund balances as of September 30, 2019. There was a due from the component unit as follows:

Fund	Receivable	Payable
General Fund - due from component unit	\$ 99,118	\$ --
EDC - due to primary government	--	99,118
Totals	<u>\$ 99,118</u>	<u>\$ 99,118</u>

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, 2019, is as follows:

Fund	Transfer In	Transfer Out
<b>Major Governmental Funds</b>		
General Fund	\$308,000	\$1,109,600
<b>Nonmajor Governmental Funds</b>		
Juvenile Case Management	--	8,000
General Capital CIP	868,500	--
Water and Sewer Enterprise Fund	--	300,000
<b>Internal Revenue Service</b>		
Technology Replacement	100,000	--
Vehicle Replacement	141,100	--
Totals	<u>\$1,417,600</u>	<u>\$1,417,600</u>

Transfers are made to fund general administrative operations.

**CITY OF ROYSE CITY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2019

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.

General Obligation Debt Outstanding as of September 30, 2019, is as follows:

Description	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/19
<b>Governmental Activities</b>					
General Obligation Bonds:					
GO Refunding, Series 2017	\$4,675,000	2017	2027	1.00%-4.00%	\$ 3,935,000
Certificates of Obligation Bonds:					
CO, Series 2006	1,875,000	2006	2026	4.03%	885,000
CO, Series 2011	535,000	2011	2031	4.25%	410,000
CO, Series 2016	1,915,000	2016	2036	2.00%-3.00%	1,485,000
CO, Series 2017	3,190,000	2017	2037	3.05%-4.00%	2,867,000
CO, Series 2018	3,265,000	2018	2038	3.00%-4.00%	3,000,000
CO, Series 2019	5,005,000	2019	2039	2.00%-4.00%	5,005,000
Total Certificates of Obligation					13,652,000
Total Governmental Activities General Obligation Debt					17,587,000
Business-type Activities:					
General Obligation Bonds:					
GO Refunding, Series 2014	4,695,000	2014	2030	1.50%-3.50%	3,050,000
GO Refunding, Series 2017	2,970,000	2017	2027	3.05%-4.50%	2,500,000
Total General Obligation Bonds					5,550,000
Certificates of Obligation Bonds:					
CO, Series 2010	3,690,000	2010	2030	2.00%-4.50%	2,630,000
CO, Series 2013	1,585,000	2013	2033	2.00%-3.00%	1,245,000
CO, Series 2016	575,000	2016	2036	2.00%-3.00%	505,000
CO, Series 2017	1,460,000	2017	2037	3.00%	1,363,000
Total Certificates of obligation					5,743,000
Total business-type general obligation debt					11,293,000
Total General Debt					\$ 28,880,000

**CITY OF ROYSE CITY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2019

Annual debt service requirements to maturity for general debt:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2020	\$ 1,261,000	\$ 566,218	\$ 924,000	\$ 359,566	\$ 3,110,784
2021	1,314,000	549,844	941,000	337,415	3,142,259
2022	1,277,000	501,647	1,028,000	325,153	3,131,800
2023	1,307,000	465,366	928,000	297,786	2,998,152
2024	1,349,000	421,439	966,000	266,437	3,002,876
2025-2029	5,356,000	1,385,936	4,579,000	799,082	12,120,018
2030-2034	3,045,000	703,682	1,575,000	164,514	5,488,196
2035-2039	2,678,000	221,316	352,000	21,404	3,272,720
<b>Total</b>	<b>\$ 17,587,000</b>	<b>\$ 4,815,448</b>	<b>\$ 11,293,000</b>	<b>\$ 2,571,357</b>	<b>\$ 36,266,805</b>

Capitalized Lease Obligations

The City has entered into a contract to purchase equipment. This contract has been treated as a capitalized lease.

Capitalized lease obligations outstanding at September 30, 2019 are as follows:

Purpose	Original Amount	Year Issue	Final Maturity	Interest Rate	Balance 9/30/19
<b>Capital Leases</b>					
Business-type activities					
Backhoe	\$ 67,724	2015	2020	3.504%	\$ 13,397
<b>Total Capitalized Lease Obligations</b>					<b>\$ 13,397</b>

Capital lease obligation debt service requirements to maturity are as follows:

Year	Business-type	
	Activities	Total
2020	13,866	13,866
Total payments	13,866	13,866
Less imputed interest	(469)	(469)
<b>Total Capital Lease Obligations</b>	<b>\$ 13,397</b>	<b>\$ 13,397</b>

**CITY OF ROYSE CITY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2019

**CHANGES IN LONG-TERM LIABILITIES**

During the year ended September 30, 2019, the following changes occurred in liabilities reported in the capital long-term debt:

	Balance 9/30/18	Additions	Retirements	Balance 9/30/19	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 4,308,000	\$ --	\$ (373,000)	\$ 3,935,000	\$ 382,000
Certificates of obligation	9,369,000	5,005,000	(722,000)	13,652,000	879,000
<b>Deferred amounts:</b>					
Unamortized premium (discount)	549,155	321,215	(56,110)	814,260	64,140
Total bonds payable	14,226,155	5,326,215	(1,151,110)	18,401,260	1,325,140
Compensated absences	148,184	206,368	(148,184)	206,368	20,637
Net OPEB liability	89,438	--	(1,324)	88,114	--
Net pension liability	1,471,768	645,433	--	2,117,201	--
<b>Governmental activity Long-Term Liabilities</b>	<b>\$ 15,935,545</b>	<b>\$ 6,178,016</b>	<b>\$(1,300,618)</b>	<b>\$ 20,812,943</b>	<b>\$ 1,345,777</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 6,242,000	--	\$ (692,000)	\$ 5,550,000	\$ 578,000
Certificates of obligation	6,076,000	--	(333,000)	5,743,000	346,000
Unamortized premium (discount)	295,865	--	(29,251)	266,614	29,250
Total bonds payable	12,613,865	--	(1,054,251)	11,559,614	953,250
Capital lease	26,340	--	(12,943)	13,397	13,397
Compensated absences	13,225	15,459	(13,225)	15,459	1,546
Net OPEB liability	9,033	--	(134)	8,899	--
Net pension liability	236,214	62,658	--	298,872	--
<b>Business-type activities</b>	<b>\$ 12,898,677</b>	<b>\$ 78,117</b>	<b>\$(1,080,553)</b>	<b>\$ 11,896,241</b>	<b>\$ 968,193</b>
<b>Economic Development Corporation:</b>					
Net OPEB liability	\$ 5,117	\$ --	\$ (76)	\$ 5,041	\$ --
Net pension liability	71,394	36,954	--	108,348	--
<b>Economic Development Corporation</b>	<b>\$ 76,511</b>	<b>\$ 36,954</b>	<b>\$ (76)</b>	<b>\$ 113,389</b>	<b>\$ --</b>

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, 2019.

**CITY OF ROYSE CITY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2019

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, 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 \$11,293,000 payable in General Obligation Bonds, as described in Note III. F. above, which are currently outstanding and recorded as obligations of the Enterprise Fund.

**CITY OF ROYSE CITY, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended September 30, 2019

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, 2019 was \$265,634. The remaining balance to be reimbursed was \$7,414,239 at September 30, 2019.

