

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

City of Van Alstyne, Texas  
Annual Financial Report  
For the Year Ended September 30, 2020

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## **FINANCIAL SECTION**



**LaFollett and Company PLLC**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Van Alstyne, Texas

We have audited the accompanying financial statements 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 Van Alstyne, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TMRS pension and OPEB information on pages 3 - 7 and 50-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual fund budgetary comparison schedules and individual fund financial statements presented on pages 56-65 are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

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

A handwritten signature in black ink that reads "LaFollett & Company PLLC". The signature is written in a cursive, flowing style.

LaFollett & Company PLLC  
Tom Bean, Texas  
August 10, 2021

## CITY OF VAN ALSTYNE, TEXAS, MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City of Van Alstyne's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the City's financial statements, which begin on page 8.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of FY20 by \$22,734,901. This is an increase of \$2,963,818 over FY19's net position value of \$19,771,083. Unrestricted net position at the close of FY20 is \$2,143,584 and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,963,818 or 15%, as a result of this year's operations.
- The City's governmental fund types on page 10 and 12 reported combined ending fund balances of \$7,496,301, which is an increase of \$4,511,191 in comparison with the prior year amount of \$2,985,110.
- The unassigned governmental fund balances of \$1,644,336 (22%) are available for spending at the City's discretion. The remainder of the governmental fund balances are restricted for a specific purpose, primarily capital projects and debt service. For 2020, the General Fund had approximately \$473,191 in monthly expenses, so the unassigned fund balance of \$1,644,336 represents 3.47 months of expenses.

### 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 8 and 9). These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. 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 10) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for funding requests. Proprietary fund financial statements report activity for the City's water, sewer, and sanitation operations.

The notes to the financial statements (starting on page 17) provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

### **Reporting the City as a Whole – Government-Wide Financial Statements**

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

Government-wide financial statements, which provide an analysis of the City's overall financial condition and operation, begin on page 8. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position includes all the City's assets, deferred inflow and outflows, and liabilities (including long-term items) while the Statement of Activities includes all the revenue and expenses generated by the City's operations during the year.

Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions, 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current or future years. Liabilities are also reported 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 position is 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 request for services from citizens and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activities, as well as, the component units:

**Governmental Activities** – City services such as police, fire protection and ambulance services, municipal court, street maintenance, emergency communication, parks, library, City administration, and interest on long-term debt are reported here. City property taxes and charges for services finance most of these activities.

**Business-Type Activities** - The City uses proprietary (business-type) funds to account for its water, sewer, and sanitation operations. The services are supported by monthly charges to citizens.

**Discretely Presented Component Units** - The Economic Development Corporation (EDC) and Community Development Corporation (CDC) are reported in separate columns to emphasize that they are separate entities.

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

#### **Fund Financial Statements**

The fund financial statements begin on page 10 and provide detailed information about the most significant funds. The City's two kinds of funds-governmental and proprietary – use different accounting approaches.

**Governmental Funds** – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules found on pages 11 and 13.

**Proprietary Funds** – The City uses proprietary (business-type) funds to account for its water, sewer, and sanitation operations. The full-accrual basis of accounting is used for all proprietary type funds.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves as one useful indicator of a government's financial position. In the case of the City, net position is \$22,734,901 at the close of FY20. Seventy-nine percent (79%) of the City's net position is invested in capital assets; land, buildings, infrastructure, machinery and equipment, less any outstanding debt used to acquire these assets. The City uses capital assets to provide services to the citizens they serve; consequently, these assets are not available for future spending. The following is a summary of the Statement of Net Position and the Statement of Activities as of and for the year ended September 30, 2020:

### City of Van Alstyne - Statement of Net Position

	<b>FY20</b>	<b>FY19</b>
Current and other assets	\$11,865,379	\$6,311,637
Capital assets	29,871,937	28,271,862
Total assets	<u>41,737,316</u>	<u>34,583,499</u>
Deferred outflow of resources	212,811	360,737
Total deferred outflow of resources	<u>212,811</u>	<u>360,737</u>
Current liabilities	1,814,013	1,678,834
L-T liabilities	17,247,996	13,426,181
Total liabilities	<u>19,062,009</u>	<u>15,105,015</u>
Deferred inflow of resources	153,217	68,138
Total deferred outflow of resources	<u>153,217</u>	<u>68,138</u>
Net position		
Net investment in capital assets	17,914,053	15,716,342
Restricted	2,677,264	3,601,765
Unrestricted	2,143,584	452,976
Total net position	<u>\$ 22,734,901</u>	<u>\$ 19,771,083</u>

### City of Van Alstyne - Statement of Activities

Revenues:		
Program revenues	\$ 6,455,092	\$ 4,929,464
Operating grants and contributions	152,924	71,945
Capital grants and contributions	919,131	4,818,899
General revenues	3,800,249	3,237,895
Total revenues	<u>11,327,396</u>	<u>13,058,203</u>
Expenses:		
Water, sewer, and sanitation	2,744,741	2,664,427
General government	1,986,689	1,311,632
Police and communications	1,324,124	1,107,348
Fire protection and ambulance	951,913	875,880
Municipal court	124,711	100,685
Streets and infrastructure	564,962	539,922
Parks	301,500	292,684
Library	247,900	236,712
Interest	117,038	75,688
Total expenses	<u>8,363,578</u>	<u>7,204,978</u>
Increase in net position	2,963,818	5,853,225
Net position - beginning of year	19,771,083	13,917,858
Net position - end of year	<u>\$ 22,734,901</u>	<u>\$ 19,771,083</u>

## **FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

Net position of the City's governmental activities increased from \$9,359,874 to \$10,614,066. \$919,131 of the increase in net position of governmental activities is attributable to an increase in capital grants. 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 is \$1,518,752 for governmental activities.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's Governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of \$7,496,301 compared to \$2,985,110 in FY19. This represents an increase of \$4,511,191 compared to last year's increase of \$407,831.

Revenues for the City's General Fund (as shown on page 12) were \$6,342,255 while total expenditures were \$5,678,289. This resulted in a excess of revenues over expenditures in the amount of \$663,966 from current operations. Last year's result was a deficiency of revenues under expenditures in the amount of \$190,162.

The City's Water and Sewer Funds (as presented in the Statement of Net Position on page 14) reported a net position of \$12,120,835 compared to the net position \$10,411,209 in FY19. This represents an increase of \$1,709,626.

Revenues for the City's Water and Sewer Fund (as shown on page 15) were \$4,405,884 while total operating expenses were \$2,265,162. These totals plus non-operating items resulted in an increase in net position of \$1,709,626. Last year's result was a net increase of \$2,851,952. FY19 unrestricted net position of negative (\$539,265) was increased to positive \$624,832 in FY20. This represents 3.31 months of reserves.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The original adopted budget for the General Fund was amended. See General Fund Budgetary Comparison presented on page 50. A review of the actual expenditures compared to the appropriations in the General Fund budget yields several significant variances, as discussed below. The following is a summary discussion of General Fund budget variances for FY20:

### **Revenues were \$134,815 less than budgeted**

- Court revenues were \$198,331 (28%) less than budgeted because violation receipts were less than anticipated and the City adjusted revenue for payments remitted to the State.

