

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

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**CITY OF MATHIS, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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Independent Auditors' Report

Honorable City Council  
City of Mathis, Texas

Members of the Council:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mathis, Texas, as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

**Opinions**

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

**Other Matters**

*Required Supplementary Information*

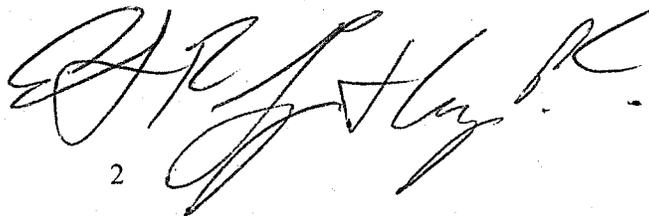
Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis on pages 3-9 and the Other Post-employment benefits Schedule of Funding Progress, Other Post-Employment Benefits Schedule of Annual Required Contributions, Schedule of Changes in the Net Pension Liabilities and Related Ratios and budgetary comparison information* on page 23 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 Mathis' basic financial statements. The combining and individual non-major fund financial statements and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual non-major fund financial statements* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the above paragraphs, the combining and individual non-major fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernest R. Garza & Company, P.C.  
Certified Public Accountants  
Corpus Christi, Texas  
July 5, 2022



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**CITY OF MATHIS, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

In this section of the Annual Financial and Compliance Report, we, the managers of City of Mathis, Texas, discuss and analyze the City's financial performance for the fiscal year ended September 30, 2020. Please read it in conjunction with the independent auditors' report on page 1, and the City's Basic Financial Statements which begin on page 13.

**FINANCIAL HIGHLIGHTS**

- During the year, the City had expenditures of \$4,435,950 that were \$424,320 more than the \$4,011,631 generated in tax and other revenues – capital bonds of \$3,560,000 and premium of \$592,235 and transfers of \$80,632 for a net of \$3,808,547 for governmental programs (Exhibit C-3). This compares to last year (2019) when expenditures \$4,416,136 were \$232,984 less than revenues \$4,111,813 and transfers of \$67,696 for a net \$(165,288)
- In the City's business-type activities, operational revenues increased from \$1,518,113 in 2019 to \$1,550,683 and expenses decreased from \$1,597,457 to \$1,437,414 for a net operating income of \$113,269 (compared to \$79,344 in 2019 where expenses exceeded revenue). After transfer out of \$(80,632) in 2020 compared to transfers out of \$(67,696) in 2019, a net decrease of \$(3,442) in net position for 2020 compared to a decrease of \$(182,047) in 2019.
- The General Fund ended the year with a fund balance of \$176,544 up from 2019 of \$68,371.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 13 and 14-15). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 16) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the City were sold to departments within the City or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the City.

The notes to the financial statements (starting on page 32) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the City's individual funds. The sections labeled Required Schedules Section contain data used by monitoring or regulatory agencies for assurance that the City is using funds supplied in compliance with the terms of grants.

## **Reporting the City as a Whole**

### ***The Statement of Net Position and the Statement of Activities***

The analysis of the City's overall financial condition and operations begins on page 13. Its primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's revenues are divided into those provided by outside parties who share the costs of some programs, such as fees charged from outside the City and grants provided by the various federal agencies to assist the City with various infrastructure needs. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider non-financial factors as well, such as changes in the City's property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the City into kinds of activities:

- Governmental activities—Most of the City's basic services are reported here, including the street, infrastructure, police, fire, ambulance and general administration. Property taxes, fees, and state and federal grants finance most of these activities.
- Business-type activities—The City charges a fee to “customers” to help it cover all or most of the cost of services it provides in the utility fund for water and sewer charges.
- Component units—The City includes one component units – The City of Mathis. Although legally separate, this “component unit” is an important because the City is financially accountable for them.

## **Reporting the City's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin on page 16 and provide detailed information about the most significant funds—not the City as a whole. Laws and contracts require the City to establish some funds, such as grants. The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The City reports the activities for which it charges users (whether outside customers or other units of the City) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

### The City as Trustee

#### *Reporting the City's Fiduciary Responsibilities*

The City is the trustee, or fiduciary, for money raised on behalf of the Mathis Police Reserves. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these resources from the City's other financial statements because the City cannot use these assets to finance its operations. The City is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net assets (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Net position of the City's governmental and business activities decreased from \$13,867,879 to \$13,682,862. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$1,099,614 at September 30, 2020. This increase in governmental net position was the result of primarily a result of current year's operations and net pension asset.

**Table I**  
**CITY OF MATHIS, TEXAS**  
**CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	5,341,603	1,588,174	722,942	531,220	6,064,545	1,572,971
Restricted Assets	633,568	361,058	231,321	139,464	864,889	429,153
Capital Assets	6,406,963	6,143,833	6,863,340	7,023,794	13,270,303	12,926,625
Total Assets:	12,382,134	8,093,065	7,817,603	7,694,478	20,199,737	15,787,543
Def. Resource Outflows 68	67,912	192,434	2,789	64,145	70,701	256,579
Def. Resource Outflows 75	23,054	7,344	4,825	2,448	27,879	9,792
Long-Term Liabilities	4,498,201	386,116	800,000	816,000	5,298,201	1,670,489
Restricted Liabilities	151,466	95,300	110,170	31,767	261,636	-
Other Liabilities	685,283	555,086	223,696	190,759	908,979	667,982
Total Liabilities	5,334,950	1,036,502	1,133,866	1,038,526	6,468,816	2,075,028
Def. Resource Inflows 68	136,334	74,616	-	24,872	136,334	99,488
Def. Resource Inflows 75	10,306	8,639	-	2,880	10,306	11,519
Invested in Capital Assets	1,768,051	5,621,433	6,067,472	6,211,905	7,835,523	10,920,840
Restricted	4,123,845	423,472	-	19,110	4,123,845	365,823
Unrestricted	1,099,614	1,128,181	623,879	463,778	1,723,493	1,566,246
Total Net Position	6,991,510	7,173,086	6,691,351	6,694,793	13,682,861	13,867,879

**Table II**  
**CITY OF MATHIS, TEXAS**  
**CHANGES IN NET POSITION**

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 993,277	\$ 1,007,339	\$ 1,550,405	\$ 1,518,113	\$ 2,543,682	\$ 2,525,452
Operating Grants/Contributions	226,471	75,054	-	-	226,471	75,054
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Maintenance /Operations Taxes	1,801,837	1,922,467	-	-	1,801,837	1,922,467
Sales Taxes	1,075,375	1,058,897	-	-	1,075,375	1,058,897
Franchise Taxes	191,317	189,192	-	-	191,317	189,192
Other Taxes	-	-	-	-	-	-
License and Permits	127,921	31,639	-	-	127,921	31,639
Unrestricted Investment Earnings	10,204	793	278	-	10,482	793
Miscellaneous	142,820	653,021	-	-	142,820	653,021
Total Revenues	4,569,222	4,938,402	1,550,683	1,518,113	6,119,905	6,456,515
Expenses:						
General Administration	542,130	588,068	-	-	542,130	588,068
Financial Administration	-	-	-	-	-	-
Public Facilities	1,908,992	1,553,240	-	-	1,908,992	1,553,240
Public Safety	2,007,906	2,460,304	-	-	2,007,906	2,460,304
Public Transportation	-	-	-	-	-	-
Culture and Recreation	114,834	120,382	-	-	114,834	120,382
Interest and Fiscal Charges	257,568	91,319	36,078	35,007	293,646	126,326
Water, Garbage, and Sewer	-	-	1,437,415	1,597,457	1,437,415	1,597,457
Total Expenses	4,831,430	4,813,313	1,473,493	1,632,464	6,304,923	6,445,777
Increase (Decrease) in Net Position before transfers and special items	(262,208)	125,089	77,190	(114,351)	(185,018)	10,738
Transfers	80,632	67,696	(80,632)	(67,696)	-	-
Increase (Decrease) in Net Position	(181,576)	192,785	(3,442)	(182,047)	(185,018)	10,738
Prior period adjustment	-	-	-	-	-	-
Net Position at Beginning	7,173,086	6,980,301	6,694,793	6,876,840	13,867,879	13,857,141
Net Position at Ending	\$ 6,991,510	\$ 7,173,086	\$ 6,691,351	\$ 6,694,793	13,682,861	13,867,879

The assessed valuation before exemptions at January 1, 2020 totaled \$112.1 million. The current tax rate is \$1.058086 per \$100 valuation with a current tax levy of \$1,145,352. The current tax rate finances debt service and the city's operations.

Through the month of September 2020, the Tax Assessor/Collector's office reports \$1,145,352 of the levies had been collected. Current tax collections for the operating and interest and sinking fund was \$1,038,875 or 84.36% of the amount levied, including delinquent collections of \$204,697 or 16.46%. The total overall collection rate for current and delinquent collections to the current levy was 100.98%. Penalties and interest of \$98,360 were also collected.

The City took actions this year to compensate for some increases in cost and avoid the loss of city revenues.

The City increased the property tax rate to \$1.098086. This was an increase for the bond Series 2020 issued and due to the increased valuations of the City.

The cost of all governmental activities this year was \$4.831 million compared to \$4.813 million last year, as shown in the Statement of Activities on pages 14 and 15. The business type activity expenses were \$1,437,414, compared to the prior year of \$1,597,457.

**THE CITY'S FUNDS**

As the City completed the year, its governmental funds (as presented in the balance sheet on page 16 reported a combined fund balance of \$4,300,390, (Exhibit C-1, C-3).

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2020, the City had \$12,934,329 invested in a broad range of capital assets, including facilities and infrastructure in the governmental activities. Proprietary funds had \$11,590,480 invested in fixed assets at year-end as in the prior year.

This year's 2019/2020 continued finishing major additions included:

Fixed asset additions on various projects:	-
Governmental	630,764
Utility	-
	<u>630,764</u>

Debt

At year-end, the City had \$4,832,662 in bonds, notes, leases and compensated absences outstanding versus \$1,427,465 last year. This includes a Certificate of Obligation Series 2020 the City issued in the amount of \$3,560,000. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

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

**Plan Description**

The City of Mathis, Texas, participates as one of 860 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. All eligible employees of the city are required to participate in TMRS.

**Benefits Provided**

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

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

***Employees covered by benefit terms.***

At the December 31, 2018 and 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	2018	2019
Inactive employees or beneficiaries currently receiving benefits	25	29
Inactive employees entitled to but not yet receiving benefits	105	109
Active employees	<u>47</u>	<u>51</u>
Total	<u>180</u>	<u>189</u>

## **Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Mathis, Texas, were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Mathis, Texas, were 4.31% and 3.64% in calendar years 2019 and 2020, respectively. The city's contributions to TMRS for the year ended September 30, 2020, were \$96,815, and were equal to the required contributions.

The City does not have an unfunded Actuarial Accrued Liability overall. See notes to financial statements for additional information.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal-year 2021 budget, tax rates. One of those factors is the economy.

These indicators were taken into account when adopting the General Fund budget for 2021. Amounts available for appropriation in the General Fund budget are approximately \$3,494,216, an overall consistent budget over the final 2020 budget of \$3,240,948. Property taxes (benefiting from the 2020/2021 increases in assessed valuations). Budgeted expenditures are expected to rise nearly 2 percent in 2021. Increased wages and salaries caused some of the increase including higher fuel and fuel related services. The City has upcoming capital projects from grants for a new festival area along with various infrastructure additions for the upcoming budget.

If these estimates are realized, the City's budgetary General Fund balance is expected to increase modestly by the close of 2020/2021. During the post audit, the nation was hit with a corona virus. The virus essentially shut down the nation economically. The impact at the date of the audit report is not measurable. The nation had to shelter in place.

During the audit period, the nation was hit with a corona virus 19. The virus essentially shut down the nation economically. The impact at the date of the audit report is not measurable. The nation had to shelter in place and practiced social distancing. Businesses are slowly recovering and re-opening in the post audit.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office, at City of Mathis, Texas.