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 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.tmrs.com](http://www.tmrs.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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries) currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	46
Active employees	71
	<hr/>
	137
	<hr/> <hr/>

**CITY OF ROYSE CITY, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended September 30, 2019

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 16.39% and 15.98% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for the year ended September 30, 2019, were \$717,375 and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 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

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

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF ROYSE CITY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2019

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.50%	4.30%
International equities	17.50%	6.10%
Core fixed income	10.00%	1.00%
Non-core fixed income	20.00%	3.39%
Real return	10.00%	3.78%
Real estate	10.00%	4.44%
Absolute return	10.00%	3.56%
Private equity	5.00%	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**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2019

*Changes in the net pension liability*

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	[a]	[b]	[c]
Balance at 12/31/17	\$8,505,737	\$6,797,755	\$1,707,982
Changes for the year:			
Service cost	770,427	--	770,427
Interest	594,767	--	594,767
Change of benefit terms	--	--	--
Difference between expected and actual experience	92,003	--	92,003
Changes of assumptions	--	--	--
Contributions - employer	--	642,880	(642,880)
Contributions - employees	--	277,274	(277,274)
Net investment income	--	(203,862)	203,862
Benefit payments including refunds of employee contributions	(159,175)	(159,175)	--
Amortization of prior year assets	--	--	--
Administrative expense	--	(3,935)	3,935
Other changes	--	(206)	206
Net changes	1,298,022	552,976	745,046
Balance at 12/31/18	<u>\$9,803,759</u>	<u>\$7,350,731</u>	<u>\$2,453,028</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%	Current	1%
	Decrease	Discount Rate	Increase
	5.75%	6.75%	7.75%
Total Pension Liability	\$ 11,512,172	\$ 9,803,759	\$ 8,436,163
Plan Fiduciary Net Position	7,350,732	7,350,732	7,350,732
Net Pension Liability/(Asset)	<u>\$ 4,161,440</u>	<u>\$ 2,453,027</u>	<u>\$ 1,085,431</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](http://www.tmr.com).

**CITY OF ROYSE CITY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2019**

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

For the year ended September 30, 2019, the City recognized pension expense of \$795,123. At September 30, 2019, 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 12/31/18 Expense	Balance of Deferred (Inflows) 12/31/18	Balance of Deferred Outflows 12/31/18
<b>Due to liabilities:</b>						
Difference in expected and actual						
(actuarial (gains) or losses)	12/31/18	5.1200	\$ 92,003	\$17,969	\$ --	\$74,034
	12/31/17	4.0800	4,876	\$1,195	--	\$3,681
	12/31/16	3.3400	(126,107)	(37,756)	(88,351)	--
	12/31/15	2.2700	34,935	15,391	--	19,544
	12/31/14	1.0000	18,392	18,392	--	--
Difference in assumption changes						
(actuarial (gains) or losses)	12/31/15	2.2700	55,163	24,300	--	30,863
				<u>39,491</u>	<u>(88,351)</u>	<u>128,122</u>
<b>Due to assets:</b>						
Difference in projected and actual earnings						
pension plan reserves (actuarial)	12/31/18	5.0000	662,711	132,542	--	530,169
	12/31/17	4.0000	(315,205)	(78,801)	(236,404)	--
	12/31/16	3.0000	(225)	(75)	(150)	--
	12/31/15	2.0000	118,298	59,149	59,149	--
	12/31/14	1.0000	9,604	9,604	--	--
Employer contributions made subsequent to measurement date						545,577
				<u>122,419</u>	<u>(177,405)</u>	<u>1,075,746</u>
				<u>\$161,910</u>	<u>(\$265,756)</u>	<u>\$1,203,868</u>

\$545,577, 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>	
2019	\$ 133,914
2020	45,790
2021	60,065
2022	150,608
2023	<u>2,158</u>
	<u>\$ 392,535</u>

**CITY OF ROYSE CITY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2019

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 cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including retirees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single-employer, defined benefit OPEB plan with benefit payments treated as being equal to the employer's yearly contribution for retirees.

2. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's actual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB.

*Employees covered by benefit terms\**

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries) currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	11
Active employees	71
	<u>94</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 \$105,122 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions –*

The total OPEB liability in the December 31, 2018 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 10.5% 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, 2018.

Mortality rates – service retirees

**CITY OF ROYSE CITY, TEXAS**  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended September 30, 2019

RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Mortality rates – disabled retirees

RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

*Changes in the Total OPEB Liability*

	Increase (Decrease)
	OPEB Liability
Balance at 12/31/17	\$103,588
Changes for the year:	
Service cost	8,714
Interest	3,560
Effect of plan changes	--
Effect of economic/demographic gains or losses	(1,481)
Effect of assumption changes or inputs	(8,467)
Benefit payments	(792)
Net changes	1,534
Balance at 12/31/18	\$105,122

\*\* 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	Current Discount Rate	1% Increase
	2.71%	3.71%	4.71%
Total OPEB Liability	\$128,087	\$105,122	\$87,553

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).

**CITY OF ROYSE CITY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2019**

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, 2019 (i.e. recognized in the City's financial statements for the year ending September 30, 2020). 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 12/31/18 Expense	Balance of Deferred (Inflows) 12/31/18	Date of Deferred (Inflows)/Outflows 12/31/2018
	Remaining (Inflow) or Outflow of Resources	Date Established				
Due to liabilities:						
Difference in expected and actual experience						
(actuarial (gains) or losses)	(\$1,481)	12/31/18	7.1600	(\$207)	(\$1,274)	\$ --
Difference in assumption changes						
	(8,467)	12/31/18	7.1600	(1,183)	(7,284)	--
	7,653	12/31/17	6.1600	1,242	--	6,411
				(148)	(8,558)	6,411
Employer contributions made subsequent to measurement date						
				--	--	5,804
				--	--	5,804
				(\$148)	(\$8,558)	\$12,215

\$5,804 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</u>	
2019	(\$148)
2020	(148)
2021	(148)
2022	(148)
2023	(148)
Thereafter	(1,407)
	<u>(\$2,147)</u>

**CITY OF ROYSE CITY, TEXAS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended September 30, 2019

G. Implementation of GASB 75

Governmental Accounting Standards Board (GASB) issued statement 75 which requires that the effects of other post employment benefits be recorded in the City's financial statements. The City provides life insurance benefits for employees through the Texas Municipal Retirement System, including a reduced benefit to retired employees. Since the expense is recognized on a pay as you go basis, GASB 75 requires the unfunded liability for the earned benefits of the retirees be recorded as a liability of the City.