### **Expenditures were \$119,831 less than budgeted**

- Court expenses were \$166,141 (40%) less than budgeted because expenses were less than anticipated and the City budgeted for payments remitted to the State in the expense line item rather than as a reduction of revenue.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets net of accumulated depreciation for all activities as of September 30, 2020 amounts to \$29,871,937, compared to \$28,271,862 at September 30, 2019. This investment in capital assets includes land, buildings and improvements, street improvements, city parks, machinery and equipment, and water and sewer facilities. Major capital asset purchases during the current fiscal year included the construction of shared use paths and water lines, as well as, the purchase of equipment, water and sewer system improvements, and street and infrastructure additions city wide in the net amount of \$2,989,342.

### **Long-term Debt**

At year-end, the City had total contractual obligations, bonds, notes and other debt outstanding of \$16,245,193. The City entered into new debt during the year in the original principal amount of \$2,130,000 and \$4,655,000 for the refunding of existing debt obligations and the purchase and construction of land sites for public parking facilities and a future municipal complex as well as municipal park and recreational improvements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following economic factors currently affect the City and were considered in developing the 2020 – 2021 budget.

- The property tax rate remained unchanged at \$0.584456 per \$100 assessed valuation. The continued increase in real estate property valuations and growth due to ongoing residential and commercial development allowed us to keep the rate the same while also increasing revenue for the City.
- Sales tax revenue continues to increase reflecting ongoing development. The City anticipates this trend will continue into the foreseeable future as a Stay Local/Shop Local initiative began in March of 2020 to encourage local patronage in the wake of the COVID-19 Pandemic.
- New home development continues at a rapid pace. The City has issued 101 new residential building permits in the first half of FY21 and 158 new residential building permits issued during FY20. This is a 56% increase over FY19. We anticipate the rate of building permit issuance will continue to climb as for the next five years as more platted properties begin the process of construction.

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

This financial report is designed to provide our citizens, taxpayers, customers, 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, write to City Hall, at P.O. Box 247, Van Alstyne, Texas 75495-0247 or call (903) 482-5426.

City of Van Alstyne, Texas  
Statement of Net Position  
September 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Community Development Corporation
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,513,876	\$ 1,528,007	\$ 9,041,883	\$ 949,361	\$ 353,781
Receivables, net	895,553	457,806	1,353,359	47,104	58,259
Internal balances	60,445	(60,445)	-	-	-
Restricted Assets:					
Deposits held in trust by GTUA	-	1,470,137	1,470,137	-	-
Capital assets not being depreciated:					
Land	1,382,746	258,578	1,641,324	1,810,432	-
Construction in progress	1,073,961	1,431,191	2,505,152	-	-
Capital assets net of accumulated depreciation:					
Buildings and improvements	180,016	-	180,016	41,542	-
Machinery and equipment	1,020,449	239,300	1,259,749	-	-
Parks	384,345	-	384,345	-	-
Streets and infrastructure	6,809,962	17,091,389	23,901,351	-	-
Total Assets	19,321,353	22,415,963	41,737,316	2,848,439	412,040
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows - OPEB	13,219	1,744	14,963	-	-
Deferred outflows - pension	174,783	23,065	197,848	-	-
Total Deferred Outflows of Resources	188,002	24,809	212,811	-	-
<b>LIABILITIES</b>					
Accounts payable	395,879	231,491	627,370	22,082	39,655
Accrued liabilities	153,663	19,083	172,746	2,369	-
Accrued interest	28,796	700,440	729,236	45,620	-
Customer deposits	-	257,586	257,586	-	-
Unearned revenue	-	27,075	27,075	-	-
Long term liabilities:					
Due within one year:					
Debt	314,753	537,176	851,929	13,939	-
Compensated absences	83,413	7,141	90,554	-	-
Due in more than one year:					
Debt	7,293,377	8,457,416	15,750,793	2,219,590	-
Total OPEB liability	75,755	9,997	85,752	-	-
Net pension liability	414,297	54,671	468,968	-	-
Total Liabilities	8,759,933	10,302,076	19,062,009	2,303,600	39,655
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred inflow - OPEB	5,875	775	6,650	-	-
Deferred inflow - pension	129,481	17,086	146,567	-	-
Total Deferred Inflows of Resources	135,356	17,861	153,217	-	-
<b>NET POSITION</b>					
Net investment in capital assets	7,888,187	10,025,866	17,914,053	(381,555)	-
Restricted for:					
Deposits held in trust by GTUA	-	1,470,137	1,470,137	-	-
Capital projects	559,432	-	559,432	-	-
Debt service	415,109	-	415,109	-	-
Court security and technology	50,271	-	50,271	-	-
Police seizure	12,358	-	12,358	-	-
Streets	167,538	-	167,538	-	-
Insurance	667	-	667	-	-
Library technology	1,752	-	1,752	-	-
Unrestricted	1,518,752	624,832	2,143,584	926,394	372,385
Total Net Position	\$ 10,614,066	\$ 12,120,835	\$ 22,734,901	\$ 544,839	\$ 372,385

The notes to the financial statements are an integral part of these financial statements.

City of Van Alstyne, Texas  
Statement of Activities  
For the Year Ended September 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
Governmental activities:								
Police	\$ 1,986,689	\$ 1,242,005	\$ 79,078	\$ -	\$ (665,606)		\$ (665,606)	
Fire protection and ambulance	1,084,900	-	-	52,209	(1,032,691)		(1,032,691)	
Municipal court	951,913	477,547	200	208,939	(265,227)		(265,227)	
Streets and infrastructure	124,711	316,553	-	-	191,842		191,842	
Emergency communications	564,962	94,086	-	-	(470,876)		(470,876)	
Parks	239,224	-	-	-	(239,224)		(239,224)	
Library	301,500	-	52,669	657,983	409,152		409,152	
Interest on long-term debt	247,900	8,493	20,977	-	(218,430)		(218,430)	
Total Governmental Activities	117,038	-	-	-	(117,038)		(117,038)	
	5,618,837	2,138,684	152,924	919,131	(2,408,098)		(2,408,098)	
<b>Business-Type Activities:</b>								
Water, sewer, and sanitation	2,744,741	4,316,408	-	-	-	\$ 1,571,667	1,571,667	
Total Business-Type Activities	2,744,741	4,316,408	-	-	-	1,571,667	1,571,667	
Total Primary Government	\$ 8,363,578	\$ 6,455,092	\$ 152,924	\$ 919,131	(2,408,098)	1,571,667	(836,431)	
<b>Component Units:</b>								
Economic Development Corporation	\$ 465,717	\$ -	\$ -	\$ -		\$ (465,717)	\$ (465,717)	\$ (193,878)
Community Development Corporation	193,878	-	-	-				(193,878)
Total Component Units	\$ 659,595	\$ -	\$ -	\$ -				
<b>General Revenues:</b>								
Property taxes					1,945,566	-	1,945,566	-
General sales and use taxes					1,466,665	-	1,466,665	245,182
Franchise taxes					249,429	-	249,429	-
Gain (loss) on sale of assets					-	-	-	-
Miscellaneous					-	89,476	89,476	-
Investment earnings					15,576	33,537	49,113	-
Transfers in (out)					(14,946)	14,946	-	1,379
Total General Revenues					3,662,290	137,959	3,800,249	-
Change in Net Position					1,254,192	1,709,626	2,963,818	246,561
Net Position- Beginning					9,359,874	10,411,209	19,771,083	52,683
Net Position - Ending					\$ 10,614,066	\$ 12,120,835	\$ 22,734,901	319,702
								\$ 372,385

The notes to the financial statements are an integral part of these financial statements.