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## BASIC FINANCIAL STATEMENTS

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**CITY OF MATHIS, TEXAS**  
**STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**EXHIBIT A-1**

	Primary Government			Component
	Governmental	Business Type	Total	Unit Non-Major Component Unit
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 4,214,325	227,049	4,441,374	132,749
Receivables (net of allowance)	690,475	412,089	1,102,563	129,180
Prepaid Items	100	3,515	3,615	-
Due From Other Funds	121,744	80,289	202,033	-
Due From Others	314,959	-	314,959	-
Inventory	-	-	-	-
Restricted Assets:				
Temporarily Restricted:				
Temporarily Restricted Assets	-	20,132	20,132	-
Net Pension Asset	633,568	211,189	844,757	-
Capital Assets:				
Land	322,575	12,412	334,987	-
Utility System, net	5,078,339	6,683,335	11,761,674	-
Machinery and Equipment, net	1,006,050	167,594	1,173,644	935,405
<b>TOTAL ASSETS:</b>	<b>\$ 12,382,134</b>	<b>7,817,603</b>	<b>20,199,737</b>	<b>1,197,334</b>
Deferred Resource Outflows- Gasb 68	\$ 67,912	2,789	70,701	-
Deferred Resource Outflows- Gasb 75	23,054	4,825	27,879	-
<b>LIABILITIES:</b>				
Accounts Payable & Other Current Liab.	\$ 271,851	20,732	292,583	11,221
Due to Other Funds	38,300	163,733	202,033	-
Net Pension Liability - Gasb 75	151,466	8,133	159,599	-
Accrued Liabilities	234,420	15,098	249,518	-
Current Bonds/Loans/Lease Payable	140,711	16,000	156,711	37,987
Payable from Restricted Assets	-	110,170	110,170	-
Bonds/Loans Payable/Other - Long Term	4,498,201	800,000	5,298,201	488,168
<b>TOTAL LIABILITIES</b>	<b>\$ 5,334,950</b>	<b>1,133,866</b>	<b>6,468,815</b>	<b>537,376</b>
Deferred Resource Inflows Gasb 68	\$ 136,334	-	136,334	-
Deferred Resource Inflows - Gasb 75	10,306	-	10,306	-
<b>NET POSITION:</b>				
Invested in Capital Assets	\$ 1,768,051	6,067,472	7,835,524	409,250
Restricted for Revenue Bond Retirement	-	-	-	-
Commitments	-	-	-	-
Restricted for Capital Project Funds	3,468,013	-	3,468,013	-
Restricted for Special Revenue Funds	373,431	-	373,431	-
Restricted for Debt Service Funds	282,402	-	282,402	-
Unrestricted Net Position	1,099,614	623,879	1,723,493	250,708
<b>TOTAL NET POSITION</b>	<b>\$ 6,991,510</b>	<b>6,691,351</b>	<b>13,682,862</b>	<b>659,958</b>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF MATHIS, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

<u>Primary Government:</u>	Expenses	Program Revenues	
GOVERNMENTAL ACTIVITIES:		Charges For Services	Operating Grants and Contributions
10 General Government	\$ 542,130	457,757	-
21 Public Safety	2,007,906	-	-
31 Public Works	1,908,992	535,520	-
50 Culture and Recreation	114,834	-	-
65 Economic Development and Assistance	-	-	-
73 Bond Interest	257,568	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 4,831,430</b>	<b>993,277</b>	<b>-</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
701 Utility Fund	\$ 1,437,414	1,550,683	-
Total Business Type Activities:	\$ 1,437,414	1,550,683	-

General Revenues:

Taxes:
Prop. Taxes, Levied for M&O, Debt Serv., Pen., Int.
Sales Taxes
Franchise Taxes
Other Taxes
Licenses and Permits
Grants and Contributions not Restricted
Other Revenue/(Expense)
Investment Earnings
Transfers In (Out)
Total General Revenues and Transfers
Change in Net Position

Net Position - Beginning
Prior Period Adjustment- Note T
Net Position - Ending

The notes to the Financial Statements are an integral part of this statement.

EXHIBIT B-1

Net (Expense) Revenues and Changes in Net Position

Primary Government			Component Units Non-major Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (84,373)	-	(84,373)	-
(2,007,906)	-	(2,007,906)	-
(1,373,472)	-	(1,373,472)	-
(114,834)	-	(114,834)	-
-	-	-	176,563
(257,568)	-	(257,568)	-
<u>\$ (3,838,153)</u>	<u>-</u>	<u>(3,838,153)</u>	<u>176,563</u>
-	113,269	113,269	-
-	113,269	113,269	-
			-
			-
\$ 1,801,837	-	1,801,837	-
1,075,375	-	1,075,375	315,342
191,317	-	191,317	-
-	-	-	-
127,921	-	127,921	-
226,471	-	226,471	-
142,820	(36,078)	106,742	27,766
10,204	-	10,204	3,092
80,632	(80,632)	-	-
<u>\$ 3,656,577</u>	<u>(116,710)</u>	<u>3,539,867</u>	<u>346,200</u>
<u>(181,576)</u>	<u>(3,442)</u>	<u>(185,017)</u>	<u>169,637</u>
<u>7,173,086</u>	<u>6,694,793</u>	<u>13,867,879</u>	<u>490,321</u>
-	-	-	-
<u>\$ 6,991,510</u>	<u>6,691,351</u>	<u>13,682,862</u>	<u>659,958</u>

**CITY OF MATHIS, TEXAS  
BALANCE SHEET  
GOVERNMENT FUNDS  
SEPTEMBER 30, 2020**

	General	Debt Service Fund
<b>ASSETS</b>		
Cash and Texpool Accounts	\$ 393,520	41,759
Receivables and Allowances:		
Miscellaneous Receivables	1,127	-
Due From Other Governmental Agencies	249,323	-
Garbage	132,883	-
Ad Valorem Taxes	490,797	231,993
Allowance for Uncollectible Taxes	(113,450)	(51,750)
Due From Other Funds	-	240,643
Prepaid Items	100	-
	<u>1,154,301</u>	<u>462,646</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,154,301</u>	<u>462,646</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	\$ 181,442	-
Other Payables	149,882	-
Due to Other Funds	269,085	-
	<u>600,409</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 600,409</u>	<u>-</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Tax Revenues	\$ 377,348	180,244
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 377,348</u>	<u>180,244</u>
 <b>FUND BALANCE</b>		
Restricted for Special Revenue	\$ -	-
Restricted for Debt Service	-	282,402
Restricted for Capital Projects	-	-
Unassigned	176,544	-
<b>TOTAL FUND BALANCE</b>	<u>\$ 176,544</u>	<u>282,402</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 1,154,301</u>	<u>462,646</u>

EXHIBIT C-1

2020 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
3,488,590	290,457	4,214,325
-	-	-
-	-	1,127
-	64,509	313,832
-	-	132,883
-	-	722,791
-	-	(165,199)
-	205,860	446,504
-	-	100
<u>3,488,590</u>	<u>560,826</u>	<u>5,666,363</u>
-	29,459	210,901
-	84,539	234,420
20,577	73,398	363,060
<u>20,577</u>	<u>187,396</u>	<u>808,381</u>
-	-	557,592
-	-	557,592
-	373,431	373,431
-	-	282,402
3,468,013	-	3,468,013
-	-	176,544
<u>3,468,013</u>	<u>373,431</u>	<u>4,300,390</u>
<u>3,488,590</u>	<u>560,826</u>	<u>5,666,363</u>

CITY OF MATHIS, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Exhibit C-2

<b>Total Fund Balances - Governmental Funds</b>	\$ 4,300,390
Capital assets are used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including these balances for capital assets (net of depreciation) in the governmental activities is to increase net position. At the beginning of the year, the costs of these assets were: <u>12,626,140</u> and the accumulated depreciation was: <u>(6,478,528)</u>	5,567,819
In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position -- <u>(227,717)</u> .	
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the governmental-wide financial statements. The net effect of including the 2020 capital outlays and debt principal payments is to increase (decrease) net position.	102,999
Included in the noncurrent assets/(liabilities) is the recognition of the City's net pension asset/(liability) required by GASB 68 in the amount of <u>633,568</u> , and a Deferred Resource inflow in the amount of <u>(136,334)</u> , and a deferred resource outflow in the amount of \$ <u>67,912</u> . This resulted in an increase/(decrease) in net position by \$ <u>565,146</u> .	\$ 426,428
Included in the noncurrent assets(liabilities) is the recognition of the City's net OPEB asset/(liability) required by GASB 75 in the amount of \$ <u>(151,466)</u> , a deferred resource inflow in the amount of <u>\$ (10,306)</u> and a deferred resource outflow in the amount of <u>\$ 23,054</u> . This resulted in an increase/(decrease) in the net position by \$ (138,718) .	-
The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(371,412)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	(3,034,714)
 <b>Net position of Governmental Activities</b>	 <u><u>\$ 6,991,510</u></u>

The accompanying notes are an integral part of this statement.

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**CITY OF MATHIS, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	General	Debt Service Fund
<b>REVENUES</b>		
Taxes	\$ 2,193,243	254,013
Licenses and Permits	127,921	-
Intergovernmental	4,474	-
Charges for Services	535,520	-
Fines and Penalties	-	-
Interest	-	139
Other	592,152	-
<b>TOTAL REVENUES</b>	<b>\$ 3,453,310</b>	<b>254,151</b>
<b>EXPENDITURES</b>		
Current		
General Administration	\$ 726,249	-
Cultural and Recreational, Tourism	113,539	-
Public Safety	1,840,229	-
Public Works	802,103	-
Sanitation	-	-
Debt Service		
Principal Retirement	-	124,050
Interest and Fiscal Charges	-	57,690
Capital Outlay	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,482,120</b>	<b>181,741</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (28,809)</b>	<b>72,411</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Capital - related Debt Issued	\$ -	-
Premium on bonds issued	-	-
Transfers from Other Funds	160,982	-
Transfer to Other Funds	(24,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 136,982</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>\$ 108,173</b>	<b>72,411</b>
<b>FUND BALANCE, beginning of year</b>	<b>\$ 68,371</b>	<b>209,991</b>
Prior Period Adjustment	-	-
<b>FUND BALANCE, end of year</b>	<b>\$ 176,544</b>	<b>282,402</b>

EXHIBIT C-3

2020 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
-	63,682	2,510,938
-	-	127,921
-	221,998	226,471
-	-	535,520
-	-	-
9,548	517	10,204
-	8,424	600,577
<u>9,548</u>	<u>294,621</u>	<u>4,011,631</u>
-	-	726,249
-	45	113,584
-	76,001	1,916,229
567,885	-	1,369,987
-	-	-
-	-	124,050
128,160	-	185,850
<u>-</u>	<u>-</u>	<u>-</u>
<u>696,044</u>	<u>76,046</u>	<u>4,435,950</u>
<u>(686,496)</u>	<u>218,575</u>	<u>(424,320)</u>
3,560,000	-	3,560,000
592,235	-	592,235
2,274	-	163,257
-	(58,624)	(82,624)
<u>4,154,509</u>	<u>(58,624)</u>	<u>4,232,867</u>
3,468,013	159,950	3,808,547
-	213,480	491,843
<u>-</u>	<u>-</u>	<u>-</u>
<u>3,468,013</u>	<u>373,431</u>	<u>4,300,390</u>

**CITY OF MATHIS, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Exhibit C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 3,808,547</b>
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to increase (decrease) net position.	(360,990)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2019 caused the change in the ending net position to increase in the amount of \$ <u>45,160</u> . Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling <u>(44,404)</u> . The City's reported TMRS net pension expense had to be recorded. The net pension expense increase / (decreased) the change in net position by \$ <u>71,094</u> . The result of these changes is to increase / (decrease) the change in net position by \$ <u>71,850</u> .	61,926
The implementation of GASB 75 the requirements required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2019 caused the change in the ending net position to increase in the amount of \$ <u>2,871</u> . Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$ <u>(3,078)</u> . The City's reported TMRS net OPEB pension expense had to be recorded. The net OPEB pension expense increase / (decreased) the change in net position by \$ <u>(9,717)</u> . The result of these changes is to increase / (decrease) the change in net position by \$ <u>(9,924)</u> .	
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(371,412)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds from bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions as to increase (decrease) net position.	(3,319,646)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>(181,576)</u></b>

The accompanying notes are an integral part of this statement.