H. Restatement of Prior Year Financial Statements

In conjunction with the implementation of GASB 75, certain restatements have been made to the September 30, 2018 financial statements. Additionally, payments on a split bond issued were misallocated. The following adjustments have been made to reflect the effect on the net position as of September 30, 2018:

<b>Governmental Activities</b>	
Net Position as reported	\$ 13,372,136
Net decrease for GASB 75	(79,276)
Net increase for misallocation of debt	42,000
Net Position as restated	<u>\$ 13,334,860</u>
<b>Business-type Activities</b>	
Net Position as reported	\$ 17,621,901
Net decrease for GASB 75	(8,008)
Net decrease for misallocation of debt	(42,000)
Net Position as restated	<u>\$ 17,571,893</u>
<b>Economic Development Corporation</b>	
Net Position as reported	\$ 2,450,670
Net decrease for GASB 75	(4,536)
Net Position as restated	<u>\$ 2,446,134</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, 2019**

**EXHIBIT B-1**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<i>Ad valorem taxes, penalty and interest</i>	\$ 3,894,000	\$ 3,925,000	\$ 3,967,375	\$ 42,375
<i>Sales</i>	2,125,000	2,434,000	2,533,439	99,439
<i>Franchise</i>	467,000	547,800	556,063	8,263
<i>Beverage</i>	7,000	11,700	11,733	33
<i>Fines and fees</i>	300,200	312,200	347,444	35,244
<i>Licenses and permits</i>	414,000	517,000	686,943	169,943
<i>Charges for services</i>	469,000	636,500	786,508	150,008
<i>Intergovernmental</i>	149,400	149,400	149,407	7
<i>Donations</i>	-	-	7,995	7,995
<i>Interest income</i>	30,000	115,000	115,171	171
<i>Miscellaneous</i>	18,300	9,500	10,066	566
<b>Total revenues</b>	<u>7,873,900</u>	<u>8,658,100</u>	<u>9,172,144</u>	<u>514,044</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>General government</i>	2,002,249	2,061,549	2,047,417	14,132
<i>Public safety</i>	3,558,271	3,477,921	3,601,424	(123,503)
<i>Public works</i>	692,900	547,800	524,017	23,783
<i>Public services</i>	819,777	815,477	776,152	39,325
<i>Community development</i>	600,600	598,400	615,539	(17,139)
<i>Culture and recreation</i>	247,600	252,100	237,773	14,327
<i>Environmental services</i>	249,100	248,400	239,810	8,590
<b>Total current</b>	<u>8,170,497</u>	<u>8,001,647</u>	<u>8,042,132</u>	<u>(40,485)</u>
<b>Capital outlay:</b>				
<i>General government</i>	36,552	36,552	36,552	-
<i>Public safety</i>	170,229	170,229	170,229	-
<i>Public services</i>	27,973	27,973	27,973	-
<b>Total capital outlay</b>	<u>234,754</u>	<u>234,754</u>	<u>234,754</u>	<u>-</u>
<b>Total expenditures</b>	<u>8,405,250</u>	<u>8,236,400</u>	<u>8,276,886</u>	<u>(40,486)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(531,350)	421,700	895,258	473,558
<b>Other financing sources (uses):</b>				
<i>Transfers in</i>	308,000	308,000	308,000	-
<i>Sale of capital assets</i>	-	-	753	753
<i>Transfers out</i>	-	(1,109,600)	(1,109,600)	-
<b>Total other financing sources (uses)</b>	<u>308,000</u>	<u>(801,600)</u>	<u>(800,847)</u>	<u>753</u>
<b>Net change in fund balances</b>	(223,350)	(379,900)	94,411	474,311
<b>Fund balances, October 1</b>	4,339,136	4,339,136	4,339,136	-
<b>Fund balances, September 30</b>	<u>\$ 4,115,786</u>	<u>\$ 3,959,236</u>	<u>\$ 4,433,547</u>	<u>\$ 474,311</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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total pension liability:										
Service cost	\$ 770,427	\$ 623,280	\$ 551,164	\$ 499,985	\$ 404,223	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	594,767	-	439,753	389,694	335,002	-	-	-	-	-
Changes of benefit terms	-	524,432	-	-	-	-	-	-	-	-
Differences between expected and actual experience	92,003	659,130	(201,619)	81,108	97,116	-	-	-	-	-
Changes of assumptions	-	6,071	-	128,063	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(159,175)	(211,533)	(248,436)	(104,842)	(100,973)	-	-	-	-	-
Net change in total pension liability	1,298,022	1,601,380	540,862	994,008	735,368	-	-	-	-	-
Total pension liability - beginning	8,505,737	6,904,357	6,363,495	5,369,495	4,634,119	-	-	-	-	-
Total pension liability - ending (a)	<u>\$ 9,803,759</u>	<u>\$ 8,505,737</u>	<u>\$ 6,904,357</u>	<u>\$ 6,363,495</u>	<u>\$ 5,369,487</u>	<u>\$ -</u>				
Plan fiduciary net position:										
Contributions - employer	\$ 642,880	\$ 464,778	\$ 389,203	\$ 412,033	\$ 257,384	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	277,274	242,252	217,606	230,554	187,480	-	-	-	-	-
Net investment income	(203,862)	767,860	328,152	6,369	215,140	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(159,175)	(211,533)	(248,436)	(104,842)	(100,973)	-	-	-	-	-
Administrative expense	(3,935)	(3,978)	(3,706)	(3,879)	(2,245)	-	-	-	-	-
Other	(206)	(202)	(199)	(191)	(185)	-	-	-	-	-
Net change in plan fiduciary net position	552,976	1,259,177	682,620	540,044	556,601	-	-	-	-	-
Plan fiduciary net position - beginning	6,797,755	5,538,578	4,855,958	4,315,915	3,759,314	-	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ 7,350,731</u>	<u>\$ 6,797,755</u>	<u>\$ 5,538,578</u>	<u>\$ 4,855,959</u>	<u>\$ 4,315,915</u>	<u>\$ -</u>				
City's net pension liability - ending (a) - (b)	<u>\$ 2,453,028</u>	<u>\$ 1,707,982</u>	<u>\$ 1,365,779</u>	<u>\$ 1,507,536</u>	<u>\$ 1,053,572</u>	<u>\$ -</u>				
Plan fiduciary net position as a percentage of the total pension liability	74.98%	79.92%	80.22%	76.31%	80.38%	-	-	-	-	-
Covered-employee payroll	\$ 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	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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 709,950	\$ 597,472	\$ 506,859	\$ 402,912	\$ 276,233	\$ 239,078	\$ 245,390	\$ 221,868	\$ 180,934	\$ 199,253
Contributions in relation to the actuarially determined contribution	(709,950)	(597,472)	(506,859)	(402,912)	(276,233)	(239,078)	(245,390)	(221,868)	(180,934)	(199,253)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 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	\$ 1,987,438
Contributions as a percentage of covered-employee payroll	16.04%	15.58%	15.27%	12.01%	10.31%	9.01%	9.88%	10.13%	8.58%	10.03%

**Notes to Schedule**

**Valuation date:** 12/31/18

**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, 15% soft
Inflation	2.5%
Salary increases	3.5% to 10.50%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Cost of living adjustments	Cost of living adjustments are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost of living adjustment is included in the GASB calculations. No assumption for future cost of living adjustments is included in the funding valuation.
Retirement age	Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Demographic assumptions	Tables for annual rates for merit salary increases, termination, disability, service retirement, probability of withdrawal, retirement age, turnover, and mortality are available in the annual certification for December 31, 2017 which is included in the TMRS CAFR for December 31, 2017.
Benefit Changes	There were no benefit changes during 2018.