City of Van Alstyne, Texas  
Balance Sheet  
Governmental Funds  
September 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Street Sales Tax Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,605,402	\$ 385,391	\$ 5,238,763	\$ 284,320	\$ 7,513,876
Due from other funds	96,996	28,297	-	-	125,293
Receivables, net of allowance	831,536	21,662	-	42,355	895,553
Total Assets	<u>2,533,934</u>	<u>435,350</u>	<u>5,238,763</u>	<u>326,675</u>	<u>8,534,722</u>
<b>LIABILITIES</b>					
Accounts payable	236,990	-	34,493	124,396	395,879
Accrued liabilities	153,663	-	-	-	153,663
Due to other funds	30,107	-	-	34,741	64,848
Total Liabilities	<u>420,760</u>	<u>-</u>	<u>34,493</u>	<u>159,137</u>	<u>614,390</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues:					
Ambulance	271,201	-	-	-	271,201
Property taxes	65,117	20,241	-	-	85,358
Court fines	67,472	-	-	-	67,472
Total Deferred Inflows of Resources	<u>403,790</u>	<u>20,241</u>	<u>-</u>	<u>-</u>	<u>424,031</u>
<b>FUND BALANCES</b>					
Restricted for:					
Capital projects	-	-	5,204,270	-	5,204,270
Debt service	-	415,109	-	-	415,109
Court security and technology	50,271	-	-	-	50,271
Police seizure	12,358	-	-	-	12,358
Streets	-	-	-	167,538	167,538
Insurance	667	-	-	-	667
Library technology	1,752	-	-	-	1,752
Unassigned	1,644,336	-	-	-	1,644,336
Total Fund Balances	<u>1,709,384</u>	<u>415,109</u>	<u>5,204,270</u>	<u>167,538</u>	<u>7,496,301</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,533,934</u>	<u>\$ 435,350</u>	<u>\$ 5,238,763</u>	<u>\$ 326,675</u>	<u>\$ 8,534,722</u>

The notes to the financial statements are an integral part of these financial statements.

City of Van Alstyne, Texas  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
For the Year Ended September 30, 2020

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

Total Fund Balances - Governmental Funds	\$ 7,496,301
Capital assets used in governmental activities are not financial resources. Therefore, they are not reported in the governmental funds.	10,851,479
Delinquent property taxes, ambulance revenue, and court fines are not current financial resources. Therefore, they are deferred in the governmental funds.	424,031
Long term liabilities, including bonds payable and compensated absences, are not due and payable in the current period. Therefore, they are not reported in the governmental funds.	(7,691,543)
Other net amounts, including interest payable on long term debt are not due in the current period. Therefore, they are not reported in the governmental funds.	(28,796)
Net pension liability is not a current financial use; therefore, it is not reported in the governmental funds.	(414,297)
Total OPEB liability is not a current financial use; therefore, it is not reported in the governmental funds.	(75,755)
Deferred outflows (inflows) of resources represent a consumption (source) of net position that applies to a future period(s) and are not recognized as an outflow (inflow) of resources (expense/expenditure) until then.	
Pension amounts	45,302
OPEB amounts	7,344
Net Position of Governmental Activities	<u>\$ 10,614,066</u>

The notes to the financial statements are an integral part of these financial statements.

City of Van Alstyne, Texas  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Street Sales Tax Fund	Total Governmental Funds
<b>REVENUES</b>					
Taxes:					
Property	\$ 1,585,520	\$ 347,014	\$ -	\$ -	\$ 1,932,534
General sales and use	1,222,221	-	-	244,444	1,466,665
Franchise	249,429	-	-	-	249,429
License and permits	1,103,186	-	-	-	1,103,186
Grants	991,346	-	-	-	991,346
Ambulance services	604,777	-	-	-	604,777
Municipal court	306,965	-	-	-	306,965
Developer construction fees	94,086	-	-	-	94,086
Fines and forfeitures	92,515	-	-	-	92,515
Donations	28,040	-	52,669	-	80,709
Rental income	40,651	-	-	-	40,651
Investment earnings	9,373	1,738	3,916	549	15,576
Library	8,493	-	-	-	8,493
Intergovernmental	5,653	-	-	-	5,653
Total Revenues	<u>6,342,255</u>	<u>348,752</u>	<u>56,585</u>	<u>244,993</u>	<u>6,992,585</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,787,917	-	-	-	1,787,917
Police	1,003,970	-	-	-	1,003,970
Fire protection and ambulance	817,963	-	-	-	817,963
Emergency communications	238,510	-	-	-	238,510
Library	232,617	-	-	-	232,617
Parks	188,620	-	-	-	188,620
Streets and infrastructure	98,962	-	31,222	-	130,184
Municipal court	123,739	-	-	-	123,739
Debt Service:					
Principal	91,592	1,240,000	-	-	1,331,592
Interest	15,320	106,300	-	-	121,620
Debt issuance costs	-	47,480	145,067	-	192,547
Capital Outlay:					
Streets and infrastructure	61,894	-	893,333	124,396	1,079,623
Parks	550,327	-	-	-	550,327
Public safety	427,357	-	19,747	-	447,104
Library	39,501	-	-	-	39,501
Total Expenditures	<u>5,678,289</u>	<u>1,393,780</u>	<u>1,089,369</u>	<u>124,396</u>	<u>8,285,834</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>663,966</u>	<u>(1,045,028)</u>	<u>(1,032,784)</u>	<u>120,597</u>	<u>(1,293,249)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of bonds payable	-	-	4,655,000	-	4,655,000
Proceeds from issuance of refunding	-	920,000	-	-	920,000
Proceeds from the issuance of bond premium	-	109,480	134,906	-	244,386
Transfers in (out)	(14,946)	-	-	-	(14,946)
Total Other Financing Sources (Uses)	<u>(14,946)</u>	<u>1,029,480</u>	<u>4,789,906</u>		<u>5,804,440</u>
Net Change in Fund Balances	649,020	(15,548)	3,757,122	120,597	4,511,191
Fund Balances - Beginning, As Restated	1,060,364	430,657	1,447,148	46,941	2,985,110
Fund Balances - Ending	<u>\$ 1,709,384</u>	<u>\$ 415,109</u>	<u>\$ 5,204,270</u>	<u>\$ 167,538</u>	<u>\$ 7,496,301</u>

The notes to the financial statements are an integral part of these financial statements.



City of Van Alstyne, Texas  
Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
For the Year Ended September 30, 2020

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

Net Change in Fund Balances - Total Governmental Funds	\$	4,511,191
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays		2,116,555
Depreciation expense		(758,660)

Governmental funds repayment of debt principal as an expenditure and proceeds of new debt as a financing source. However, in the Statement of Activities, these transactions are only considered changes in long-term debt balances. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, the amounts are deferred and amortized in the Statement of Activities.

Long-term debt repaid in current year		1,331,592
New debt proceeds		(5,575,000)
Premium associated with the issuance of new debt		(244,386)
Amortization of bond premium		14,705

Governmental funds report some prior year tax, court, and ambulance revenues as income in the current year. However, in the Statement of Activities, the revenue is recognized in the year in which it is earned.	(104,610)
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Accrued long term debt interest is not recorded in the governmental fund financials but the increase in the balance is recognized for the full accrual government-wide financial statements as interest expense.	(10,123)
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Changes to accrued compensated absences are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.	(28,153)
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Full accrual based pension expense is not recorded in the governmental fund financials but the (increase) decrease from adjusting the City's contribution expense is realized on the government-wide financial statements.	8,146
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Full accrual based OPEB expense is not recorded in the governmental fund financials but the (increase) decrease from adjusting the City's contribution expense is realized on the government-wide financial statements.	(7,065)
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Change in Net Position of Governmental Activities	\$	1,254,192
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The notes to the financial statements are an integral part of these financial statements.