**CITY OF MATHIS, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER SOURCES  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2020 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2019**

	2020			Variance with Final Budget Variance	Exhibit C-5
	BUDGETED AMOUNTS		Actual		2019
	Original	Final			Actual
<b>REVENUES</b>					
Taxes					
Property Taxes	969,963	969,963	990,233	20,270	802,068
General Sales and Use Taxes	872,290	872,290	1,011,694	139,404	945,772
Franchise Tax	177,546	177,546	191,317	13,771	189,192
Other Taxes	-	-	-	-	-
License and Permits	23,294	23,294	127,921	104,627	31,639
Intergovernmental Revenues	-	-	4,474	4,474	-
Charges for Services	509,848	509,848	535,520	25,672	505,791
Investment Earnings	458	458	784	326	1,291
Fines and Forfeitures	-	-	-	-	-
Other Revenues	682,377	682,377	591,368	(91,009)	617,460
<b>Total Revenues</b>	<b>3,235,776</b>	<b>3,235,776</b>	<b>3,453,310</b>	<b>217,534</b>	<b>3,093,215</b>
<b>EXPENDITURES</b>					
General Administration	-	-	-	-	-
Municipal Court	111,493	111,493	88,089	23,404	84,029
Administration	659,393	659,393	638,160	21,233	778,271
Legislative	-	-	-	-	-
Public Safety					
Police	969,132	969,132	942,927	26,205	845,052
Fire	62,830	62,830	83,132	(20,302)	60,590
Emerg. Med. Service	711,534	711,534	756,376	(44,842)	709,359
Animal Control	70,084	70,084	43,957	26,127	58,587
Code Enforcement	25,320	25,320	13,837	11,483	5,987
Public Works					
Streets Department	414,403	414,403	802,103	(387,700)	430,669
Sanitation	-	-	-	-	337,334
Culture and Recreation					
Library	-	-	-	-	-
Parks	125,512	125,512	113,539	11,973	119,133
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>3,149,701</b>	<b>3,149,701</b>	<b>3,482,120</b>	<b>(332,419)</b>	<b>3,429,012</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	86,075	86,075	(28,809)	(114,884)	(335,797)
<b>OTHER FINANCING SOURCES (USES):</b>					
Capital related Debt Issued	-	-	-	-	-
Transfers In	205,173	205,173	160,982	(44,191)	206,662
Transfers (Out)	-	-	(24,000)	(24,000)	(24,000)
<b>Total Other Financing Sources (Uses)</b>	<b>205,173</b>	<b>205,173</b>	<b>136,982</b>	<b>(68,191)</b>	<b>182,662</b>
Net Change in Fund Balance	291,248	291,248	108,173	(183,075)	(153,135)
Fund Balance - October 1 (Beginning)	68,371	68,371	68,371	-	221,506
Prior period adjustment	-	-	-	-	(3,149,701)
<b>Fund Balance - September 30 (Ending)</b>	<b>359,619</b>	<b>359,619</b>	<b>176,544</b>	<b>(183,075)</b>	<b>(3,081,330)</b>

The accompanying notes are an integral part of this statement.

**CITY OF MATHIS, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2020**

**EXHIBIT D-1**

	Business-Type Activities Enterprise Fund <hr/> Utility Fund <hr/>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	227,049
Receivables and Allowances Accounts	
Water and Wastewater Billings	412,089
Assessments	-
Other	-
Allowance for Uncollectible Accounts	-
Due from Other Funds	80,289
Bond Issue Cost (Net)	-
Prepaid Items	3,515
Inventory	-
<b>Total Current Assets</b>	<hr/> <b>722,942</b> <hr/>
<b>Non-Current Assets:</b>	
Restricted Assets:	
Cash and Cash Equivalents	
Meter Deposits	20,130
Revenue Bond Reserve	1
<b>Total - Non-Current Assets</b>	<hr/> <b>20,132</b> <hr/>
Net Pension Asset (liability)	211,189
<b>Capital Assets</b>	
Land	12,412
Construction in Progress	-
Buildings	222,445
Water System	7,383,959
Sewer System	3,786,564
Infrastructure	0
Vehicles	-
Furniture and Equipment	167,594
<b>Total Capital Assets</b>	<hr/> <b>11,572,975</b> <hr/>
Less Accumulated Depreciation	(4,709,634)
<b>Net Capital Assets</b>	<hr/> <b>6,863,341</b> <hr/>
<b>TOTAL ASSETS</b>	<hr/> <b>7,817,603</b> <hr/>
Deferred Resource Outflows 68	2,789
Deferred Resource Outflows 75	4,825

**CITY OF MATHIS, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2020**

**EXHIBIT D-1**  
continued

	Business-Type Activities Enterprise Fund <u>Utility Fund</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	20,732
Accrued Liabilities	-
Compensated Absences	15,098
Due to Other Funds	163,733
Capital Leases Payable	-
Current Portion of Revenue Bonds Payable	16,000
Customer Meter Deposits	<u>110,170</u>
<b>Total Current Liabilities</b>	<u>325,733</u>
Liabilities (Payable from Restricted Assets):	
<b>Long-Term Liabilities</b>	
Net Pension Liability	8,133
Capital Leases Payable	0
Revenue Bonds Payable	<u>800,000</u>
Total Long-Term Liabilities	<u>808,133</u>
<b>Total Liabilities</b>	<u>1,133,866</u>
Deferred Resource Inflows 68	-
Deferred Resource Inflows 75	-
<b>NET POSITION</b>	
Invested in Capital Assets	6,067,472
Restricted for:	
Revenue Bond Retirement	-
Unrestricted	<u>623,879</u>
<b>Net Position</b>	<u><u>6,691,351</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF MATHIS, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2020**

**EXHIBIT D-2**

	Business-Type Activities Enterprise Fund Utility Fund
<b>OPERATING REVENUES</b>	
Water Sales	956,374
Sewer Sales	508,238
Meter tap/reconnect fees	879
Other Fees and Charges	85,192
<b>Total Operating Revenues</b>	<u>1,550,683</u>
<b>OPERATING EXPENSES</b>	
Personnel Costs	556,359
Contracted Services	16,564
Supplies	1,702
Maintenance	105,347
Self Insurance Claims & Administration	-
Other Operating Expenses	363,172
Subtotal	<u>1,043,143</u>
Water Purchased	233,828
Depreciation	160,443
Amortization	-
<b>Total Operating Expenses</b>	<u>1,437,414</u>
<b>Net Operating Income</b>	<u>113,269</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Refunding Bonds Issued	-
Payments to Escrow Agents	-
Grant Income	-
Interest Income	278
Interest and Fiscal Charges	(36,356)
<b>Net Non-Operating Revenues (Expenses)</b>	<u>(36,078)</u>
Income Before Transfers	77,191
Transfers in	73,678
Transfers (out)	(154,310)
<b>Change in Net Position</b>	<u>(3,442)</u>
<b>Prior Period Adjustment</b>	<u>-</u>
<b>NET POSITION BEGINNING OF YEAR</b>	<u>6,694,793</u>
<b>NET POSITION END OF YEAR</b>	<u><u>6,691,351</u></u>

**CITY OF MATHIS, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2020**

**EXHIBIT D-3**

Business-Type  
Activities  
Enterprise  
Fund  
Utility  
Fund

<b>Cash flow from operating activities:</b>	
Cash received from customers	1,562,089
Cash received from other funds for services	-
Cash payments to suppliers for goods and services	(585,062)
Cash payments to employees for services	(557,934)
Other adjustments	-
Net cash provided by operating activities	<u>419,093</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfers to other funds	<u>(80,632)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Net Refunds bonds/costs	-
Grant Proceeds	-
Principal Payment on bonds	(15,000)
Interest and Fiscal Charges Paid	(36,356)
Purchase of Capital Assets	1
Other Adjustments	(83,234)
Net Cash Used for Capital and Related Financing Activities	<u>(134,589)</u>
Cash Flows from Investing Activities- Interest Income	<u>278</u>
Net Increase (Decrease) in Cash and Cash Equivalents	204,149
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>43,031</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>247,180</u></u>
<b>Reconciliation of Operating Income to Net Cash</b>	
Operating Activities	
Operating Income	113,269
<b>Adjustments to Reconcile Operating Income to Net Cash</b>	
Provided by Operating Activities:	
Depreciation	160,443
Amortization	-
<b>Change in Assets and Liabilities:</b>	
(Increase) Decrease in Accounts Receivable (Net)	(3,412)
(Increase) Decrease in Due from Other Funds	14,819
(Increase) Decrease in Due from Other Governments	-
(Increase) Decrease in Prepaid Items	-
(Increase) Decrease in Inventory	-
Increase (Decrease) in Accounts Payable	(14,999)
Increase (Decrease) in Accrued Liabilities	-
Increase (Decrease) in Due to Other Funds	146,946
Increase (Decrease) in Capital Leases Payable	-
Increase (Decrease) in Compensated Absences	(1,575)
Increase (Decrease) in Customer Deposits	3,602
Net Cash Provided by Operating Activities	<u><u>419,093</u></u>

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**CITY OF MATHIS, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2020**

**EXHIBIT E-1**

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 17,860
Accounts Receivable	0
Total Assets	<u>\$ 17,860</u>
<b>Liabilities</b>	
Due to others	\$ 17,860
Due to other Funds	-
Total Liabilities	<u>\$ 17,860</u>

The accompanying notes are an integral part of this statement.

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**NOTES TO FINANCIAL STATEMENTS**

**CITY OF MATHIS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Mathis, Texas (the City) was incorporated by an election held on August 16, 1938 and certified by the San Patricio City Commissioners Court on January 20, 1939. The City operates under charter – City Manager form of government and provides the following services: public safety, public transportation health, culture – recreation, public facilities, legal, election functions, and general administration services.

The Accounting principles of the City of Mathis, Texas conform to generally accepted accounting principles (GAAP) as applicable to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**Principals Determining Scope of Reporting Entity**

The financial statements of the City of Mathis consist only of the fund and account group. The City of Mathis has no oversight responsibility for any other governmental entity. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

**A. REPORTING ENTITY**

The City Council (the "Council") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Council is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." The City of Mathis was formed via an election held on May 3, 1997 authorized by the Mathis City Council per ordinance No. 96-09 and authorized by Section 4B, Article 5190.6, V.T.C.S. A half-cent tax is assessed and collected via the sales tax and funds the projects as well as economic development for the city as allowed per the statute. The affairs of the Corporation are managed by a board of directors which are composed of seven persons appointed by the governing body of the City. The Corporation as a 4-B Sales Taxing entity and is required by generally accepted accounting principles (GAAP) to present the financial statements of the government is considered to be financially accountable. The Corporation, as a component unit of the City of Mathis, Texas, although legally separate entities, are, in substance, part of the governments, operations and so data from these units are combined with data of the City of Mathis, Texas, the primary government. These financial statements are reported in a separate column in the City of Mathis, Texas, financial statements to emphasize it is legally separate from the government.

**CITY OF MATHIS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

The Cash accounts of the City of Mathis are as follows:

	Risk Categories			Bank Balance	Carrying Amount
	(1)	(2)	(3)		
Cash Accounts	132,749	-	-	132,749	132,749
Total	<u>132,749</u>	<u>-</u>	<u>-</u>	<u>132,749</u>	<u>132,749</u>

The Corporation's investments are categorized as either (1) insured or registered, or securities held by the Corporation or its agent in the Corporation's name, (2) uninsured and unregistered with securities held by the financial institution's trust department or agent in the Corporation's name or (3) uninsured and unregistered with securities held by the financial institution's trust department or agent not in the Corporation's name. Cash amounts are secured within F.D.I.C. coverage and pledge amounts.