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

	December 31, 2018									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB liability:										
Service cost	\$ 8,714	\$ 6,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	3,560	3,336	-	-	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,481)	-	-	-	-	-	-	-	-	-
Changes of assumptions or other inputs	(8,467)	8,895	-	-	-	-	-	-	-	-
Benefit payments	(792)	(692)	-	-	-	-	-	-	-	-
Net change in total OPEB liability	1,534	18,460	-	-	-	-	-	-	-	-
Total OPEB liability - beginning	103,588	85,128	-	-	-	-	-	-	-	-
Total OPEB liability - ending	\$ 105,122	\$ 103,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 3,961,063	\$ 3,460,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered-employee payroll	2.65%	2.99%	-	-	-	-	-	-	-	-

Notes to Schedule:

There were no changes of benefit terms in 2018.

There were no changes of assumptions in 2018. The following are the discount rates used in each period.

2018	3.71%
2017	3.31%
2016	NA
2015	NA
2014	NA
2013	NA
2012	NA
2011	NA
2010	NA
2009	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, 2019  
(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, 2019**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,487,658	\$ 1,059,091	\$ 3,546,749
Receivables (net of allowances for uncollectibles)			
<i>Other receivables</i>	51,308	-	51,308
Total Assets	<u>2,538,966</u>	<u>1,059,091</u>	<u>3,598,057</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
<i>Accounts payable</i>	\$ 11,609	\$ 78,581	\$ 90,190
<i>Other liabilities</i>	11,223	-	11,223
Total Liabilities	<u>22,832</u>	<u>78,581</u>	<u>101,413</u>
<b>FUND BALANCES</b>			
<i>Restricted</i>	2,403,538	980,510	3,384,048
<i>Assigned</i>	112,596	-	112,596
Total fund balances	<u>2,516,134</u>	<u>980,510</u>	<u>3,496,644</u>
Total Liabilities and Fund Balances	<u>\$ 2,538,966</u>	<u>\$ 1,059,091</u>	<u>\$ 3,598,057</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, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
<i>Hotel motel tax</i>	\$ 98,052	\$ -	\$ 98,052
<i>Fines and fees</i>	20,723	189,000	209,723
<i>Licenses and permits</i>	28,645	-	28,645
<i>Impact fees</i>	129,097	-	129,097
<i>Donations</i>	62,673	-	62,673
<i>Interest income</i>	47,391	343	47,734
<i>Miscellaneous</i>	292,456	-	292,456
Total revenues	<u>679,037</u>	<u>189,343</u>	<u>868,380</u>
Expenditures:			
Current:			
<i>General government</i>	261,047	81,845	342,892
<i>Public works</i>	28,506	-	28,506
<i>Public services</i>	24,584	-	24,584
<i>Culture and recreation</i>	6,844	-	6,844
Total current	<u>320,981</u>	<u>81,845</u>	<u>402,826</u>
Capital outlay:			
<i>General government</i>	28,155	-	28,155
Total capital outlay	<u>28,155</u>	<u>-</u>	<u>28,155</u>
Total expenditures	<u>349,136</u>	<u>81,845</u>	<u>430,981</u>
Excess (deficiency) of revenues over (under) expenditures	329,901	107,498	437,399
Other financing sources (uses):			
<i>Transfers in</i>	-	868,500	868,500
<i>Transfers out</i>	(8,000)	-	(8,000)
Total other financing sources (uses)	<u>(8,000)</u>	<u>868,500</u>	<u>860,500</u>
Net change in fund balances	321,901	975,998	1,297,899
Fund balances, October 1	2,194,233	4,512	2,198,745
Fund balances, September 30	<u>\$ 2,516,134</u>	<u>\$ 980,510</u>	<u>\$ 3,496,644</u>

**CITY OF ROYSE CITY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2019**

	Municipal Court Technology	Municipal Court Security	Hotel/Motel Occupancy Tax Fund	Roadway Impact Fees
<b>ASSETS</b>				
Cash and cash equivalents	\$ 44,589	\$ 32,376	\$ 156,599	\$ 1,488,656
Receivables (net of allowances for uncollectibles)				
<i>Other receivables</i>	-	-	50,703	-
Total Assets	<u>44,589</u>	<u>32,376</u>	<u>207,302</u>	<u>1,488,656</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
<i>Accounts payable</i>	\$ 205	\$ -	\$ 1,750	\$ 5,806
<i>Other liabilities</i>	-	-	-	-
Total Liabilities	<u>205</u>	<u>-</u>	<u>1,750</u>	<u>5,806</u>
<b>FUND BALANCES</b>				
<i>Restricted</i>	44,384	32,376	205,552	1,482,850
<i>Assigned</i>	-	-	-	-
Total fund balances	<u>44,384</u>	<u>32,376</u>	<u>205,552</u>	<u>1,482,850</u>
Total Liabilities and fund balances	<u>\$ 44,589</u>	<u>\$ 32,376</u>	<u>\$ 207,302</u>	<u>\$ 1,488,656</u>

Police Forfeiture Federal	Police Forfeiture Local	Verandah Road Maintenance	Library Grant	Library Donations
\$ -	\$ 4,313	\$ 173,125	\$ 1,749	\$ 413
-	-	-	-	-
<u>-</u>	<u>4,313</u>	<u>173,125</u>	<u>1,749</u>	<u>413</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	1,121	-	-	-
<u>-</u>	<u>1,121</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	3,192	173,125	-	-
-	-	-	1,749	413
<u>-</u>	<u>3,192</u>	<u>173,125</u>	<u>1,749</u>	<u>413</u>
\$ -	\$ 4,313	\$ 173,125	\$ 1,749	\$ 413

**CITY OF ROYSE CITY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2019**

	Juvenile Case Management	Senior Center Donations	Main Street Donations	Parks Donations
<b>ASSETS</b>				
Cash and cash equivalents	\$ 22,034	\$ 5,183	\$ 33,193	\$ 13,058
Receivables (net of allowances for uncollectibles)				
<i>Other receivables</i>	-	-	-	-
Total Assets	<u>22,034</u>	<u>5,183</u>	<u>33,193</u>	<u>13,058</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
<i>Accounts payable</i>	\$ 94	\$ -	\$ 671	\$ -
<i>Other liabilities</i>	-	-	-	-
Total Liabilities	<u>94</u>	<u>-</u>	<u>671</u>	<u>-</u>
<b>FUND BALANCES</b>				
<i>Restricted</i>	21,940	-	-	-
<i>Assigned</i>	-	5,183	32,522	13,058
Total fund balances	<u>21,940</u>	<u>5,183</u>	<u>32,522</u>	<u>13,058</u>
Total Liabilities and fund balances	<u>\$ 22,034</u>	<u>\$ 5,183</u>	<u>\$ 33,193</u>	<u>\$ 13,058</u>

Animal Control Donations	Police Donations	Animal Shelter New Building	Fire Donations	Park Recreation Programs
\$ 32,297	\$ 6,903	\$ 7,563	\$ 12,303	\$ 37,134
605	-	-	-	-
<u>32,902</u>	<u>6,903</u>	<u>7,563</u>	<u>12,303</u>	<u>37,134</u>
\$ -	\$ -	\$ -	\$ -	\$ 203
-	-	-	-	-
-	-	-	-	203
-	-	-	-	36,931
<u>32,902</u>	<u>6,903</u>	<u>7,563</u>	<u>12,303</u>	<u>36,931</u>
<u>32,902</u>	<u>6,903</u>	<u>7,563</u>	<u>12,303</u>	<u>36,931</u>
\$ <u>32,902</u>	\$ <u>6,903</u>	\$ <u>7,563</u>	\$ <u>12,303</u>	\$ <u>37,134</u>