City of Van Alstyne, Texas  
Statement of Net Position  
Proprietary Fund  
September 30, 2020

	Water & Sewer Fund
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 1,528,007
Accounts receivables, net	457,806
Total Current Assets	<u>1,985,813</u>
Noncurrent Assets:	
Deposits held in trust by GTUA	1,470,137
Total Noncurrent Assets	<u>1,470,137</u>
Capital assets:	
Land	258,578
Construction in progress	1,431,191
Machinery and equipment	871,812
Infrastructure	23,490,442
Less: accumulated depreciation	<u>(7,031,565)</u>
Total Capital Assets	<u>19,020,458</u>
Total Assets	<u>22,476,408</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflow - pension	23,065
Deferred outflow - OPEB	1,744
Total Deferred Outflows of Resources	<u>24,809</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	231,491
Accrued liabilities	19,083
Unearned revenue	27,075
Customer deposits payable	257,586
Due to other funds	60,445
Accrued interest payable	700,440
Compensated absences	7,141
Contractual obligations - current	114,251
Bonds payable - current	422,925
Total Current Liabilities	<u>1,840,437</u>
Noncurrent Liabilities:	
Net pension liability	54,671
Total OPEB liability	9,997
Contractual obligations	205,235
Bonds payable	8,252,181
Total Noncurrent Liabilities	<u>8,522,084</u>
Total Liabilities	<u>10,362,521</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflow - pension	17,086
Deferred inflow - OPEB	775
Total Deferred Inflows of Resources	<u>17,861</u>
<b>NET POSITION</b>	
Net investment in capital assets	10,025,866
Restricted deposits held in trust by GTUA	1,470,137
Unrestricted	624,832
Total Net Position	<u>\$ 12,120,835</u>

The notes to the financial statements are an integral part of these financial statements.

City of Van Alstyne, Texas  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended September 30, 2020

	Water & Sewer Fund
<b>Operating Revenues</b>	
Water	\$ 2,277,747
Sewer	1,620,391
Sanitation	271,839
Other services	84,239
Late charges and penalties	62,192
Miscellaneous	89,476
Total Operating Revenues	<u>4,405,884</u>
<b>Operating Expenses</b>	
Contractual services	327,327
Sanitation contract	259,456
Depreciation and amortization	611,855
Personnel services	281,918
Maintenance and repairs	487,566
Supplies	41,825
Utilities	211,375
Administrative	43,840
Total Operating Expenses	<u>2,265,162</u>
Operating Income	<u>2,140,722</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	33,537
Fiscal agent fees	(98,620)
Interest expense	(380,959)
Total Nonoperating Revenues (Expenses)	<u>(446,042)</u>
Income Before Transfers	<u>1,694,680</u>
Transfers in (out)	14,946
Change in Net Position	1,709,626
Net Position - Beginning	<u>10,411,209</u>
Net Position - Ending	<u><u>\$ 12,120,835</u></u>

The notes to the financial statements are an integral part of these financial statements.

City of Van Alstyne, Texas  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2020

	Water & Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from customers and users	\$ 4,416,834
Cash paid to employees for services	(203,852)
Cash payments (to) from other funds for services provided	45,369
Cash paid to suppliers	(1,421,974)
Net Cash Provided by Operating Activities	<u>2,836,377</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers in (out) to other funds	<u>14,946</u>
Net Cash Provided by Noncapital Financing Activities	<u>14,946</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash paid for acquisition and construction of capital assets	(854,035)
Cash from GTUA restricted deposits	122,538
Proceeds from debt issuance	1,210,000
Proceeds from premium associated with debt refunding	119,281
Cash paid for fiscal agent fees	(98,620)
Interest paid on long-term debt	(474,135)
Principal payments on debt	(1,736,818)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,711,789)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>33,537</u>
Net Cash Provided by Investing Activities	<u>33,537</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,173,071
Cash and Cash Equivalents, October 1, 2019	<u>354,936</u>
Cash and Cash Equivalents, September 30, 2020	<u><u>1,528,007</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	2,140,722
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation and amortization	611,855
(Increase) decrease in accounts receivable	(39,841)
(Increase) decrease in due to/from other funds	45,369
(Increase) decrease in deferred OPEB balances	(1,126)
Increase (decrease) in deferred pension balances	38,071
Increase (decrease) in accounts payable	60,275
Increase (decrease) in deferred revenue	(1,785)
Increase (decrease) in customer deposits	50,791
Increase (decrease) in compensated absences	216
Increase (decrease) in accrued liabilities	(11,555)
Increase (decrease) in net pension liability	(55,942)
Increase (decrease) in total OPEB liability	(673)
Net Cash Provided by Operating Activities	<u><u>\$ 2,836,377</u></u>

The notes to the financial statements are an integral part of these financial statements.

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 1: Summary of Significant Accounting Policies

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The City of Van Alstyne, Texas (City) operates under a city manager form of government. The general governmental functions include fire protection, ambulance services, general administrative services, police protection, municipal court, streets and infrastructure, parks, emergency communications, and library services. Enterprise Funds are used to account for the operations of its water, sewer, and sanitation services.

The accompanying financial statements present the primary government, the City, and its component units, entities that are legally separate but are included in the financial statements because the primary government is considered to be financially accountable. The component units presented are those separately administered organizations that are controlled by or dependent on the City. Control or dependency of the component unit to the City is determined on the basis of the appointment of the respective governing board, ability to influence projects, whether a financial benefit/burden relationship exists, and other factors. Further, the presentation in the financial statements is determined by whether the component unit's governing body is substantially the same as the City, who is the primary beneficiary of the services provided, and the expectation of what resources will be used to pay debts.

Based on the criterion stated above, The Van Alstyne Economic Development Corporation (EDC) and the Van Alstyne Community Development Corporation (CDC) are component units of the City. The EDC and CDC are non-profit organizations established on behalf of the City under the Development Act of 1979. The transactions of the EDC and CDC are maintained in separate funds and are discretely presented in separate columns in the financial statements. The discretely presented methodology was selected after evaluation of the circumstances and standards, as noted above. The EDC and CDC do not issue separate financial statements.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financials are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds, while the business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

D. Basis of presentation – fund financial statements

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

The City reports the following major and nonmajor governmental funds:

*General Fund* – The General Fund is the City's primary operating fund. It accounts for all financial resources, except those accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund. The General Fund accounts for the transactions relating to most City operations including police, fire, ambulance, court, streets, library, and parks. This is a major fund.

*Debt Service Fund* – The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of the governmental funds. This is a major fund.

*Capital Projects Fund* – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. This is a major fund.

*Street Sales Tax Fund* – The Street Sales Tax Fund is used to account for financial resources to be used for the repair and maintenance of the City's streets. This is a nonmajor fund.

The City reports the following major enterprise funds:

*Water and Sewer Fund* – The Water and Sewer Fund is used to account for the provision of water, sewer and sanitation services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collections activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt principal and interest for water and sewer debt. Most costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary, to ensure integrity of the funds.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities' column.