Note requirements for next year is \$102,987, with various interest rates per annum, which will be paid in the next fiscal years. Note requirements of the City of Mathis are as follows:

Year Ending September 30	Principal	Interest	Requirement
2021	102,987	22,891	125,878
2022	32,533	19,353	51,886
2023	22,542	18,360	40,902
2024	23,489	17,462	40,951
2025	24,486	16,515	41,001
Thereafter	320,118	81,696	401,814
Total	<u>526,155</u>	<u>176,277</u>	<u>702,432</u>

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Mathis, Texas and its component unit(s) non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. 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 how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. The "grants and contributions" column includes amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. Taxes are always general revenues.

**CITY OF MATHIS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Inter-fund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due from/due to on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for City operations, they are not included in the government-wide statements. The City considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses). The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

**CITY OF MATHIS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors periodically require the City to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before December 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

**D. FUND ACCOUNTING**

The accounts of the City of Mathis are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounting for with a separate set of self – balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses, as appropriate Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are classified into three categories; governmental, proprietary and fiduciary. Each category, in turn, is divided into separate fund types. The following fund types and account groups are maintained by the City of Mathis:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the City of Mathis. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is the fund that is utilized to satisfy general obligations of the City with tax revenues.

Special Revenue Funds – The Special Revenue Funds account for resources generated by proceeds from revenue programs that are designated for or restricted to expenditures for specified purposes.

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

PROPRIETARY FUND

Enterprise Fund – The Enterprise Fund is used to account for the operation of the water and sewer utility system. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Fiduciary Fund – The Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City of Mathis, in a trustee or agency capacity. When these assets are held under the terms of a formal trust agreement, either a “non-expendable” or “expendable” refer to whether or not the City is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government as their agent, holds on behalf of others.

Trust and Agency – The Police Drug fund is used to account for money and property seized in drug raids according to legislation passed during the 71<sup>st</sup> Legislature of the State of Texas, and a “local agreement” with the state’s attorney. This money is to be used by the police department to combat drug crimes. Other trust monies include the Volunteer Fire Department and the Police Reserve Fund.

**E. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., total net asset) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increase (e.g., revenues) and decreases (e.g., expenses) in total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City of Mathis considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

**CITY OF MATHIS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**E. BASIS OF ACCOUNTING (continued)**

Those revenues considered susceptible to accrual are property taxes, hotel taxes, special assessments, interest income and charges for services. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenues. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred.

All proprietary funds are using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Utility revenues billed to customers are based on a monthly meter reading. Unbilled utility service revenues have been accrued through September 30, 2020.

**F. OTHER ACCOUNTING POLICIES**

Investments - The City of Mathis can legally invest in certificates of deposits, repurchase agreements, obligations of the U.S. Government and its Agencies or instrumentalities and State obligations, all of which are recorded at cost.

Restricted Assets - These assets consist of cash and liquid investments accounts restricted for the Water and Sewer Fund debt service. The City of Mathis has several combination debt service and revenue bond obligations. These obligations can be satisfied from either source of funds.

Inventories - Inventories are stated at the lower of cost or market. Inventories of material and supplies held by Water and Sewer Fund are recorded in the Enterprise Fund.

Fixed Assets Accounting - All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at their estimated fair market value on the date of donation. Public domain general fixed assets (infrastructure) consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, etc., have not been capitalized. Such assets are normally immovable and of value only to the City of Mathis, therefore, the purpose of stewardship for these items is satisfied without recording of these assets in governmental funds. No depreciation has been provided on general fixed assets.

Fixed assets of proprietary funds are capitalized in the fund accounts because the fixed assets are used in services sold. Fixed assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at estimated market value as of date of donation. Depreciation of fixed assets for proprietary funds is recognized in determining net income and changes in fund equity. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided using the straight-line method over the estimated useful lives of the assets, which range from 4 to 50 years.

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Inter-fund Transactions

During the course of normal operations the City of Mathis has numerous transactions between funds including expenditures and transfers of resources to provide services and service debt. The accompanying financial statements generally reflect such transactions as operating transfers, which are included in the results of operations of both governmental and proprietary funds. Short – term inter-fund loans receivable (reported in “Due from Other Funds”) are considered “available spend-able resources”.

Reclassification and Prior Period Adjustment. Adjustments have been made to correct balances to audit adjustments.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	\$ 322,575	\$ -	\$ 322,575	
Buildings	719,962	(601,925)	118,037	
Furniture & Equipment	4,768,438	(3,753,435)	1,015,003	
Capital Leases	-	-	-	
Infrastructure	6,815,165	(2,126,947)	4,688,218	
Change in Net Position	<u>\$ 12,626,140</u>	<u>\$ (6,482,307)</u>		<u>\$ 6,143,833</u>
<u>Long-term Liabilities at the Beginning of the year</u>				
Bonds Payable	\$ -			
Loans Payable	53,431			
Capital Leases Payable	81,138			
Compensated Absences	32,305			
Other	409,140			
Change in Net Position	<u>576,014</u>			<u>\$ (576,014)</u>
Net Adjustment to Net Position				<u>\$ 5,567,819</u>

**CITY OF MATHIS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position. The details of this adjustment are as follows:

	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
<u>Current Year Capital Outlay</u>			
Land	\$ -	\$ -	\$ -
Buildings & Improvements	388,341	388,341	388,341
Furniture & Equipment	242,423	242,423	242,423
Construction in Process	-	-	-
Total Capital Outlay	<u>\$ 630,764</u>	<u>\$ 630,764</u>	<u>\$ 630,764</u>
<u>Debt Principal Payments</u>			
Bond Principal	15,000	15,000	15,000
Loan Principal	53,431	53,431	53,431
Capital Lease Payments	8,113	8,113	8,113
Other	(3,560,000)	(3,560,000)	(3,560,000)
Total Principal Payments	<u>(3,483,456)</u>	<u>(3,483,456)</u>	<u>(3,483,456)</u>
Total Adjustment to Net Position	<u>\$ (2,852,692)</u>	<u>\$ (2,852,692)</u>	<u>\$ (2,852,692)</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
<u>Adjustments to Revenue and Unavailable Revenue</u>			
Taxes Collected from Prior Year Levies	\$ -	\$ -	\$ -
Uncollected taxes(assumed collectible) from Current Year Levy	231,993	231,993	231,993
Uncollected Taxes (assumed collectible) from Prior Year Levy	490,798	490,798	490,798
Other	-	-	-
Total	<u>\$ 722,791</u>	<u>\$ 722,791</u>	<u>\$ 722,791</u>

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

Budgets and Budgetary Accounting

The following procedures are used by the City of Mathis in establishing the budgetary data reflected in the financial statements:

- (1) Prior to October 1, the beginning of the fiscal year, the City Manager submits a proposed budget to the Council. The operating budget includes proposed expenditures and the means of financing them. The Budget process begins several months usually in July of the preceding fiscal year starts.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) The budget and the tax levy are legally enacted through the passage of ordinances.
- (4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the Council.
- (5) Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue Fund, and Proprietary Funds.
- (6) Budgets for the General, Debt Service, Special Revenue and Proprietary Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the City Council.
- (7) Appropriations lapse at year-end.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Various line item expenditures exceeded appropriations but overall the City remained within its various departmental budgets.

**C. DEFICIT FUND EQUITY**

None

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. DEPOSITS AND INVESTMENTS**

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2020, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,441,374 and the bank balance was \$4,371,381. The City's cash deposits at September 30, 2020 and during the year ended September 30, 2020 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors 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.

Both cash deposits and investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

Category 1 -Cash or Investments that are insured, registered or held by the City or by its agent in the City's name.

Category 2 -Cash or Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the City's name.

Category 3 -Uninsured and unregistered investments held by the counterparty, its trust department, or its agent, but not in the City's name.

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Based on these three levels of risk, all of the City's investments are classified as Category 1.

The City's investments at September 30, 2020, are shown below:

Investment Maturities (In Years)

Investment or Investment Type	Fair Value	Less than 1	1 to 2
Investment in Tex-Pool	4,018,766	4,018,766	-
Total Fair Value	<u>\$ 4,018,766</u>	<u>\$ 4,018,766</u>	<u>\$ -</u>

Interest Rate Risk- In accordance with state law and City policy, the City does not purchase any investments with maturities greater than 10 years.

Credit Risk- In accordance with state law and the City's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, countries, etc. must be rated at least A. The City's investments in investment pools were rated AAA.

Concentration of Credit Risk- the City does not place a limit on the amount the City may invest in any one issuer. The City does not have a concentration of credit risk.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a custodial credit risk.

**B. PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. The City's property tax is levied each October 1 on the basis of assessed values at the date the enforceable lien attaches. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

The San Patricio City Appraisal City, assessed at 100% of appraised value establishes appraised values. The San Patricio City Tax Assessor collects the City's tax funds and remits the following month after collections are made.

The City of Mathis allocates and distributes property tax revenues as well as penalties and interest collected thereon to the General Fund and Debt Service Fund based on the percentage of collections and applicable tax rate. Property taxes receivable is recorded as assets and offset by a corresponding entry to deferred revenue. Property tax revenues are recorded revenues, as they become available.

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**C. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**D. INTERFUND BALANCES AND TRANSFERS**

Inter-fund balances at September 30, 2020, consisted of the following amounts:

<b>Due From:</b>	
General Fund	-
All Others	446,504
Total Due to General Fund from Other Funds	<u>446,504</u>
Utility Fund	
Due From Other Funds	80,289
Subtotal	<u>526,793</u>
<b>Due To:</b>	
General Fund	269,085
Capital Projects Fund	20,577
All Others	73,398
Total Due to Major Fund #1	<u>363,060</u>
Utility Fund	
Due To Other Funds	163,733
Subtotal	<u>526,793</u>
	-

Inter-fund transfers for the year ended September 30, 2020, consisted of the following individual amounts:

<b>Transfers from Other Funds:</b>	
Major Governmental Funds	160,982
Non-Major Governmental Funds	2,274
All Others - Utility, agency	73,678
Total Transfers to General Fund	<u>236,934</u>
<b>Transfers to Other Funds:</b>	
Major Governmental Funds	24,000
Non-Major Governmental Funds	58,624
All Others - Utility	154,310
Total Transfers to Nonmajor Governmental Funds	<u>236,934</u>
	-

**CITY OF MATHIS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**E. DESEGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2020, were as follows:

	Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
<b>Governmental Activities:</b>					
General Fund	\$ 490,797	\$ 250,450	\$ -	\$ 132,883	\$ 874,130
Capital Project Fund	-	-	-	-	-
Debt Service Fund	231,993	-	240,643	-	472,636
Other Major Governmental Fund	-	-	-	-	-
Non-major Funds	-	64,509	205,860	-	270,369
Other Funds	-	-	-	-	-
Total - Governmental Activities	<u>\$ 722,790</u>	<u>\$ 314,959</u>	<u>\$ 446,503</u>	<u>\$ 132,883</u>	<u>\$ 1,617,135</u>
<b>Business-Type Activities:</b>					
Major Enterprise Fund #1	\$ -	\$ -	\$ 80,289	\$ 412,089	\$ 492,378
Nonmajor Enterprise Funds	-	-	-	-	-
Total Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,289</u>	<u>\$ 412,089</u>	<u>\$ 492,378</u>

Payables at September 30, 2020, were as follows:

	Accounts	Loans, Leases and Bonds Payable Current Year	Salaries and Benefits	Due to Other Funds	Due to Other Govts	Other	Total Payables
<b>Governmental Activities:</b>							
General Fund	\$ 181,442	\$ 140,711	\$ -	\$ 269,085	\$ -	\$ 149,882	\$ 741,120
Debt Service Fund	-	-	-	-	-	-	-
Major Governmental Fund #2	-	-	-	20,577	-	-	20,577
Major Governmental Fund #3	-	-	-	-	-	-	-
Nonmajor Governmental Funds	29,459	-	-	73,398	-	84,539	187,396
Internal Service Funds	-	-	-	-	-	-	-
Total - Governmental Activities	<u>\$ 210,901</u>	<u>\$ 140,711</u>	<u>\$ -</u>	<u>\$ 363,060</u>	<u>\$ -</u>	<u>\$ 234,421</u>	<u>\$ 949,093</u>
<b>Business-Type Activities:</b>							
Major Enterprise Fund #1	\$ 20,732	\$ 16,000	\$ 15,098	\$ 163,733	\$ -	\$ 110,170	\$ 325,733
Nonmajor Enterprise Funds	-	-	-	-	-	-	-
Total Business-Type Activities	<u>\$ 20,732</u>	<u>\$ 16,000</u>	<u>\$ 15,098</u>	<u>\$ 163,733</u>	<u>\$ -</u>	<u>\$ 110,170</u>	<u>\$ 325,733</u>