**CITY OF ROYSE CITY, TEXAS**  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2019

	Union Square Public Improvement District	Waterscape Public Improvement District	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS</b>			
Cash and cash equivalents	\$ 405,905	\$ 10,265	\$ 2,487,658
Receivables (net of allowances for uncollectibles)			
<i>Other receivables</i>	-	-	51,308
Total Assets	<u>405,905</u>	<u>10,265</u>	<u>2,538,966</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,880	\$ -	\$ 11,609
Other liabilities	-	10,102	11,223
Total Liabilities	<u>2,880</u>	<u>10,102</u>	<u>22,832</u>
<b>FUND BALANCES</b>			
<i>Restricted</i>	403,025	163	2,403,538
<i>Assigned</i>	-	-	112,596
Total fund balances	<u>403,025</u>	<u>163</u>	<u>2,516,134</u>
Total Liabilities and fund balances	<u>\$ 405,905</u>	<u>\$ 10,265</u>	<u>\$ 2,538,966</u>

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**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, 2019

	Municipal Court Technology	Municipal Court Security	Hotel/Motel Occupancy Tax Fund	Roadway Impact Fees
Revenues:				
Hotel motel tax	\$ -	\$ -	\$ 98,052	\$ -
Fines and fees	6,852	5,140	-	-
Licenses and permits	-	-	-	-
Impact fees	-	-	-	116,497
Donations	-	-	-	-
Interest income	695	620	2,759	32,926
Miscellaneous	-	-	-	-
Total revenues	<u>7,547</u>	<u>5,760</u>	<u>100,811</u>	<u>149,423</u>
Expenditures:				
Current:				
General government	4,338	1,320	66,381	-
Public works	-	-	-	23,069
Public services	-	-	-	-
Culture and recreation	-	-	-	-
Total current	<u>4,338</u>	<u>1,320</u>	<u>66,381</u>	<u>23,069</u>
Capital outlay:				
General government	-	28,155	-	-
Total capital outlay	<u>-</u>	<u>28,155</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,338</u>	<u>29,475</u>	<u>66,381</u>	<u>23,069</u>
Excess (deficiency) of revenues over (under) expenditures	3,209	(23,715)	34,430	126,354
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,209	(23,715)	34,430	126,354
Fund balances, October 1	41,175	56,091	171,122	1,356,496
Fund balances, September 30	<u>\$ 44,384</u>	<u>\$ 32,376</u>	<u>\$ 205,552</u>	<u>\$ 1,482,850</u>

Police Forfeiture Local	Verandah Road Maintenance	Library Grant	Library Donations	Juvenile Case Management
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	8,731
-	12,600	-	-	-
-	2,630	-	-	-
63	-	-	7	362
695	-	-	-	-
<u>758</u>	<u>15,230</u>	<u>-</u>	<u>7</u>	<u>9,093</u>
600	-	-	-	1,758
-	-	-	-	-
-	-	-	-	-
<u>600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,758</u>
-	-	-	-	-
-	-	-	-	-
<u>600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,758</u>
158	15,230	-	7	7,335
-	-	-	-	(8,000)
-	-	-	-	(8,000)
158	15,230	-	7	(665)
3,034	157,895	1,749	406	22,605
<u>\$ 3,192</u>	<u>\$ 173,125</u>	<u>\$ 1,749</u>	<u>\$ 413</u>	<u>\$ 21,940</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, 2019

	Senior Center Donations	Main Street Donations	Parks Donations
Revenues:			
Hotel motel tax	\$ -	\$ -	\$ -
Fines and fees	-	-	-
Licenses and permits	-	-	-
Impact fees	-	-	-
Donations	9,832	19,289	9,048
Interest income	63	505	157
Miscellaneous	-	-	-
Total revenues	<u>9,895</u>	<u>19,794</u>	<u>9,205</u>
Expenditures:			
Current:			
General government	-	13,361	-
Public works	-	-	5,437
Public services	-	-	-
Culture and recreation	6,844	-	-
Total current	<u>6,844</u>	<u>13,361</u>	<u>5,437</u>
Capital outlay:			
General government	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,844</u>	<u>13,361</u>	<u>5,437</u>
Excess (deficiency) of revenues over (under) expenditures	3,051	6,433	3,768
Other financing sources (uses):			
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,051	6,433	3,768
Fund balances, October 1	2,132	26,089	9,290
Fund balances, September 30	<u>\$ 5,183</u>	<u>\$ 32,522</u>	<u>\$ 13,058</u>

Animal Control Donations	Police Donations	Animal Shelter New Building	Fire Donations	Park Recreation Programs
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	28,645
11,617	1,635	-	11,252	-
490	103	123	227	662
<u>12,107</u>	<u>1,738</u>	<u>123</u>	<u>11,479</u>	<u>29,307</u>
4,724	509	-	7,872	-
-	-	-	-	-
-	-	-	-	24,584
<u>4,724</u>	<u>509</u>	<u>-</u>	<u>7,872</u>	<u>24,584</u>
-	-	-	-	-
<u>4,724</u>	<u>509</u>	<u>-</u>	<u>7,872</u>	<u>24,584</u>
7,383	1,229	123	3,607	4,723
-	-	-	-	-
<u>7,383</u>	<u>1,229</u>	<u>123</u>	<u>3,607</u>	<u>4,723</u>
25,519	5,674	7,440	8,696	32,208
<u>\$ 32,902</u>	<u>\$ 6,903</u>	<u>\$ 7,563</u>	<u>\$ 12,303</u>	<u>\$ 36,931</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, 2019

	Union Square Public Improvement District	Waterscape Public Improvement District	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:			
Hotel motel tax	\$ -	\$ -	\$ 98,052
Fines and fees	-	-	20,723
Licenses and permits	-	-	28,645
Impact fees	-	-	129,097
Donations	-	-	62,673
Interest income	4,999	-	47,391
Miscellaneous	291,761	-	292,456
Total revenues	<u>296,760</u>	<u>-</u>	<u>679,037</u>
Expenditures:			
Current:			
General government	160,184	-	261,047
Public works	-	-	28,506
Public services	-	-	24,584
Culture and recreation	-	-	6,844
Total current	<u>160,184</u>	<u>-</u>	<u>320,981</u>
Capital outlay:			
General government	-	-	28,155
Total capital outlay	<u>-</u>	<u>-</u>	<u>28,155</u>
Total expenditures	<u>160,184</u>	<u>-</u>	<u>349,136</u>
Excess (deficiency) of revenues over (under) expenditures	136,576	-	329,901
Other financing sources (uses):			
Transfers out	-	-	(8,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(8,000)</u>
Net change in fund balances	136,576	-	321,901
Fund balances, October 1	266,449	163	2,194,233
Fund balances, September 30	<u>\$ 403,025</u>	<u>\$ 163</u>	<u>\$ 2,516,134</u>