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

D. Basis of presentation – fund financial statements (continued)

Similarly, balances between funds included in the business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at the gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column. Similarly, balances between funds included in the business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

General capital asset acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source.

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

E. Measurement focus and basis of accounting (continued)

Reimbursement basis grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Debt Service Fund. The Capital Projects Fund is appropriated on a project-length basis. The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the council. The level of budgetary control is the department level. Appropriations in all budgeted funds lapse at the end of the fiscal year.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

*Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition.

*Use of Estimates*

Management uses estimates and assumptions in preparing the financial statements. Accordingly, actual results could differ from those estimates. Significant estimates used in the preparation of the financial statements include the assumptions in recording receivable allowances and depreciation.

*Capital Assets*

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line methods. Estimated useful lives are as follows:

Building	20 Years
Water and Sewer System	50 Years
Infrastructure	10-20 Years
Machinery and Equipment	5 - 16 Years



City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance  
(Continued)

*Pension and Other Post-Employment Benefits (OPEB)*

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about the Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's 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.

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from the TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68. Accounting and Financial Reporting for Pensions and GASB No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

*Deferred Outflows/Inflows of Resources*

In addition to assets and liabilities, the Statement of Financial Position and/or Balance Sheet will sometimes report a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The City has several items that qualify for reporting as deferred outflows of resources. These deferred outflows result from pension and OPEB contributions after the measurement date (deferred and recognized in the following year) and differences in pension and OPEB assumption changes.

The City has several items that qualify for reporting as deferred inflows of resources. Deferred inflows of resources described as unavailable revenues only arise under modified accrual basis of accounting and are reported in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes, court fines, and ambulance billing. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Also, the City reports deferred inflows of resources for pension and OPEB amounts that relate to the differences in expected and actual economic experience, changes in actuarial assumptions, and projected and actual investment earnings.

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance  
(Continued)

*Net Position*

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets with unspent proceeds added back. Net positions are reported as restricted when there are limitations imposed on use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulation of other governments.

*Fund Balances*

The City reports fund balances based on the requirements of GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

As of September 30, 2020, fund balances of the governmental funds are classified as follows:

*Non-spendable* – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purpose. Under the City's policy, only the City Council may assign amounts for specific purposes.

*Unassigned* – All other spendable amounts.

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance  
(Continued)

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

*Transactions Between Funds*

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

The City allocates to the proprietary funds an indirect cost percentage of information technology services and salaries and wages and related costs of personnel who perform administrative services for those funds but are paid through the General Fund along with other indirect costs deemed necessary for their operations.

H. Revenues and expenditures/expenses

*Program Revenues*

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

*Proprietary Funds Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and products in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services.

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

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

H. Revenues and expenditures/expenses (continued)

*Property Taxes*

Property taxes attach as an enforceable lien on real property and are levied as of October 1st each year and become delinquent on February 1st. Delinquent real property taxes are expected to be collected, as the delinquent amounts are a lien against the related property until paid. Revenue from property taxes not collected during the current period is deferred until such collection is made. Property subject to taxation consists of real property and certain personal property situated in the City. Certain properties of religion, education and charitable organizations, as well as the Federal government and the State of Texas are exempt from taxation. Additionally, certain exemptions are granted to property owners in arriving at the net assessed valuation of property subject to City taxation. The effective property ad valorem tax rate for property tax year 2019 was 0.584456 per \$100 of assessed value for General Fund operations and Debt Service.

*Sales Taxes*

The City levies a two percent (2%) sales tax on taxable sales within the City. Fifty percent (50%) of the sales tax is allocated to the General Fund, twenty-five percent (25%) is allocated to the Street Sales Tax Fund, and twenty-five percent (25%) is allocated to the EDC and CDC.

*Compensated Absences*

City employees accrue 40 hours of vacation leave after six full months of service. After that, regular full-time employees earn 80 to 160 hours of paid vacation leave based on years of service. The City allows its employees to carryover earned and unused vacation hours at an amount not to exceed one-half of the hours they are eligible to receive that year. After six full months of employment, city employees accumulate sick leave at the rate of 60 hours per year with a maximum of 720 hours. Accumulated sick leave will not be compensated for in any way at the time of termination. The accrued compensated absences for governmental and business-type activities at September 30, 2020 are \$83,413 and \$7,141, respectively.

*Excess of Expenditures over Appropriations*

For the year ended September 30, 2020, the Van Alstyne Economic Development Corporation exceeded appropriations at the legal level of control by \$398,110. The overall deficiency of revenues under expenditures this year is primarily attributed to capital outlay. The EDC has implemented procedures to ensure future compliance.

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

**Note 2: Cash and Cash Equivalents**

As of September 30, 2020, the City maintained all banking accounts at Independent Bank.

At September 30, 2020 the City's total carrying value of cash and cash equivalents is \$9,041,883, which consists of \$650 in petty cash and \$9,041,233 held by depository banks. The cash and cash equivalents held by banks is insured in the amount of \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and the remaining balance is collateralized by securities pledged in the City's name by the depository bank.

At September 30, 2020, the EDC has cash and cash equivalents in the amount of \$949,361 held by depository banks, of which \$250,000 is insured by the FDIC and the remaining balance is collateralized by securities pledged in the EDC's name by the depository bank.

At September 30, 2020, the CDC has cash and cash equivalents in the amount of \$353,781 held by depository banks of which \$250,000 is insured by the FDIC and the remaining balance is collateralized by securities pledged in the CDC's name by the depository bank.

**Note 3: Capital Assets**

The following is a summary of changes in capital assets for the year ended September 30, 2020:

	Beginning Balance	Additions	Retirements & Reclasses	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 855,361	\$ 527,385	\$ -	\$ 1,382,746
Construction in progress	549,501	524,460	-	1,073,961
Depreciable capital assets:				
Building and improvements	650,580	18,746	-	669,326
Machinery and equipment	2,436,503	553,239	-	2,989,742
Parks	1,921,824	62,498	-	1,984,322
Streets and infrastructure	8,439,767	430,227	-	8,869,994
Totals	14,853,536	2,116,555	-	16,970,091
Less accumulated depreciation	(5,359,952)	(758,660)	-	(6,118,612)
Governmental activities capital assets, net	<u>\$ 9,493,584</u>	<u>\$ 1,357,895</u>	<u>\$ -</u>	<u>\$ 10,851,479</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 287,331	\$ -	\$ (28,753)	\$ 258,578
Construction in progress	1,237,176	479,436	(285,421)	1,431,191
Depreciable capital assets:				
Waterworks system	16,223,226	-	-	16,223,226
Sewer system	6,632,094	349,701	285,421	7,267,216
Machinery and equipment	818,162	53,650	-	871,812
Totals	25,197,989	882,787	(28,753)	26,052,023
Less accumulated depreciation	(6,419,711)	(611,854)	-	(7,031,565)
Business-type activities capital assets, net	<u>\$ 18,778,278</u>	<u>\$ 270,933</u>	<u>\$ (28,753)</u>	<u>\$ 19,020,458</u>

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 3: Capital Assets (Continued)