**CITY OF MATHIS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**F. CAPITAL ASSET ACTIVITY**

Capital asset activity for the City for the year ended September 30, 2020, was as follows:

	Primary Government			Ending Balances
	Beginning Balances	Increases	Decreases	
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 322,575	\$ -	\$ -	\$ 322,575
Total Capital assets, not being depreciated	<u>322,575</u>	<u>-</u>	<u>-</u>	<u>322,575</u>
Capital Asset being depreciated:				
Buildings and improvements	719,962	-	-	719,962
Machinery, equipment and vehicles	4,768,438	242,423	-	5,010,861
Infrastructure	6,815,166	388,341	-	7,203,507
Total capital assets, being depreciated	<u>12,303,566</u>	<u>630,764</u>	<u>-</u>	<u>12,934,330</u>
Less accumulated depreciation for:				
Buildings and improvements	601,925	11,148	-	613,073
Machinery, equipment and vehicles	3,753,435	251,377	-	4,004,812
Infrastructure	2,126,947	105,108	-	2,232,055
Total accumulated depreciation	<u>6,482,307</u>	<u>367,633</u>	<u>-</u>	<u>6,849,940</u>
Total capital assets being depreciated, net	<u>5,821,259</u>	<u>263,131</u>	<u>-</u>	<u>6,084,390</u>
Governmental activities capital assets, net	<u>6,143,834</u>	<u>263,131</u>	<u>-</u>	<u>6,406,965</u>
Business-type Activities				
Capital Assets, not being depreciated				
Land	12,412	-	-	12,412
Total capital assets, not being depreciated	<u>12,412</u>	<u>-</u>	<u>-</u>	<u>12,412</u>
Capital Assets, being depreciated				
Buildings and improvements	222,445	-	-	222,445
Machinery, equipment and vehicles	185,100	-	-	185,100
Infrastructure	11,170,524	-	-	11,170,524
Total capital assets, being depreciated	<u>11,578,069</u>	<u>-</u>	<u>-</u>	<u>11,578,069</u>
Less accumulated depreciation for:				
Buildings and improvements	193,284	8,724	-	202,008
Machinery, equipment and vehicles	137,019	8,724	-	145,743
Infrastructure	4,218,888	142,995	-	4,361,883
Total accumulated depreciation	<u>4,549,191</u>	<u>160,443</u>	<u>-</u>	<u>4,709,634</u>
Total capital assets, being depreciated, net	<u>7,028,878</u>	<u>(160,443)</u>	<u>-</u>	<u>6,868,435</u>
Business-type activities capital assets, net	<u>\$ 7,041,290</u>	<u>\$ (160,443)</u>	<u>\$ -</u>	<u>\$ 6,880,847</u>

1 - correction to beginning balance

Depreciation expense was charged to governmental functions as follows:

General Government	367,633
Utility Fund	160,443
Total Depreciation Expense	<u>528,076</u>

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**G. SHORT-TERM DEBT PAYABLE**

*[GASB 2300.107f]* The City accounts for short-term debts for maintenance purposes through the General Fund. Short-term debts include notes made in accordance with the provisions of the State Law. The proceeds from loans are shown in the financial statements as Other Resources and principal payments are shown as Other Uses.

<u>Date of Issue/Maturity</u>	<u>Description</u>	<u>Beginning Balance</u>	<u>Amount Issued</u>	<u>Amount Redeemed</u>	<u>Ending Balance</u>
Bank Loans - Various	Equipment	195,412	-	53,431	141,981

**H. BONDS AND LONG-TERM NOTES PAYABLE**

*[GASB 2300.106m and 2200.109 and 2300.106i]* Bonded indebtedness of the City is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended September 30, 2020 is as follows:

<u>DESCRIPTION</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Interest Current Year</u>	<u>Payable Amounts Outstanding</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
Series- 2020, mat 2/15/2040	4.00%	3,560,000	-	-	3,560,000	0	3,560,000
Total Governmental Activities			-	-	3,560,000	-	3,560,000

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**I. COMMITMENTS UNDER OPERATING LEASES**

*[GASB 2300.106j and 1400.108 and L20.128-.129]* Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of September 30, 2020, as follows:

None

**J. DEBT SERVICE REQUIREMENTS - BONDS AND CAPITAL LEASES**

Debt service requirements for Series 2020 bonds in the governmental funds are as follows:

Year Ending September 30	General Obligations		
	Principal	Interest	Total
2021	-	212,413	212,413
2022	80,000	140,800	220,800
2023	85,000	137,500	222,500
2024	85,000	134,100	219,100
2025	150,000	129,400	279,400
Thereafter	3,160,000	1,043,200	4,203,200
Totals	3,560,000	1,797,413	5,357,413

Debt service requirements for bonds in the utility fund are as follows:

Year Ending September 30	General Obligations		
	Principal	Interest	Total
2021	16,000	35,700	51,700
2022	17,000	35,000	52,000
2023	17,000	34,256	51,256
2024	18,000	33,513	51,513
2025	19,000	32,725	51,725
Thereafter	729,000	423,762	1,152,762
Totals	816,000	594,956	1,410,956

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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Capital Leases

*[GASB 2300.107h and L20.128-.129]* Describe the nature of the lease giving its purpose, legal authorization, the amount capitalized, the minimum annual payments, and the effective rate of interest. Governmental Funds:

Year Ending September 30,	Annual Amts
2021	100,336
2022	100,336
2023	100,336
2024	-
2025	-
Thereafter	-
Total Capital Leases	301,008
Less Interest	29,972
Net	\$ 271,036

Capital Leases

*[GASB 2300.107h and L20.128-.129]* Describe the nature of the lease giving its purpose, legal authorization, the amount capitalized, the minimum annual payments, and the effective rate of interest. Utility Fund:

Year Ending September 30,	Annual
2021	-
2022	-
2023	-
2024	-
2025	-
Thereafter	-
Total Capital Lease Payments	-
Less Interest	-
Net	\$ -

**K. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS**

Vacation and sick leave benefits are accrued by the City of Mathis employees. The City of Mathis has recorded its obligation for unused vacation and sick leave benefits as they are earned by the employees. The total amount accrued as of September 30, 2020 was \$28,645 in the various funds and \$15,098 in the proprietary fund.

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**L. DEFINED BENEFIT PENSION PLAN**

**Defined Benefit Pension Plans**

**A. Plan Description**

The City of Mathis, Texas, participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com). All eligible employees of the city are required to participate in TMRS.

**B. Benefits Provided**

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

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

***Employees covered by benefit terms.***

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

	2018	2019
Inactive employees or beneficiaries currently receiving benefits	28	29
Inactive employees entitled to but not yet receiving benefits	105	109
Active employees	<u>47</u>	<u>51</u>
Total	<u>180</u>	<u>189</u>

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**C. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Mathis, Texas, were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Mathis, Texas, were 4.31% and 3.64% in calendar years 2019 and 2020, respectively. The city's contributions to TMRS for the year ended September 30, 2019 and 2020 were \$94,839 and \$81,405, and were equal to the required contributions.

**D. Net Pension Liability**

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

***Actuarial assumptions:***

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

Inflation	2.50% per year
Overall payroll growth	3.5% to 11.5% including inflation
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 Table, 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 Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2014 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method and a one-time change to the amortization policy.

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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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.

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

***Discount Rate***

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

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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<i>Changes in the Net Pension Liability</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	\$ 2,980,025	\$ 3,461,436	\$ (481,411)
Changes for the year:			
Service cost	265,543	-	265,543
Interest	203,428	-	203,428
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(59,912)	-	(59,912)
Changes in Assumptions	-	-	-
Contributions – Employer	-	95,989	(95,989)
Contributions – Employee	-	148,348	(148,348)
Net Investment Income	-	534,246	(534,246)
Benefit Payments, Including Refunds of Employee Contributions	(198,095)	(198,095)	-
Administrative Expense	-	(3,024)	3,024
Other Changes	-	(91)	91
Net Changes	\$ 214,028	\$ 577,373	\$ (363,345)
<b>Balance at 12/31/2019</b>	<b>\$ 3,194,053</b>	<b>\$ 4,038,810</b>	<b>\$ (844,757)</b>

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$(399,665)	\$(844,757)	\$(1,204,378)

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

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

For the year ended, the City of Mathis, Texas, recognized pension expense of (\$13,687).

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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At September 30, 2020, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$0	\$47,932
Changes in actuarial assumptions	\$1,032	\$0
Difference between projected and actual investment earnings	\$0	\$118,181
Contributions subsequent to the measurement date	\$69,669	\$0
Total	\$70,701	\$166,113

\$70,701 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:

Year ended Dec 31:	
2020	\$(81,172)
2021	\$(34,246)
2022	\$10,456
2023	\$(60,119)
2024	\$0
Thereafter	\$0

**Other Post-Employment Benefits (OPEB) – GASB 75**

The total OPEB liability of the Texas Municipal Retirement System (the “TMRS”) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**OPEB - Supplemental death benefits plan - Plan Description**

The City participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by TMRS. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees. Employers 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.

**Benefits Provided**

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered another employment benefit and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund.

**Contributions**

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Employees of the City were required to contribute 0.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 0.27% and 0.25% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 31, 2020 were \$5,317 and were equal to the required contributions.

**Total OPEB Liability**

Actuarial assumptions. The actuarial assumptions used in the calculation of the funding valuation for the Supplemental Death Benefits Fund (SDBF) are based on the Mortality Experience Investigation Study covering 2010 through 2014, and dated December 31, 2014. These assumptions were first used in the December 31, 2017 valuation. For purposes of developing the SDBF contribution rates, no other demographic assumptions are applicable.

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**I. Assumptions**

- A. Mortality Rates — Same as for the Pension Trust Fund.
- B. Investment Return — A statutory interest credit of 5% is allocated annually and is not dependent on investment earnings.
- C. Actuarial Cost Method — For the purpose of calculating an employer's actuarially determined contribution rate, the one-year term cost is used.
- D. Valuation of Assets — Assets in the SDBF are valued at fund value (or fund balance); however, since the contribution rates are based just on the one-year term cost, assets are not included in developing the rate.
- E. Changes in Actuarial Assumptions and Methods — There were no changes since the prior valuation.

**II. Benefit Provisions**

- A. Participation in SDBF — Participation in the SDBF is optional and may be rescinded. Each municipality that chooses to participate can elect to cover just active members, or both active and retired members.
- B. Benefit Eligibility — Benefits are payable if the death occurs during the period in which a municipality has elected to participate in the SDBF. For retirees who had service with multiple TMRS employers, benefits are payable only if the municipality from which the member retired participates in the SDBF when the death occurs.
- C. Benefit Amount — The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is a fixed amount of \$7,500.

**Discount rate.** The discount rate used to measure the Total OPEB Liability was 3.71%. 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.

<i>Changes in the OPEB Liability</i>	<b>Total OPEB Liability (a)</b>
Balance at 12/31/2018	\$ 127,067
Changes for the year:	
Service cost	5,510
Interest	4,793
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(1,570)
Changes in Assumptions	25,071
Contributions – Employer	-
Contributions – Employee	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(1,272)
Administrative Expense	-
Other Changes	-
Net Changes	\$ 32,532
<b>Balance at 12/31/2019</b>	<b>\$ 159,599</b>

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**Sensitivity of the total OPEB liability to changes in the discount rate.** The following shows the total OPEB liability calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current rate.