**CITY OF ROYSE CITY, TEXAS**  
MUNICIPAL COURT TECHNOLOGY  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 6,000	\$ 6,852	\$ 852
<i>Interest income</i>	300	695	395
Total revenues	<u>6,300</u>	<u>7,547</u>	<u>1,247</u>
Expenditures:			
Current:			
<i>General government</i>	6,000	4,338	1,662
Total current	<u>6,000</u>	<u>4,338</u>	<u>1,662</u>
Total expenditures	<u>6,000</u>	<u>4,338</u>	<u>1,662</u>
Net change in fund balances	300	3,209	2,909
Fund balances, October 1	41,175	41,175	-
Fund balances, September 30	<u>\$ 41,475</u>	<u>\$ 44,384</u>	<u>\$ 2,909</u>

**CITY OF ROYSE CITY, TEXAS**  
MUNICIPAL COURT SECURITY FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 5,000	\$ 5,140	\$ 140
<i>Interest income</i>	-	620	620
Total revenues	<u>5,000</u>	<u>5,760</u>	<u>760</u>
Expenditures:			
Current:			
<i>General government</i>	45	1,320	(1,275)
Total current	<u>45</u>	<u>1,320</u>	<u>(1,275)</u>
Capital outlay:			
<i>General government</i>	28,155	28,155	-
Total capital outlay	<u>28,155</u>	<u>28,155</u>	<u>-</u>
Total expenditures	<u>28,200</u>	<u>29,475</u>	<u>(1,275)</u>
Net change in fund balances	(23,200)	(23,715)	(515)
Fund balances, October 1	56,091	56,091	-
Fund balances, September 30	<u>\$ 32,891</u>	<u>\$ 32,376</u>	<u>\$ (515)</u>

**CITY OF ROYSE CITY, TEXAS**  
HOTEL/MOTEL OCCUPANCY TAX FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-7

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Hotel motel tax</i>	\$ 85,000	\$ 98,052	\$ 13,052
<i>Interest income</i>	-	2,759	2,759
Total revenues	<u>85,000</u>	<u>100,811</u>	<u>15,811</u>
Expenditures:			
Current:			
<i>General government</i>	55,300	66,381	(11,081)
Total current	<u>55,300</u>	<u>66,381</u>	<u>(11,081)</u>
Total expenditures	<u>55,300</u>	<u>66,381</u>	<u>(11,081)</u>
Net change in fund balances	29,700	34,430	4,730
Fund balances, October 1	171,122	171,122	-
Fund balances, September 30	<u>\$ 200,822</u>	<u>\$ 205,552</u>	<u>\$ 4,730</u>

**CITY OF ROYSE CITY, TEXAS**  
 ROADWAY IMPACT FEES  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Impact fees</i>	\$ 100,000	\$ 116,497	\$ 16,497
<i>Interest income</i>	25,000	32,926	7,926
Total revenues	<u>125,000</u>	<u>149,423</u>	<u>24,423</u>
Expenditures:			
Current:			
<i>Public works</i>	50,000	23,069	26,931
Total current	<u>50,000</u>	<u>23,069</u>	<u>26,931</u>
Total expenditures	<u>50,000</u>	<u>23,069</u>	<u>26,931</u>
Net change in fund balances	75,000	126,354	51,354
Fund balances, October 1	1,356,496	1,356,496	-
Fund balances, September 30	<u>\$ 1,431,496</u>	<u>\$ 1,482,850</u>	<u>\$ 51,354</u>

**CITY OF ROYSE CITY, TEXAS**  
**POLICE FORFEITURE LOCAL**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT C-9**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Interest income</i>	\$ -	\$ 63	\$ 63
<i>Miscellaneous</i>	-	695	695
Total revenues	<u>-</u>	<u>758</u>	<u>758</u>
Expenditures:			
Current:			
<i>General government</i>	1,000	600	400
Total current	<u>1,000</u>	<u>600</u>	<u>400</u>
Total expenditures	<u>1,000</u>	<u>600</u>	<u>400</u>
Net change in fund balances	(1,000)	158	1,158
Fund balances, October 1	3,034	3,034	-
Fund balances, September 30	<u>\$ 2,034</u>	<u>\$ 3,192</u>	<u>\$ 1,158</u>

**CITY OF ROYSE CITY, TEXAS**  
 VERANDAH ROAD MAINTENANCE  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Impact fees</i>	\$ 1,000	\$ 12,600	\$ 11,600
<i>Interest income</i>	500	2,630	2,130
Total revenues	<u>1,500</u>	<u>15,230</u>	<u>13,730</u>
Net change in fund balances	1,500	15,230	13,730
Fund balances, October 1	157,895	157,895	-
Fund balances, September 30	<u>\$ 159,395</u>	<u>\$ 173,125</u>	<u>\$ 13,730</u>

**CITY OF ROYSE CITY, TEXAS**  
**JUVENILE CASE MANAGEMENT FUND**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT C-11**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Fines and fees</i>	\$ 7,500	\$ 8,731	\$ 1,231
<i>Interest income</i>	-	362	362
Total revenues	<u>7,500</u>	<u>9,093</u>	<u>1,593</u>
Expenditures:			
Current:			
<i>General government</i>	1,500	1,758	(258)
Total current	<u>1,500</u>	<u>1,758</u>	<u>(258)</u>
Total expenditures	<u>1,500</u>	<u>1,758</u>	<u>(258)</u>
Excess (deficiency) of revenues over (under) expenditures	6,000	7,335	1,335
Other financing sources (uses):			
<i>Transfers out</i>	(8,000)	(8,000)	-
Total other financing sources (uses)	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Net change in fund balances	(2,000)	(665)	1,335
Fund balances, October 1	22,605	22,605	-
Fund balances, September 30	<u>\$ 20,605</u>	<u>\$ 21,940</u>	<u>\$ 1,335</u>

**CITY OF ROYSE CITY, TEXAS**  
 SENIOR CENTER DONATIONS  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-12

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Donations</i>	\$ 8,600	\$ 9,832	\$ 1,232
<i>Interest income</i>	-	63	63
Total revenues	<u>8,600</u>	<u>9,895</u>	<u>1,295</u>
Expenditures:			
Current:			
<i>Culture and recreation</i>	5,600	6,844	(1,244)
Total current	<u>5,600</u>	<u>6,844</u>	<u>(1,244)</u>
Total expenditures	<u>5,600</u>	<u>6,844</u>	<u>(1,244)</u>
Net change in fund balances	3,000	3,051	51
Fund balances, October 1	2,132	2,132	-
Fund balances, September 30	<u>\$ 5,132</u>	<u>\$ 5,183</u>	<u>\$ 51</u>

**CITY OF ROYSE CITY, TEXAS**  
**MAIN STREET DONATIONS**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT C-13**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Donations</i>	\$ 25,000	\$ 19,289	\$ (5,711)
<i>Interest income</i>	-	505	505
Total revenues	<u>25,000</u>	<u>19,794</u>	<u>(5,206)</u>
Expenditures:			
Current:			
<i>General government</i>	25,000	13,361	11,639
Total current	<u>25,000</u>	<u>13,361</u>	<u>11,639</u>
Total expenditures	<u>25,000</u>	<u>13,361</u>	<u>11,639</u>
Net change in fund balances	-	6,433	6,433
Fund balances, October 1	26,089	26,089	-
Fund balances, September 30	<u>\$ 26,089</u>	<u>\$ 32,522</u>	<u>\$ 6,433</u>