	Beginning Balance	Additions	Retirements & Reclasses	Ending Balance
<b>Economic Development Corporation</b>				
Capital assets not being depreciated:				
Land	\$ 342,755	\$ 1,467,677	\$ -	\$ 1,810,432
Depreciable capital assets:				
Building and improvements	74,260	-	-	74,260
Machinery and equipment	10,617	-	-	10,617
Totals	427,632	1,467,677	-	1,895,309
Less accumulated depreciation	(40,978)	(2,357)	-	(43,335)
EDC capital assets, net	<u>\$ 386,654</u>	<u>\$ 1,465,320</u>	<u>\$ -</u>	<u>\$ 1,851,974</u>

Depreciation expense for the year ended September 30, 2020 was charged to functions of the primary government and the business-type activities as follows:

Governmental Activities:	
General Government	\$ 2,009
Library	12,356
Ambulance	8,065
Fire Department	117,702
Police Department	71,147
Parks	112,603
Streets	434,778
	<u>\$ 758,660</u>
Business-Type Activities:	
Water and sewer	\$ 611,854
	<u>\$ 611,854</u>
EDC Activities:	
Economic Development	\$ 2,357
	<u>\$ 2,357</u>

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 4: Receivables

Receivables as of the year ended September 30, 2020 for the primary government, component units, and the proprietary funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Street Sales Tax Fund	Water and Sewer Fund	Total	EDC	CDC
Ambulance	\$ 2,322,491	\$ -	\$ -	\$ -	\$ 2,322,491	\$ -	\$ -
Municipal court	762,524	-	-	-	762,524	-	-
Sales taxes	211,775	-	42,355	-	254,130	42,355	42,355
Property taxes	67,842	22,473	-	-	90,315	-	-
Franchise & other	167,695	-	-	-	167,695	4,749	15,904
Accounts	-	-	-	460,009	460,009	-	-
	<u>3,532,327</u>	<u>22,473</u>	<u>42,355</u>	<u>460,009</u>	<u>4,057,164</u>	<u>47,104</u>	<u>58,259</u>
Less: allowance for doubtful accounts	<u>(2,700,791)</u>	<u>(811)</u>	<u>-</u>	<u>(2,203)</u>	<u>(2,703,805)</u>	<u>-</u>	<u>-</u>
Net	<u>\$ 831,536</u>	<u>\$ 21,662</u>	<u>\$ 42,355</u>	<u>\$ 457,806</u>	<u>\$ 1,353,359</u>	<u>\$ 47,104</u>	<u>\$ 58,259</u>

Governmental funds report unavailable revenue in connection with receivables for revenue that are not considered available to liquidate liabilities of the current period. At September 30, 2020, the components of the unavailable revenue in the General and Debt Service Funds are as follows:

Ambulance services	\$ 271,201
Delinquent property taxes	85,358
Municipal court fines	<u>67,472</u>
	<u>\$ 424,031</u>

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 5: Inter-fund Transfers and Due To/From

The General Fund transferred funds to the Water Fund for reimbursement of salaries. The composition of inter-fund transfers for the year ended September 30, 2020 is as follows:

	Transfers To Other Funds	Transfers From Other Funds	Net Transfers
<b>Governmental Funds:</b>			
General	\$ 14,946	\$ -	
	<u>\$ 14,946</u>	<u>\$ -</u>	<u>\$ (14,946)</u>
<b>Proprietary Funds:</b>			
Water	\$ -	\$ 14,946	
	<u>\$ -</u>	<u>\$ 14,946</u>	<u>\$ 14,946</u>

The General Fund owes the Water Fund for a tax payment. The General Fund owes the Debt Service Fund for property taxes. The composition of due to's/from's for the year ended September 30, 2020 is as follows:

	Due From Other Funds	Due To Other Funds	Internal Balances
<b>Governmental Funds:</b>			
General	\$ 96,996	\$ 30,107	
Debt Service	28,297	-	
Street Sales Tax	-	34,741	
	<u>\$ 125,293</u>	<u>\$ 64,848</u>	<u>\$ 60,445</u>
<b>Proprietary Funds:</b>			
Water	\$ -	\$ 60,445	
	<u>\$ -</u>	<u>\$ 60,445</u>	<u>\$ (60,445)</u>



City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

**Note 6: Changes in Long-Term Debt**

The following schedule summarizes the changes in long term debt for the year ended September 30, 2020:

	Balance 9/30/2019	Additions	Retirements/ Refunded	Balance 9/30/2020	Due within one year
<b>Governmental Activities</b>					
<u>Contractual obligations, bonds, and notes payable:</u>					
2006 Series - General Obligation Tax & Revenue Refunding Bonds	\$ 215,000	\$ -	\$ (215,000)	\$ -	\$ -
2011A Series - General Obligation Refunding Bonds	830,000	-	(830,000)	-	-
2014 Contractual Obligation #6603	213,334	-	(39,930)	173,404	41,202
2018 Series - Tax Note	195,000	-	(195,000)	-	-
2018 Series - Contractual Obligation #8200	218,965	-	(51,662)	167,303	53,846
2019 Series Combination Tax and Revenue Certificates of Obligation	1,445,000	-	-	1,445,000	30,000
2020 Series - Combination Tax and Revenue Certificates of Obligation	-	4,655,000	-	4,655,000	100,000
2020 Series - General Obligation Refunding Bonds	-	920,000	-	920,000	75,000
2019 Series Combination Tax and Revenue Certificates of Obligation - Bond Premium	17,742	-	(887)	16,855	887
2020 Series - Combination Tax and Revenue Bond Premium	-	134,906	(5,396)	129,510	5,396
2020 - Series General Obligation Refunding Bonds - Bond Premium	-	109,480	(8,422)	101,058	8,422
<b>Total:</b>	<b>3,135,041</b>	<b>5,819,386</b>	<b>(1,346,297)</b>	<b>7,608,130</b>	<b>314,753</b>
Compensated absences:	\$ 55,260	\$ 83,413	\$ (55,260)	\$ 83,413	\$ 83,413
<b>Business-Type Activities</b>					
<u>Contractual obligations with GTUA:</u>					
GTUA CGMA Phase 1 Contractual Obligation	\$ 373,750	\$ -	\$ -	\$ 373,750	\$ 35,000
GTUA CGMA Phase 2 Contractual Obligation	2,168,750	-	-	2,168,750	-
GTUA CGMA Phase 3 Contractual Obligation	876,250	-	(13,750)	862,500	13,750
GTUA 2014A Series - Contractual Obligation	255,000	-	(50,000)	205,000	50,000
GTUA 2014B Series - Contractual Obligation	1,390,000	-	(70,000)	1,320,000	75,000
GTUA 2015 Series - Contractual Obligation	2,525,000	-	(100,000)	2,425,000	100,000
<u>Contractual obligations and bonds payable:</u>					
2011B Series - General Obligation Refunding Bonds	935,000	-	(935,000)	-	-
2014 Contractual Obligation #6577	337,243	-	(80,387)	256,856	82,948
2014 Contractual Obligation #6578	28,553	-	(28,553)	-	-
2017 Contractual Obligation #7987	93,933	-	(31,303)	62,630	31,303
2017 Series - Certificates of Obligation	437,000	-	(437,000)	-	-
2020 Series - General Obligation Refunding Bonds	-	1,210,000	-	1,210,000	140,000
2020 Series - General Obligation Refunding Bonds - Bond Premium	-	119,281	(9,175)	110,106	9,175
<b>Total:</b>	<b>9,420,479</b>	<b>1,329,281</b>	<b>(1,755,168)</b>	<b>8,994,592</b>	<b>537,176</b>
Compensated absences:	\$ 6,925	\$ 7,141	\$ (6,925)	\$ 7,141	\$ 7,141
<b>Economic Development Corporation</b>					
<u>Notes payable:</u>					
2018 Sales Tax Note	\$ 104,633	\$ -	\$ (9,342)	\$ 95,291	\$ 9,846
2020 Series - Sales Tax Revenue Bonds	-	2,160,000	-	2,160,000	5,000
2020 Series - Bond Discount	-	(22,669)	907	(21,762)	(907)
<b>Total:</b>	<b>\$ 104,633</b>	<b>\$ 2,137,331</b>	<b>\$ (8,435)</b>	<b>\$ 2,233,529</b>	<b>\$ 13,939</b>