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's net pension liability	\$190,551	\$159,599	\$135,859

**OPEB plan total liability.** Detailed information about the OPEB plan's Total OPEB Liability 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).

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$14,228.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$0	\$5,068
Changes in actuarial assumptions	\$23,647	\$4,834
Difference between projected and actual investment earnings	\$-0-	\$0
Contributions subsequent to the measurement date	\$3,828	\$0
Total	\$24,475	\$9,902

\$24,475 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:

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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Year ended Dec 31:	
2020	\$3,925
2021	\$3,925
2022	\$2,101
2023	\$3,794
2024	\$0
Thereafter	\$0

**M. POST EMPLOYMENT HEALTH CARE BENEFITS**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid in full by the insured for the actual month covered. This program is offered for a period of 18 months after the termination date. There is no associated cost to the City under this program.

City supplemental death to:	Plan Year 2020	Plan Year 2019
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The city's contribution to the TMRS SDBF for the years ended 2020, 2019 and 2018 were \$5,317, \$5,490, and \$4,148, respectively, which equaled the required contributions each year.

**CITY OF MATHIS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**N. CHANGES IN LONG-TERM LIABILITIES**

Long-term activity for the year ended September 30, 2020, was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds and Notes Payable:</b>					
Certificates of Obligation Bonds	\$ -	\$ 3,560,000	\$ -	\$ 3,560,000	\$ -
Notes	195,412	-	53,431	141,981	55,149
Equipment Note	-	-	-	-	-
Less Deferred Amount on Refunding	-	-	-	-	-
<b>Total Bonds and Notes Payable</b>	<u>195,412</u>	<u>3,560,000</u>	<u>53,431</u>	<u>3,701,981</u>	<u>55,149</u>
<b>Other Liabilities:</b>					
Capital Leases	352,075	-	81,138	270,937	85,562
Compensated Absences	32,305	28,645	32,305	28,645	10,026
Claims and Judgments	-	-	-	-	-
<b>Total Other Liabilities</b>	<u>384,380</u>	<u>28,645</u>	<u>113,443</u>	<u>299,582</u>	<u>95,588</u>
<b>Total Governmental Activities Long-Term Liabilities</b>	<u>579,792</u>	<u>3,588,645</u>	<u>166,874</u>	<u>4,001,563</u>	<u>150,737</u>
<b>Business-type Activities</b>					
<b>Bonds and Notes Payable:</b>					
Bonds	831,000	-	15,000	816,000	16,000
Loans	-	-	-	-	-
Less Deferred Amounts	-	-	-	-	-
<b>Total Bonds and Note Payable</b>	<u>831,000</u>	<u>-</u>	<u>15,000</u>	<u>816,000</u>	<u>16,000</u>
<b>Other Liabilities</b>					
Compensated Absences	16,673	15,098	16,673	15,098	3,020
Capital Leases	-	-	-	-	-
<b>Total Other Liabilities</b>	<u>16,673</u>	<u>15,098</u>	<u>16,673</u>	<u>15,098</u>	<u>3,020</u>
<b>Total Business-type Activities Long-Term Liabilities</b>	<u>\$ 847,673</u>	<u>\$ 15,098</u>	<u>\$ 31,673</u>	<u>\$ 831,098</u>	<u>\$ 19,020</u>

**O. UNAVAILABLE REVENUE**

Unavailable revenue at year end consisted of the following:

	General Fund	Business Type Fund	Debt Service Fund	Total
Net Tax Revenue	\$ 377,348	\$ -	\$ 180,244	\$ 557,592
Other	-	-	-	-
<b>Total Unavailable Revenue</b>	<u>\$ 377,348</u>	<u>\$ -</u>	<u>\$ 180,244</u>	<u>\$ 557,592</u>

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**P. DUE FROM STATE AGENCIES**

The City participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. Amounts due from federal and state governments as of September 30, 2020, are summarized below.

Fund	State Entitlements	Federal Grants	Total
General	\$ 249,323	\$ -	\$ 249,323
Special Revenue	64,509	-	64,509
Total	<u>\$ 313,832</u>	<u>\$ -</u>	<u>\$ 313,832</u>

**Q. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 920,838	\$ -	\$ 254,013	\$ -	\$ 1,174,851
Penalties, Interest and Other					
Tax Related Income	69,395	-	-	-	69,395
Investment Income	784	517	139	9,548	10,988
Sales Tax/Franchise	1,203,010	63,682	-	-	1,266,692
Charges for Services	937,603	-	-	-	937,603
Other	321,680	230,422	-	-	552,102
Total	<u>\$ 3,453,310</u>	<u>\$ 294,621</u>	<u>\$ 254,152</u>	<u>\$ 9,548</u>	<u>\$ 4,011,631</u>

**R. RELATED ORGANIZATIONS**

The City of Mathis (the "Corporation"), a not-for-profit entity which was organized to provide additional street and water improvements from a self-imposed sales tax from a city wide referendum. The City Council appoints the member board of directors on a periodic basis and is a "related organization" of the City as defined by *Governmental Accounting Standards Board Statement No. 14*.

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**S. FUND EQUITY - GASB 54 NOTE**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City of Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or state statute.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**CITY OF MATHIS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

City Fund Balance Policy

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The City has in the past and plans to continue in the future its conservative approach to monitoring expenditures to ensure that fund balances stay strong. The City is working on rebuilding its fund balance.

Fund Balance - GASB 54 Compliance

By a majority vote in a scheduled meeting of the City Council, the Council may commit fund balances and it may modify or rescind these commitments. The City Council may also delegate authority to persons or parties to assign fund balances in specific circumstances. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows.

<u>Fund Balance Classification</u>	Amount
Restricted	
Federal/State Grants	\$373,431
Capital Projects	3,348,013
Retirement of Long Term Debt	282,402
Assigned Fund Balances	
Undesignated/Unassigned	-
Unassigned Fund Balance	<u>176,544</u>
Total Fund Balances	<u>\$4,300,390</u>

**T. PRIOR PERIOD ADJUSTMENTS**

None

**U. SUBSEQUENT EVENTS**

The City of Mathis, Texas, has no reportable litigation pending that is not covered by insurance and therefore, no liability is reflected in the financial statements for the September 30, 2020 fiscal year as necessary. The Council has evaluated subsequent events through July 5, 2022, the date which the financial statements were available to be issued.

During the audit, the nation was hit with a corona virus. The virus essentially shut down the nation economically. The impact at the date of the audit report is not measurable. The nation had to shelter in place.

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REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF MATHIS, TEXAS  
REQUIRED SUPPLEMENTARY DISCLOSURE  
AS OF SEPTEMBER 30, 2020**

**BUDGETARY DATA**

Annual budgets are legally adopted by council. The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures of a department must be approved by the City Council. Budgeted amounts reported in the 2019-2020 financial statements present the original and final amended budget approved by the Council. All unencumbered budget appropriations except project budgets, lapse at the end of each fiscal year. The following procedures are used by the City in establishing the budgetary date reflected in the financial statements:

1. Prior to first meeting in September, the City Manager is required to submit a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Advertised public hearings are conducted.
3. The budget is required to be approved by October 1st.
4. The applicable rates are approved after the budget has been approved.
5. The budget may be amended as considered necessary. The budget and rates are enacted through the passage of ordinances.

CITY OF MATHIS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Plan Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 265,543	\$ 269,579	\$ 267,665	\$ 256,721	\$ 222,406	\$ 140,356
Interest (on the total pension liability)	203,428	197,386	193,269	178,798	164,060	157,939
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(58,912)	(130,454)	(156,719)	(38,798)	835	(56,629)
Change of assumptions	2,064	-	-	-	75,458	-
Benefit payments, including refunds of employee contributions	(198,095)	(291,873)	(196,474)	(179,138)	(170,419)	(220,070)
<b>Net Change in Total Pension Liability</b>	<u>214,028</u>	<u>44,638</u>	<u>107,741</u>	<u>217,583</u>	<u>292,340</u>	<u>21,596</u>
<b>Total Pension Liability - Beginning</b>	2,980,025	2,935,387	2,827,646	2,610,063	2,317,723	2,296,127
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 3,194,053</u>	<u>\$ 2,980,025</u>	<u>\$ 2,935,387</u>	<u>\$ 2,827,646</u>	<u>\$ 2,610,063</u>	<u>\$ 2,317,723</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 95,989	\$ 95,212	\$ 89,851	\$ 61,694	\$ 55,141	\$ 15,912
Contributions - employee	148,348	146,170	146,953	142,059	128,665	94,815
Net investment income	534,246	(108,369)	436,041	197,809	4,298	163,625
Benefit payments, including refunds of employee contributions	(198,095)	(291,873)	(196,474)	(179,138)	(170,419)	(220,070)
Administrative expense	(3,024)	(2,097)	(2,261)	(2,235)	(2,619)	(1,709)
Other	(91)	(110)	(115)	(120)	(129)	(140)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>577,373</u>	<u>(161,067)</u>	<u>473,995</u>	<u>220,069</u>	<u>14,937</u>	<u>52,433</u>
<b>Plan Fiduciary Net Position - Beginning</b>	3,461,437	3,622,503	3,148,509	2,928,440	2,913,503	2,861,070
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 4,038,810</u>	<u>\$ 3,461,436</u>	<u>\$ 3,622,504</u>	<u>\$ 3,148,509</u>	<u>\$ 2,928,440</u>	<u>\$ 2,913,503</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ (844,757)</u>	<u>\$ (481,411)</u>	<u>\$ (687,117)</u>	<u>\$ (320,863)</u>	<u>\$ (318,377)</u>	<u>\$ (595,780)</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	126.45%	116.15%	123.41%	111.35%	112.20%	125.71%
<b>Covered Payroll</b>	\$ 2,119,261	\$ 2,088,144	\$ 2,099,331	\$ 2,029,412	\$ 1,838,065	\$ 1,354,494
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	-39.86%	-23.05%	-32.73%	-15.81%	-17.32%	-43.99%

CITY OF MATHIS  
SCHEDULE OF CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Fiscal Year Ended September 30,					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 96,815	\$ 94,839	\$ 96,222	\$ 84,569	\$ 674,334	\$ 45,742
Contributions in relation to actuarially determined contribution	<u>(96,815)</u>	<u>(94,839)</u>	<u>(96,222)</u>	<u>(84,569)</u>	<u>(674,334)</u>	<u>(45,742)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,126,767	\$ 2,097,657	\$ 2,147,604	\$ 2,051,357	\$ 2,010,739	\$ 1,648,513
Contributions as a percentage of covered payroll	4.55%	4.52%	4.48%	4.12%	33.54%	2.77%

CITY OF MATHIS  
 NOTES TO SCHEDULE OF CONTRIBUTIONS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

**Valuation Date:** Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on 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 male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:** There were no benefit changes during the year.