**CITY OF ROYSE CITY, TEXAS**  
**PARKS DONATIONS**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT C-14**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Donations</i>	\$ 5,300	\$ 9,048	\$ 3,748
<i>Interest income</i>	-	157	157
Total revenues	<u>5,300</u>	<u>9,205</u>	<u>3,905</u>
Expenditures:			
Current:			
<i>Public works</i>	4,000	5,437	(1,437)
Total current	<u>4,000</u>	<u>5,437</u>	<u>(1,437)</u>
Total expenditures	<u>4,000</u>	<u>5,437</u>	<u>(1,437)</u>
Net change in fund balances	1,300	3,768	2,468
Fund balances, October 1	9,290	9,290	-
Fund balances, September 30	<u>\$ 10,590</u>	<u>\$ 13,058</u>	<u>\$ 2,468</u>

**CITY OF ROYSE CITY, TEXAS**  
*ANIMAL CONTROL DONATIONS*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2019*

EXHIBIT C-15

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Donations</i>	\$ 7,500	\$ 11,617	\$ 4,117
<i>Interest income</i>	-	490	490
Total revenues	<u>7,500</u>	<u>12,107</u>	<u>4,607</u>
Expenditures:			
Current:			
<i>General government</i>	5,000	4,724	276
Total current	<u>5,000</u>	<u>4,724</u>	<u>276</u>
Total expenditures	<u>5,000</u>	<u>4,724</u>	<u>276</u>
Net change in fund balances	2,500	7,383	4,883
Fund balances, October 1	25,519	25,519	-
Fund balances, September 30	<u>\$ 28,019</u>	<u>\$ 32,902</u>	<u>\$ 4,883</u>

**CITY OF ROYSE CITY, TEXAS**  
**POLICE DONATIONS**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT C-16**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Donations</i>	\$ 1,600	\$ 1,635	\$ 35
<i>Interest income</i>	-	103	103
Total revenues	<u>1,600</u>	<u>1,738</u>	<u>138</u>
Expenditures:			
Current:			
<i>General government</i>	1,000	509	491
Total current	<u>1,000</u>	<u>509</u>	<u>491</u>
Total expenditures	<u>1,000</u>	<u>509</u>	<u>491</u>
Net change in fund balances	600	1,229	629
Fund balances, October 1	5,674	5,674	-
Fund balances, September 30	<u>\$ 6,274</u>	<u>\$ 6,903</u>	<u>\$ 629</u>

**CITY OF ROYSE CITY, TEXAS**  
**FIRE DONATIONS**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT C-17**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Donations</i>	\$ 11,300	\$ 11,252	\$ (48)
<i>Interest income</i>	-	227	227
Total revenues	<u>11,300</u>	<u>11,479</u>	<u>179</u>
Expenditures:			
Current:			
<i>General government</i>	8,000	7,872	128
Total current	<u>8,000</u>	<u>7,872</u>	<u>128</u>
Total expenditures	<u>8,000</u>	<u>7,872</u>	<u>128</u>
Net change in fund balances	3,300	3,607	307
Fund balances, October 1	8,696	8,696	-
Fund balances, September 30	<u>\$ 11,996</u>	<u>\$ 12,303</u>	<u>\$ 307</u>

**CITY OF ROYSE CITY, TEXAS**  
 PARK/RECREATION PROGRAMS  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-18

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Licenses and permits</i>	\$ 26,900	\$ 28,645	\$ 1,745
<i>Interest income</i>	-	662	662
Total revenues	<u>26,900</u>	<u>29,307</u>	<u>2,407</u>
Expenditures:			
Current:			
<i>Public services</i>	27,500	24,584	2,916
Total current	<u>27,500</u>	<u>24,584</u>	<u>2,916</u>
Total expenditures	<u>27,500</u>	<u>24,584</u>	<u>2,916</u>
Net change in fund balances	(600)	4,723	5,323
Fund balances, October 1	32,208	32,208	-
Fund balances, September 30	<u>\$ 31,608</u>	<u>\$ 36,931</u>	<u>\$ 5,323</u>

**CITY OF ROYSE CITY, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT C-19**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<i>Ad valorem taxes, penalty and interest</i>	\$ 1,503,000	\$ 1,519,382	\$ 16,382
<i>Donations</i>	50,000	100,000	50,000
<i>Interest income</i>	40,000	52,750	12,750
<b>Total revenues</b>	<u>1,593,000</u>	<u>1,672,132</u>	<u>79,132</u>
<b>Expenditures:</b>			
<b>Debt service:</b>			
<i>Principal</i>	1,062,000	1,057,000	5,000
<i>Interest</i>	430,500	415,492	15,008
<b>Total debt service</b>	<u>1,492,500</u>	<u>1,472,492</u>	<u>20,008</u>
<b>Total expenditures</b>	<u>1,492,500</u>	<u>1,472,492</u>	<u>20,008</u>
Excess (deficiency) of revenues over (under) expenditures	100,500	199,640	99,140
<b>Other financing sources (uses):</b>			
<i>Transfers out</i>	-	(38,000)	(38,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(38,000)</u>	<u>(38,000)</u>
<b>Net change in fund balances</b>	100,500	161,640	61,140
<b>Fund balances, October 1</b>	1,173,631	1,173,631	-
<b>Fund balances, September 30</b>	<u>\$ 1,274,131</u>	<u>\$ 1,335,271</u>	<u>\$ 61,140</u>

**CITY OF ROYSE CITY, TEXAS**  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 SEPTEMBER 30, 2019

	Park Development Fees	Verandah Development Fees	General Capital/CIP	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS</b>				
<i>Cash and cash equivalents</i>	\$ 21,539	\$ 172,316	\$ 865,236	\$ 1,059,091
Total Assets	<u>21,539</u>	<u>172,316</u>	<u>865,236</u>	<u>1,059,091</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
<i>Accounts payable</i>	\$ -	\$ -	\$ 78,581	\$ 78,581
Total Liabilities	<u>-</u>	<u>-</u>	<u>78,581</u>	<u>78,581</u>
 <b>FUND BALANCES</b>				
<i>Restricted</i>	21,539	172,316	786,655	980,510
Total fund balances	<u>21,539</u>	<u>172,316</u>	<u>786,655</u>	<u>980,510</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 21,539</u>	<u>\$ 172,316</u>	<u>\$ 865,236</u>	<u>\$ 1,059,091</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, 2019