City of Van Alstyne, Texas  
Notes to the Financial Statements  
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Note 7: Long Term Debt – Governmental Activities

*Contractual Obligations, Bonds, and Notes Payable*

On November 16, 2006, the City issued 2006 series General Obligation Tax and Revenue Refunding Bonds in the amount of \$2,400,000 payable to the Bank of America. The proceeds were utilized to decrease 1995 series contractual obligations in the amount of \$225,000 and 2000 series contractual obligations in the amount of \$2,035,000 through an advanced refunding. The 2006 series bonds have a fixed interest rate of 4.52% and are secured by the tax revenues of the City. The 2006 series bonds require principal and interest payments beginning on October 1, 2006 through the maturity date of June 1, 2020. This bond was paid off during the current fiscal year and the outstanding principal balance of the 2006 series bonds at September 30, 2020 is \$0

On May 1, 2011, the City issued General Obligation Refunding Bonds series 2011A in the amount of \$1,060,000 payable to the Bank of New York Mellon, N.A. The proceeds were utilized to refund a portion of the City's outstanding debt. The 2011A bonds have an interest rate that varies from 2.0% to 4.0%. The bonds are secured and payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, as provided in the ordinances. The 2011A series bonds require principal and interest payments beginning on May 1, 2011 through the maturity date of September 1, 2024. This bond was refunded during the current fiscal year. The outstanding principal balance of the 2011A series bonds at September 30, 2020 is \$0

On April 8, 2014, the City entered into four long-term contract obligations with Government Capital Corporation ("GCC") for the purpose of financing public works equipment, vehicles and heavy equipment, a fire engine, an ambulance and a command vehicle. The cost of the above noted equipment is to be funded with contractual obligations in four contracts, two contracts are for primary governmental activities and two contracts are for the proprietary fund.

Per the agreement, contract #6603 with GCC requires payments to be remitted to First Financial Bank, N.A. in the original principal amount of \$400,000. The proceeds of the note were utilized to purchase a fire engine truck, which serves as collateral. The note is payable in annual installments of principal and interest in the amount of \$46,707 beginning November 16, 2015 through the maturity date of November 16, 2023. The note has an interest rate of 3.185%. The outstanding principal balance of the note payable at September 30, 2020 is \$173,404

On March 30, 2018, the City issued 2018 Series Tax Note in the original principal amount of \$195,000 payable to Independent Bank. The proceeds were utilized to finance the costs incurred with acquiring land for a future municipal complex. The Note has a fixed interest rate of 3.80% and is secured by the tax revenues of the City. The Note requires principal and interest payments beginning on February 15, 2019 through the maturity date of February 15, 2025. This tax note was refunded during the current fiscal year. The outstanding principal balance of the 2018 series Tax Note at September 30, 2020 is \$0

City of Van Alstyne, Texas  
Notes to the Financial Statements  
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Note 7: Long-Term Debt - Governmental Activities (Continued)

On May 30, 2018, the City entered into a long-term contract obligation with GCC. Per the agreement, contract #8200 with GCC requires payments to be remitted to First Financial Bank, N.A. in the original principal amount of \$275,000. The proceeds of the note were utilized to purchase an ambulance, which serves as collateral. The note is payable in annual installments of principal and interest in the amount of \$60,205 beginning October 15, 2018 through the maturity date of October 15, 2022. The note has an interest rate of 3.90%. The outstanding principal balance of the note payable at September 30, 2020 is \$167,303

On August 1, 2019, the City issued a 2019 Series Combination Tax and Revenue Certificate of Obligation in the original principal amount of \$1,445,000. The Certificate of Obligation have a variable interest rate ranging from 3% to 4%. The note is payable in annual installments ranging from \$30,000 to \$100,000 beginning on February 15, 2021 through the maturity date of February 15, 2035. In conjunction with the issuance of the 2019 series Combination Tax Revenue Certificate of Obligation, a bond premium was issued in the amount of \$17,742. The bond premium will be amortized over the life of the Certificate of Obligation. The outstanding principal balance of the note payable and bond premium at September 30, 2020 is

Principal	<u>\$1,445,000</u>
Premium	<u>\$16,855</u>

On September 3, 2020, the City issued a 2020 Series Combination Tax and Revenue Certificates of Obligation in the original principal amount of \$4,655,000. The Certificates of Obligation has a variable interest rate ranging from 1.5% to 3%. The bond principal is payable in annual installments ranging from \$70,000 to \$365,000 and interest is payable in biannual installments ranging from \$4,106 to \$47,481 beginning on February 15, 2021 through the maturity date of February 15, 2045. In conjunction with the issuance of the 2020 Series Combination Tax Revenue Certificate of Obligation, a bond premium was issued in the amount of \$134,906. The bond premium will be amortized over the life of the Certificate of Obligation. The outstanding principal balance of the bond payable and bond premium at September 30, 2020 is

Principal	<u>\$4,655,000</u>
Premium	<u>\$129,510</u>

On September 3, 2020, the City issued the 2020 Series General Obligation Refunding Bonds in the original principal amount of \$2,130,000. The General Obligation Refunding Bonds have an interest rate of 3%. The bond principal is payable in annual installments ranging from \$35,000 to \$305,000 and interest is payable in biannual installments ranging from \$525 to \$28,755 beginning on February 15, 2021 through the maturity date of February 15, 2033. In conjunction with the issuance of the 2020 Series General Obligation Refunding Bonds, a bond premium was issued in the amount of \$109,480. The bond premium will be amortized over the life of the bond. The outstanding principal balance of the bond payable and bond premium at September 30, 2020 is

Principal	<u>\$920,000</u>
Premium	<u>\$101,058</u>

Total contractual obligations, bonds, and notes payable at September 30, 2020: \$7,608,130

City of Van Alstyne, Texas  
Notes to the Financial Statements  
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Note 7: Long-Term Debt - Governmental Activities (Continued)

The principal and interest requirements related to the governmental activities contractual obligations, bonds, and notes payable at September 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 300,048	\$ 177,288	\$ 477,336
2022	303,374	173,708	477,082
2023	312,020	163,650	475,670
2024	265,265	153,240	418,505
2025	225,000	144,823	369,823
2026-2030	1,240,000	612,501	1,852,501
2031-2035	1,395,000	455,228	1,850,228
2036-2040	1,570,000	254,940	1,824,940
2041-2045	1,750,000	99,820	1,849,820
	<u>\$ 7,360,707</u>	<u>\$ 2,235,198</u>	<u>\$ 9,595,905</u>

Note 8: Long-Term Debt – Business-Type Activities

*Contractual Obligations and Bonds with Greater Texoma Utility Authority*

On December 14, 2004, the City, along with the City of Anna, Howe, and Melissa, formed a group called the Collin Grayson Municipal Alliance (“CGMA”). CGMA entered into a long-term contract with the Greater Texoma Utility Authority (“GTUA”) for the purpose of providing funds for the construction of a transmission water pipeline that will provide water to the CGMA cities. The cost of the pipeline is being funded with contractual obligations in three phases.