CITY OF MATHIS  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Plan Year Ended December 31,		
	2019	2018	2017
<b>Total OPEB Liability</b>			
Service cost	\$ 5,510	\$ 7,517	\$ 6,718
Interest (on the total OPEB liability)	4,793	4,428	4,308
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,570)	(6,352)	-
Change of assumptions	25,071	(8,026)	9,444
Benefit payments, including refunds of employee contributions	(1,272)	(1,044)	(1,050)
<b>Net Change in Total OPEB Liability</b>	<u>32,532</u>	<u>(3,477)</u>	<u>19,420</u>
<b>Total OPEB Liability - Beginning</b>	<u>127,067</u>	<u>130,544</u>	<u>111,124</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 159,599</u>	<u>\$ 127,067</u>	<u>\$ 130,544</u>
<b>Covered Payroll</b>	\$ 2,119,261	\$ 2,088,144	\$ 2,099,331
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	7.53%	6.09%	6.22%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES AS SUPPLEMENTARY  
INFORMATION – COMPARATIVE BALANCE SHEET – GENERAL FUND AND DEBT SERVICE  
FUND

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**CITY OF MATHIS, TEXAS  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2020 AND 2019**

**EXHIBIT H-1**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	393,520	238,073
Receivables and Allowances:		
Accounts		
Assessments and Fees (net)	132,883	145,421
Miscellaneous	1,127	154
Inventory	-	-
Due From Other Governmental Agencies		
Sales Taxes	11,724	11,339
Other Governmental	237,599	271,506
Ad Valorem Taxes	490,797	649,088
Allowance for Uncollectible Taxes	(113,450)	(129,818)
Due from Other Funds	-	-
Prepaid Items	100	-
	<u>1,154,301</u>	<u>1,185,763</u>
<b>TOTAL ASSETS</b>	<u><u>1,154,301</u></u>	<u><u>1,185,763</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	181,442	126,417
Other Payables	149,882	146,907
Due to Other Funds	269,085	324,797
Other Accruals	-	-
<b>TOTAL LIABILITIES</b>	<u>600,409</u>	<u>598,121</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Tax Revenue	377,348	519,271
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>377,348</u>	<u>519,271</u>
<b>FUND BALANCE</b>		
Reserve for Inventory	-	-
Reserve for Compensated Balances	-	-
Unreserved		
Undesignated	176,544	68,371
<b>TOTAL FUND BALANCE</b>	<u>176,544</u>	<u>68,371</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS  OF RESOURCES AND FUND BALANCE</b>	<u><u>1,154,301</u></u>	<u><u>1,185,763</u></u>

CITY OF MATHIS, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER SOURCES  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNT FOR 2019

	<u>2020</u>		<u>2019</u>		
	<b>BUDGETED AMOUNTS</b>		<b>Actual</b>	<b>Budget Variance</b>	<b>Actual</b>
	<b>Original</b>	<b>Final</b>			
<b>REVENUES</b>					
Taxes					
Ad valorem- Current	841,783	841,783	829,615	(12,168)	669,197
Ad valorem- Delinquent	79,785	79,785	91,223	11,438	78,567
Ad valorem- Penalty & Interest	48,395	48,395	69,395	21,000	54,304
Attest Fees	-	-	-	-	-
City Sales	833,961	833,961	972,261	138,300	904,252
Street Maintenance Sales Tax	38,329	38,329	39,432	1,103	41,520
EDC Monthly Expense Fee	-	-	-	-	-
Franchise	177,546	177,546	191,317	13,771	189,192
Other	-	-	-	-	-
<b>Total Taxes</b>	<b>2,019,799</b>	<b>2,019,799</b>	<b>2,193,243</b>	<b>173,444</b>	<b>1,937,033</b>
Licenses and Permits					
Animal Licenses	140	140	250	110	590
Business Licenses	1,000	1,000	950	(50)	680
Building Permits	11,774	11,774	106,862	95,088	17,455
Electrical Permits	5,384	5,384	4,574	(810)	5,494
Plumbing Permits	1,088	1,088	5,506	4,418	2,263
Other Permits	2,970	2,970	1,984	(986)	3,407
Mechanical Permits	938	938	7,795	6,857	1,751
<b>Total Licenses and Permits</b>	<b>23,294</b>	<b>23,294</b>	<b>127,921</b>	<b>104,627</b>	<b>31,639</b>
Intergovernmental	-	-	4,474	4,474	-
<b>Total Intergovernmental</b>	<b>-</b>	<b>-</b>	<b>4,474</b>	<b>4,474</b>	<b>-</b>

CITY OF MATHIS, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER SOURCES  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNT FOR 2019

EXHIBIT H-2  
Page 2 of 2

	2020			2019	
	BUDGETED AMOUNTS		Actual	Budget Variance	Actual
	Original	Final			
<b>REVENUES</b>					
Charges for Services					
Rural Fire Calls	41,176	41,176	46,914	5,738	38,063
Jury Reimbursement Fees	-	-	-	-	-
Weed Control Charges	-	-	-	-	-
Rec Machine Tax	120	120	-	(120)	-
Mixed Beverage Tax	3,954	3,954	4,209	255	4,390
Child Safety Fee	-	-	4,551	4,551	-
Refuse Services	464,598	464,598	479,846	15,248	463,338
Tax Certificate	-	-	-	-	-
Other Revenue	-	-	-	-	-
<b>Subtotal</b>	<b>509,848</b>	<b>509,848</b>	<b>535,520</b>	<b>25,672</b>	<b>505,791</b>
Other Revenues					
Other/Municipal Court Fines	23,940	23,940	21,020	(2,920)	32,393
Interest	458	458	784	326	1,291
EMS Billings/Contributions	559,574	559,574	457,757	(101,817)	501,548
Attorney Fees	-	-	-	-	-
Animal Control Fees	1,490	1,490	-	(1,490)	360
Cash Over/Short	-	-	-	-	-
Court Fees	32,098	32,098	16,525	(15,573)	11,266
Sale of Assets	-	-	-	-	-
Miscellaneous	1,872	1,872	11,291	9,419	14,432
Other Fees	1,000	1,000	-	(1,000)	8,039
Copy & Map Sales	-	-	-	-	-
Insurance Refund	-	-	8,420	8,420	-
Debt Share from Other Funds	-	-	-	-	-
Juvenile Case Manager	-	-	-	-	-
County EMS Subsidy	28,790	28,790	55,407	26,617	26,615
LEOSE	-	-	-	-	-
State Revenues	33,613	33,613	20,950	(12,663)	22,807
City Property/Bldg Rental/Land Use	-	-	-	-	-
<b>Subtotal</b>	<b>682,835</b>	<b>682,835</b>	<b>592,152</b>	<b>(90,683)</b>	<b>618,752</b>
<b>Total Revenues</b>	<b>3,235,776</b>	<b>3,235,776</b>	<b>3,453,310</b>	<b>217,534</b>	<b>3,093,215</b>
OTHER SOURCES- Operating Transfers					
Capital - related Debt Issued	-	-	-	-	-
Transfers In	205,173	205,173	160,982	(44,191)	206,662
<b>Total Operating Transfers</b>	<b>205,173</b>	<b>205,173</b>	<b>160,982</b>	<b>(44,191)</b>	<b>206,662</b>
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<b>3,440,949</b>	<b>3,440,949</b>	<b>3,614,293</b>	<b>173,344</b>	<b>3,299,877</b>

CITY OF MATHIS, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2020  
WITH COMPARATIVE ACTUAL AMOUNT FOR 2019

	2020			
	BUDGETED AMOUNTS		Personnel Costs	Supplies & Services
	Original	Final		
Current Expenditures				
General Administration				
Municipal Court	111,493	111,493	35,420	52,669
Administration	659,393	659,393	422,061	216,099
<b>Total General Administration</b>	<b>770,886</b>	<b>770,886</b>	<b>457,482</b>	<b>268,767</b>
Public Safety				
Police	969,132	969,132	737,352	205,575
Fire	62,830	62,830	6,865	76,267
Emergency Medical Services	711,534	711,534	529,666	216,264
Animal Control	70,084	70,084	31,612	12,344
Code Enforcement	25,320	25,320	12,830	1,007
<b>Total Public Safety</b>	<b>1,838,900</b>	<b>1,838,900</b>	<b>1,318,325</b>	<b>511,457</b>
Public Works				
Streets Department	414,403	414,403	215,554	586,549
<b>Total Public Works</b>	<b>414,403</b>	<b>414,403</b>	<b>215,554</b>	<b>586,549</b>
Sanitation				
Sanitation	-	-	-	-
<b>Total Sanitation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Culture and Recreation				
Library	-	-	-	-
Parks	125,512	125,512	75,396	38,143
<b>Total Parks and Recreation</b>	<b>125,512</b>	<b>125,512</b>	<b>75,396</b>	<b>38,143</b>
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Current Expenditures</b>	<b>3,149,701</b>	<b>3,149,701</b>	<b>2,066,757</b>	<b>1,404,916</b>
Transfer Out	35,045	35,045	-	-

EXHIBIT H-3

			2020	2019
Debt Service	Capital Outlay	Total Actual	Final Budget Variance	Actual
-	-	88,089	23,404	84,029
-	-	638,160	21,233	778,271
-	-	<b>726,249</b>	<b>44,637</b>	<b>862,300</b>
-	-	942,927	26,205	845,052
-	-	83,132	(20,302)	60,590
-	10,446	756,376	(44,842)	709,359
-	-	43,957	26,127	58,587
-	-	13,837	11,483	5,987
-	<b>10,446</b>	<b>1,840,229</b>	<b>(1,329)</b>	<b>1,679,575</b>
-	-	802,103	(387,700)	430,669
-	-	<b>802,103</b>	<b>(387,700)</b>	<b>430,669</b>
-	-	-	-	337,334
-	-	-	-	337,334
-	-	-	-	-
-	-	113,539	11,973	119,133
-	-	<b>113,539</b>	<b>11,973</b>	<b>119,133</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	<b>10,446</b>	<b>3,482,120</b>	<b>(332,419)</b>	<b>3,429,011</b>
-	-	24,000	11,045	10,000

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**CITY OF MATHIS, TEXAS  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2020 AND 2019**

**Exhibit H-4**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	41,759	5,122
Receivables and Allowances		
Ad Valorem Taxes	231,993	299,804
Allowance for Uncollectible Taxes	(51,750)	(58,995)
Due from Other Funds	240,643	200,039
	<u>462,646</u>	<u>445,970</u>
<b>TOTAL ASSETS</b>	<u>462,646</u>	<u>445,970</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	-	-
Due to Other Funds	-	-
	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Tax Revenues	180,244	235,978
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>180,244</u>	<u>235,978</u>
<b>FUND BALANCE</b>		
Reserve for Debt Service	282,402	209,991
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>462,646</u>	<u>445,970</u>

CITY OF MATHIS, TEXAS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2020

Exhibit H-5

	2020				2019
	BUDGETED AMOUNTS		Final		Actual
	Original	Final	Actual	Budget Variance	
<b>REVENUES</b>					
Ad valorem Taxes	221,637	221,637	225,188	3,551	339,243
Ad valorem- Penalty & Interest	19,562	19,562	28,825	9,263	25,907
Total Ad valorem Taxes	241,199	241,199	254,013	12,814	365,150
CO 2003 MEDC Split	-	-	-	0	8,050
In Lieu Taxes	-	-	-	-	-
Interest	-	-	139	139	45
Total Revenues	241,199	241,199	254,151	12,952	373,245
<b>EXPENDITURES</b>					
Other Services and Charges	-	-	-	-	-
Debt Service					
Principal Retirement	-	-	124,050	(124,050)	231,506
Interest and Fiscal Charges	-	-	57,690	(57,690)	91,319
Total Expenditures	-	-	181,741	(181,741)	322,825
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	241,199	241,199	72,411	(168,788)	50,419
<b>OTHER FINANCING SOURCES (USES)</b>					
Other Financing - Bonds	-	-	-	-	-
Other Sources- Transfers (Out)	-	-	-	-	-
Other Sources- Transfers In	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>					
	241,199	241,199	72,411	(168,788)	50,419
FUND BALANCE, beginning of year	209,991	209,991	209,991	0	159,572
<b>FUND BALANCE, end of year</b>	<b>451,190</b>	<b>451,190</b>	<b>282,402</b>	<b>(168,788)</b>	<b>209,991</b>

SCHEDULES – NON-MAJOR GOVERNMENTAL FUNDS

**CITY OF MATHIS, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2020  
WITH COMPARATIVE TOTALS FOR 2019**

	<u>Court Technology Fund</u>	<u>Court Security Fund</u>	<u>Street Improvements Fund</u>	<u>Various Grant Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	1,597	-	182,792	60,245
Receivables	-	-	19,267	-
Due from Other Governments	-	-	-	36,920
Due from Other Funds	3,584	4,301	143,561	12,350
<b>TOTAL ASSETS</b>	<u><b>5,181</b></u>	<u><b>4,301</b></u>	<u><b>345,620</b></u>	<u><b>109,515</b></u>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	-	-	25,621	-
Due to Others	-	-	-	84,539
Due to Other Funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>25,621</b></u>	<u><b>84,539</b></u>
<b>FUND BALANCE</b>				
Committed for Special Revenue	-	-	-	-
Assigned for Special Revenue	5,181	4,301	319,999	24,976
Restricted for Debt Service	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<u><b>5,181</b></u>	<u><b>4,301</b></u>	<u><b>319,999</b></u>	<u><b>24,976</b></u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u><u><b>5,181</b></u></u>	<u><u><b>4,301</b></u></u>	<u><u><b>345,620</b></u></u>	<u><u><b>109,515</b></u></u>