	Park Development Fees	Verandah Development Fees	General Capital/CIP	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
<b>Revenues:</b>				
<i>Fines and fees</i>	\$ 21,000	\$ 168,000	\$ -	\$ 189,000
<i>Interest income</i>	38	305	-	343
<b>Total revenues</b>	<u>21,038</u>	<u>168,305</u>	<u>-</u>	<u>189,343</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<i>General government</i>	-	-	81,845	81,845
<b>Total current</b>	<u>-</u>	<u>-</u>	<u>81,845</u>	<u>81,845</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>81,845</u>	<u>81,845</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	21,038	168,305	(81,845)	107,498
<b>Other financing sources (uses):</b>				
<i>Transfers in</i>	-	-	868,500	868,500
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>868,500</u>	<u>868,500</u>
<b>Net change in fund balances</b>	21,038	168,305	786,655	975,998
<b>Fund balances, October 1</b>	501	4,011	-	4,512
<b>Fund balances, September 30</b>	<u>\$ 21,539</u>	<u>\$ 172,316</u>	<u>\$ 786,655</u>	<u>\$ 980,510</u>

**CITY OF ROYSE CITY, TEXAS**  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2019

	Technology Replacement	Vehicle Replacement	Total Internal Service Funds (See Exhibit A-7)
<b>ASSETS</b>			
Current Assets:			
<i>Cash and Cash Equivalents</i>	\$ 100,132	\$ 124,572	\$ 224,704
Total Current Assets	<u>100,132</u>	<u>124,572</u>	<u>224,704</u>
Total Assets	<u>100,132</u>	<u>124,572</u>	<u>224,704</u>
<b>NET POSITION</b>			
<i>Unrestricted</i>	\$ 100,132	\$ 124,572	\$ 224,704
Total Net Position	<u>\$ 100,132</u>	<u>\$ 124,572</u>	<u>\$ 224,704</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, 2019**

	Technology Replacement	Vehicle Replacement	Total Internal Service Funds (See Exhibit A-8)
<b>OPERATING REVENUES:</b>			
<i>Miscellaneous</i>	\$ -	\$ 60,500	\$ 60,500
Total Operating Revenues	<u>-</u>	<u>60,500</u>	<u>60,500</u>
<b>OPERATING EXPENSES:</b>			
<i>Other expense</i>	-	111,394	111,394
Total Operating Expenses	<u>-</u>	<u>111,394</u>	<u>111,394</u>
Operating Income (loss)	<u>-</u>	<u>(50,894)</u>	<u>(50,894)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Interest revenue</i>	132	580	712
<i>Gain (loss) on disposal of capital assets</i>	-	11,842	11,842
Total Non-operating Revenues (Expenses)	<u>132</u>	<u>12,422</u>	<u>12,554</u>
Income (loss) before Transfers	132	(38,472)	(38,340)
<i>Transfers in</i>	<u>100,000</u>	<u>141,100</u>	<u>241,100</u>
Change in Net Position	100,132	102,628	202,760
Total Net Position - Beginning	-	21,944	21,944
Total Net Position - Ending	<u>\$ 100,132</u>	<u>\$ 124,572</u>	<u>\$ 224,704</u>

**CITY OF ROYSE CITY, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ALL INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Technology Replacement	Vehicle Replacement	Total Internal Service Funds (See Exhibit A-9)
<b>Cash Flows from Operating Activities:</b>			
<i>Cash Received from Customers</i>	\$ -	\$ 60,500	\$ 60,500
<i>Cash Payments to Suppliers for Goods and Services</i>	-	(111,394)	(111,394)
Net Cash Provided (Used) by Operating Activities	<u>-</u>	<u>(50,894)</u>	<u>(50,894)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>			
<i>Transfers From (To) Other Funds</i>	100,000	141,100	241,100
Net Cash Provided (Used) by Non-capital Financing Activities	<u>100,000</u>	<u>141,100</u>	<u>241,100</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
<i>Proceeds from Sale of Capital Assets</i>	-	11,842	11,842
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>-</u>	<u>11,842</u>	<u>11,842</u>
<b>Cash Flows from Investing Activities:</b>			
<i>Interest and Dividends on Investments</i>	132	580	712
Net Cash Provided (Used) for Investing Activities	<u>132</u>	<u>580</u>	<u>712</u>
Net Increase (Decrease) in Cash and Cash Equivalents	100,132	102,628	202,760
Cash and Cash Equivalents at Beginning of Year	-	21,944	21,944
Cash and Cash Equivalents at End of Year	<u>\$ 100,132</u>	<u>\$ 124,572</u>	<u>\$ 224,704</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ -	\$ (50,894)	\$ (50,894)
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ (50,894)</u>	<u>\$ (50,894)</u>

### *Discrete Component Unit*

This 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, 2019

	General Fund
<b>ASSETS</b>	
<i>Cash and cash equivalents</i>	\$ 2,828,222
<i>Due from other governments</i>	170,503
Total Assets	<u>2,998,725</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
<i>Other liabilities</i>	\$ 15,800
<i>Due to primary government</i>	99,118
Total Liabilities	<u>114,918</u>
<b>FUND BALANCES</b>	
<i>Restricted</i>	2,883,807
Total fund balances	<u>2,883,807</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,998,725</u>

**CITY OF ROYSE CITY, TEXAS**

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION - ROYSE CITY COMMUNITY DEVELOPMENT CORPORATION  
 SEPTEMBER 30, 2019

Total fund balances - governmental funds balance sheet	\$ 2,883,807
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.	49,287
Recognition of the CDC's net pension liability is not reported in the funds.	(108,348)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(9,738)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	54,022
Recognition of the CDC's net OPEB liability is not reported in the funds.	(5,041)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(423)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	603
Net position of governmental activities - Statement of Net Position	<u>\$ 2,864,169</u>

**CITY OF ROYSE CITY, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - ROYSE CITY COMMUNITY DEVELOPMENT CORPORATION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund
Revenues:	
<i>Sales</i>	\$ 933,849
<i>Interest income</i>	50,594
<i>Miscellaneous</i>	809
Total revenues	<u>985,252</u>
Expenditures:	
Current:	
<i>General government</i>	562,188
Total current	<u>562,188</u>
Net change in fund balances	423,064
Fund balances, October 1	<u>2,460,743</u>
Fund balances, September 30	<u>\$ 2,883,807</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 - ROYSE CITY COMMUNITY DEVELOPMENT CORPORATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2019*

Net change in fund balances - total governmental funds	\$ 423,064
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(4,704)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	<u>(325)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 418,035</u>

The accompanying notes are an integral part of this statement.

**CITY OF ROYSE CITY, TEXAS**

ROYSE CITY COMMUNITY DEVELOPMENT CORPORATION - GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-29

	Budget	Actual	Budget Positive (Negative)
Revenues:			
<i>Sales</i>	\$ 842,300	\$ 933,849	\$ 91,549
<i>Interest income</i>	44,298	50,594	6,296
<i>Miscellaneous</i>	--	809	809
Total revenues	<u>886,598</u>	<u>985,252</u>	<u>98,654</u>
Expenditures:			
Current:			
<i>General government</i>	710,157	562,188	147,969
Total current	<u>710,157</u>	<u>562,188</u>	<u>147,969</u>
Total expenditures	<u>710,157</u>	<u>562,188</u>	<u>147,969</u>
Net change in fund balances	176,441	423,064	246,623
Fund balances, October 1	2,460,743	2,460,743	--
Fund balances, September 30	<u>\$ 2,637,184</u>	<u>\$ 2,883,807</u>	<u>\$ 246,623</u>