EXHIBIT H-6

Police Improvement Fund	Hotel/ Motel Fund	TXDOT Grant Fund	Total Governmental Funds	Total Nonmajor
			2020	2019
40	45,783	-	290,457	165,108
-	8,321	-	27,588	31,606
-	-	-	36,920	-
-	42,065	-	205,860	132,715
<b>40</b>	<b>96,170</b>	<b>-</b>	<b>560,826</b>	<b>329,429</b>
-	3,838	-	29,459	16,309
-	-	-	84,539	-
-	-	73,398	73,398	37,069
<b>-</b>	<b>3,838</b>	<b>73,398</b>	<b>187,396</b>	<b>53,378</b>
-	-	-	-	-
40	92,331	(73,398)	373,431	276,051
-	-	-	-	-
<b>40</b>	<b>92,331</b>	<b>(73,398)</b>	<b>373,431</b>	<b>276,051</b>
<b>40</b>	<b>96,170</b>	<b>-</b>	<b>560,826</b>	<b>329,429</b>

**CITY OF MATHIS, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2020  
WITH COMPARATIVE TOTALS FOR 2019**

	Court Technology Fund	Court Security Fund	Street Improvements Fund	Various Grant Funds
<b>REVENUE</b>				
Taxes	-	-	-	-
Intergovernmental	-	649	72,766	148,582
Interest	15	-	428	1
Other	876	-	-	-
<b>TOTAL REVENUES</b>	<b>890</b>	<b>649</b>	<b>73,194</b>	<b>148,583</b>
<b>EXPENDITURES</b>				
Current				
Personnel Costs	-	-	-	-
Supplies	-	-	45	-
Other Services and Charges	-	-	-	75,988
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>75,988</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>890</b>	<b>649</b>	<b>73,148</b>	<b>72,596</b>
<b>OTHER FINANCE SOURCES (USES)</b>				
OTHER FINANCING - Bonds	-	-	-	-
Transfer In from Other Funds	-	-	-	-
Transfer (Out) to Other Funds	-	-	-	(2,274)
<b>TOTAL OTHER FINANCE SOURCES(USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,274)</b>
<b>EXCESS (DEFICIENCY) OF REV. AND OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	<b>890</b>	<b>649</b>	<b>73,148</b>	<b>70,321</b>
<b>FUND BALANCE, beginning of year</b>	<b>4,291</b>	<b>3,651</b>	<b>246,851</b>	<b>(45,345)</b>
Prior Period Adjustment	-	-	-	-
<b>FUND BALANCE, end of year</b>	<b>5,181</b>	<b>4,301</b>	<b>319,999</b>	<b>24,976</b>

EXHIBIT H-7

Police Improvement Fund	Hotel/ Motel Fund	TXDOT Grant Fund	Nonmajor Governmental Funds	
			2020	2019
-	63,682	-	63,682	113,125
-	-	-	221,998	75,054
-	74	-	517	748
-	-	7,549	8,424	527,767
-	<b>63,755</b>	<b>7,549</b>	<b>294,621</b>	<b>716,694</b>
-	-	-	-	0
-	-	-	45	0
13	-	-	76,001	664,298
-	-	-	-	0
<b>13</b>	<b>-</b>	<b>-</b>	<b>76,046</b>	<b>664,298</b>
(13)	63,755	7,549	218,575	52,396
-	-	-	-	-
-	-	-	-	-
-	(56,350)	-	(58,624)	(114,966)
-	<b>(56,350)</b>	<b>-</b>	<b>(58,624)</b>	<b>(114,966)</b>
(13)	7,405	7,549	159,950	(62,570)
53	84,926	(80,947)	213,480	276,050
-	-	-	-	-
<b>40</b>	<b>92,331</b>	<b>(73,398)</b>	<b>373,431</b>	<b>213,480</b>

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ENTERPRISE FUNDS

**CITY OF MATHIS, TEXAS  
COMPARATIVE STATEMENTS OF NET POSITION  
UTILITY FUND  
SEPTEMBER 30, 2020 AND 2019**

**EXHIBIT I-1**  
Page 1 of 2

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	227,049	23,920
Receivables and Allowances		
Accounts		
Water and Wastewater Billings	412,089	408,676
Assessments	-	-
Other	0	-
Allowance for Uncollectible Accounts	-	-
Due from Other Funds	80,289	95,109
Bond Issue Cost (Net)	0	-
Prepaid Items	3,515	3,515
Inventory	-	-
	<u>722,942</u>	<u>531,220</u>
<b>Total Current Assets</b>		
Non-Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents		
Meter Deposit Funds	20,130	19,110
Revenue Bond Reserve	1	0
Sinking Fund- Bonds	-	-
<b>Total Restricted Assets</b>	<u>20,132</u>	<u>19,110</u>
Net Pension Asset (liability)	211,189	120,353
Capital Assets:		
Land	12,412	12,412
Construction in Progress	-	-
Buildings	222,445	222,445
Water System	7,383,959	7,383,959
Sewer System	3,786,564	3,786,564
Infrastructure	-	-
Vehicles	-	-
Furniture and Equipment	167,594	167,595
	<u>11,572,975</u>	<u>11,572,975</u>
<b>Total Capital Assets</b>		
Less Accumulated Depreciation	(4,709,634)	(4,549,181)
Net Capital Assets	<u>6,863,341</u>	<u>7,023,794</u>
<b>TOTAL ASSETS</b>	<u>7,817,603</u>	<u>7,694,477</u>
Deferred Resource Outflows 68	2,789	64,145
Deferred Resource Outflows 75	4,825	2,448

**CITY OF MATHIS, TEXAS  
 COMPARATIVE STATEMENTS OF NET POSITION  
 UTILITY FUND  
 SEPTEMBER 30, 2020 AND 2019**

**EXHIBIT I-1**  
 Page 2 of 2

	<u>2020</u>	<u>2019</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	20,732	35,731
Accrued Liabilities	0	-
Compensated Absences	15,098	16,673
Due to Other Funds	163,733	16,787
Capital Leases Payable	-	-
Current Portion of Revenue Bonds Payable	16,000	15,000
Customer Meter Deposits	<u>110,169.71</u>	<u>106,567</u>
<b>Total Current Liabilities</b>	<u>325,733</u>	<u>190,758</u>
Long-Term Liabilities		
Net Pension Liability	8,133	31,767
Capital Leases Payable	-	-
Revenue Bonds Payable	<u>800,000</u>	<u>816,000</u>
<b>Total Long-Term Liabilities</b>	<u>808,133</u>	<u>847,767</u>
<b>Total Liabilities</b>	<u>1,133,866</u>	<u>1,038,525</u>
Deferred Resource Inflows 68	-	24,872
Deferred Resource Inflows 75	-	2,880
<b>NET POSITION</b>		
Invested in Capital Assets	6,067,472	6,211,905
Restricted for:		
Revenue Bond Retirement/Other	-	19,110
Unrestricted	<u>623,879</u>	<u>463,778</u>
<b>Net Position</b>	<u><u>6,691,351</u></u>	<u><u>6,694,793</u></u>

**CITY OF MATHIS, TEXAS  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 UTILITY FUND  
 YEAR ENDED SEPTEMBER 30, 2019 AND 2020**

**EXHIBIT I-2**

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Charges for Services		
Water Sales	956,374	956,664
Sewer Sales	508,238	530,709
Meter tap/reconnect fees	879	19,255
Other Fees and Charges	<u>85,192</u>	<u>11,485</u>
<b>Total Operating Revenues</b>	<u>1,550,683</u>	<u>1,518,113</u>
<b>OPERATING EXPENSES</b>		
Personnel Costs	556,359	615,467
Contracted Services	16,564	-
Supplies	1,702	-
Maintenance	105,347	-
Other Operating Expenses	363,172	545,958
Water Purchased	233,828	279,804
Depreciation	160,443	156,228
Amortization	-	-
<b>Total Operating Expenses</b>	<u>1,437,414</u>	<u>1,597,457</u>
<b>Net Operating Income</b>	<u>113,269</u>	<u>(79,344)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Refunding Bonds Issued	-	-
Payments to Escrow Agents	-	-
Grant Income	-	-
Interest Income	278	1,677
Interest and Fiscal Charges	<u>(36,356)</u>	<u>(36,684)</u>
<b>Net Non-Operating Revenues (Expenses)</b>	<u>(36,078)</u>	<u>(35,007)</u>
<b>Income Before Transfers</b>	<u>77,191</u>	<u>(114,351)</u>
Transfers in	73,678	35,268
Transfers out	<u>(154,310)</u>	<u>(102,964)</u>
<b>Change in Net Position</b>	<u>(3,442)</u>	<u>(182,047)</u>
Prior Period Adjustment	-	-
<b>NET POSITION BEGINNING OF YEAR</b>	<u>6,694,793</u>	<u>6,876,840</u>
<b>NET POSITION END OF YEAR</b>	<u><u>6,691,351</u></u>	<u><u>6,694,793</u></u>

CITY OF MATHIS, TEXAS

EXHIBIT I-3

UTILITY FUND

SCHEDULE OF OPERATING REVENUES AND EXPENSES- BY FUND

YEAR ENDED SEPTEMBER 30, 2020

	Utility-Water Fund 80	Utility-Wastewater Fund	Customer Service 90	Meter Deposit	Total
<b>OPERATING REVENUES</b>					
Charges for Services					
Water Sales	954,209	-	-	-	954,209
Sewer Sales	505,638	-	-	-	505,638
Meter Tap/Reconnect Fees/Mtr Deposits	879	-	-	-	879
Water Taps	2,165	-	-	-	2,165
Sewer Taps	2,600	-	-	-	2,600
Total Charges for Services	<u>1,465,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,465,491</u>
Other Fees and Charges					
Delinquent Account Penalties	9,535	-	-	-	9,535
Reimbursement	-	-	-	-	-
Other	75,657	-	-	-	75,657
Total Other Fees and Charges	<u>85,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,192</u>
Total Operating Revenues	<u>1,550,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,550,683</u>
<b>OPERATING EXPENSES</b>					
Personnel Costs - Water	354,905	-	-	-	354,905
Personnel Costs- Waste Water	201,453	-	-	-	201,453
Contracted Services	16,564	-	-	-	16,564
Supplies	1,702	-	-	-	1,702
Maintenance	105,347	-	-	-	105,347
Other Operating Expenses - Water	232,778	-	-	-	232,778
Other Operating Expenses- Waste Water	130,393	-	-	-	130,393
SUBTOTAL	<u>1,043,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,043,143</u>
Water Purchased	233,828	-	-	-	233,828
Depreciation	160,443	-	-	-	160,443
Amortization	-	-	-	-	-
Total Operating Expenses	<u>1,437,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,437,414</u>
NET OPERATING INCOME	<u>113,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,269</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Refunding Bonds Issued	-	-	-	-	-
Payments to Escrow Agents	-	-	-	-	-
Grant Income	-	-	-	-	-
Interest Income	278	-	-	-	278
Interest and Fiscal Charges	(36,356)	-	-	-	(36,356)
Net Non-Operating Revenues (Expenses)	<u>(36,078)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,078)</u>
Income Before Transfers	<u>77,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,191</u>
Transfers in	73,678	-	-	-	73,678
Transfers (out)	(154,310)	-	-	-	(154,310)
Change in Net Position	<u>(3,442)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,442)</u>
Prior Period Adjustment	-	-	-	-	-
NET POSITION BEG. OF YEAR	<u>6,694,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,694,793</u>
NET POSITION END OF YEAR	<u>6,691,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,691,351</u>

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