The original principal obligation for Phase I of the pipeline project was \$2,800,000, of which twenty-five percent (25%) or \$700,000 pertained to the City. The Phase I contract has interest rates varying between 2.29% and 5.74%. The City’s obligation to GTUA under the Phase I contract is to expire with the retirement of the obligation in the fiscal year ending September 30, 2028. As of September 30, 2020, the City’s obligation under this contract is \$373,750

The original principal obligation for Phase II of the pipeline project was \$8,675,000, of which twenty-five percent (25%) or \$2,168,750 pertained to the City. The Phase II contract has interest rates varying between 5.68% and 5.83%. The payments for this contract were deferred until fiscal year 2009 when interest only payments commenced. Principal payments will begin in fiscal year 2026. As a result of the deferred principal payments, the obligation is accruing deferred interest payable. At September 30, 2020, the obligation had deferred interest payable in the amount of \$671,341. The City’s obligation under the contract will expire with the retirement of the obligation in the fiscal year ending September 30, 2040. At September 30, 2020, the City’s obligation under this contract is \$2,168,750

City of Van Alstyne, Texas  
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Note 8: Long-Term Debt – Business-Type Activities (Continued)

The original principal obligation for Phase III of the pipeline project was \$5,000,000, of which twenty-five percent (25%) or \$1,250,000 pertained to the City. The Phase III contract has interest rates varying between 2.67% and 5.62%. The City's obligation to GTUA under Phase III contract expires with the retirement of the GTUA obligation in the fiscal year ending September 30, 2036. At September 30, 2020, the City's obligation under this contract is \$862,500

Each CGMA city is required to make payments to GTUA in an amount equivalent to twenty-five percent (25%) of the total obligation to cover their portion of the cost of the obligation until the pipeline project is complete and the water is pumping for three months. GTUA has the capacity to pump water to the CGMA cities. From the time water has been delivered to each CGMA city through the pipeline for three months and forward and while water continues to flow to each CGMA city, upon a monthly basis, the City shall be charged its percentage or fraction share of debt service on the obligation based upon: the amount of water to be paid by the City under its water contract (i.e. the greater of its minimum take-or-pay amount or the actual amount of water taken) divided by the total amount of water to be paid by all CGMA cities.

The sum of the four (4) fractional amounts shall always equal one-hundred percent (100%) of the debt service on the contractual obligation with GTUA. The billing rates for each City will be calculated to provide funds necessary to cover the contractual obligation, interest, repairs, maintenance, and production costs. The City is taking water from the pipeline and incurred a take or pay charge in the amount of \$209,024 for the year ended September 30, 2020.

At the end of the contractual obligation with GTUA, the City will own an undivided interest in the transmission water pipeline based on the percentage of water it utilized and paid for during the contract term. Presently it appears that the undivided interest will be approximately twenty-five percent (25%) of the waterline. The contract will expire and the transfer of ownership will occur during the fiscal year ended September 30, 2040, as long as no new debt is issued.

Under the terms of long-term service contracts between the City and GTUA, the City recognizes that GTUA has an undivided ownership interest in the pipeline equivalent to the percentage of the total cost of the facility provided by GTUA through the issuance and sale of GTUA bonds. The City has an obligation to make payments as specified in the contract with GTUA to pay the principal and interest on the bonds, maintain cash reserves for the security and payment of the bonds similarly secured, pay the administrative and overhead expenses of GTUA directly attributable to the bonds, and pay any extraordinary expenses incurred by GTUA in connection with the bonds.

Under terms of the contracts, the City's obligation to make payments to GTUA and GTUA's ownership interest in the facilities will terminate when all of GTUA's bonds issued in connection with construction of the facilities have been paid in full, are retired, and are no longer outstanding. The City is obligated for the repayment of principal and interest on the debt through a pledging of water and sewer revenues. The structure of the transaction has the qualities of a capital lease therefore the amounts are included in long-term liabilities and capital assets with the associated accumulated depreciation.

City of Van Alstyne, Texas  
Notes to the Financial Statements  
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Note 8: Long-Term Debt – Business-Type Activities (Continued)

On August 18, 2014, the City issued Contract Revenue Bonds series 2014A in the amount of \$485,000 payable to the Greater Texoma Utility Authority. The proceeds were for the construction, acquisition, and improvement of water system facilities for the City. The 2014A bonds have an interest rate from 2.0% to 4.0%. The 2014A series bonds require interest payments beginning September 30, 2015 through the maturity date of September 30, 2024. The 2014A series bond has principal payments that begin September 30, 2015 through the maturity date. The outstanding balance of the 2014A series bonds at September 30, 2020 is \$205,000

On August 18, 2014, the City issued Contract Revenue Bonds series 2014B in the amount of \$1,730,000 payable to the Greater Texoma Utility Authority. The proceeds were for the construction, acquisition, and improvement of water system facilities for the City. The 2014B bonds have an interest rate that varies from 2.0% to 4.0%. The 2014B series bonds require interest payments beginning September 30, 2015 through the maturity date of September 30, 2034. The 2014B series bond has principal payments that begin September 30, 2015 through the maturity date. The outstanding balance of the 2014B series bonds at September 30, 2020 is \$1,320,000

On April 25, 2015, the City issued Contract Revenue Bonds, Series 2015 in the amount of \$2,875,000 payable to the Greater Texoma Utility Authority. It is the intent of the City to authorize the Authority to proceed with construction, acquisition, and improvement of facilities. The Series 2015 bonds have an interest rate that varies from .04% to 2.52%. The Series 2015 bonds require interest payments beginning September 30, 2015 through the maturity date of September 30, 2034. The Series 2015 bond has principal payments that begin September 30, 2015 through the maturity date. The outstanding balance of the Series 2015 bonds at September 30, 2020 is \$2,425,000

*Contractual Obligations and Bonds Payable*

On May 1, 2011, the City issued General Obligation Refunding Bonds series 2011B in the amount of \$1,605,000 payable to the Bank of New York Mellon, N.A. The proceeds were utilized to restructure the City's debt service requirements. The 2011B bonds have an interest rate that varies from 2.0% to 4.0%. The bonds are secured and payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, as provided in the ordinances. The 2011B series bonds require interest payments beginning on September 1, 2011 through the maturity date of September 1, 2026. The 2011B series bond has principal payments that begin on September 1, 2014 through the maturity date. This bond was refunded during the current fiscal year. The outstanding principal balance of the 2011B series bonds at September 30, 2020 is \$0

Per the agreement noted above in Note 7, contract #6577 with GCC requires payments to be remitted to Prosperity Bank in the original principal amount of \$786,716. The proceeds were used to purchase various public works equipment. The contract has an interest rate of 3.185%. The contract requires ten annual payments of principal and interest in the amount of \$91,140 beginning on August 15, 2015 through the maturity date August 16, 2023. As of September 30, 2020, the City's obligation under this contract is \$256,856

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 8: Long-Term Debt – Business-Type Activities (Continued)

Per the agreement noted above in Note 7, contract #6578 with GCC requires payments to be remitted to North Dallas Bank and Trust Company in the original amount of \$186,367. The proceeds were used to purchase vehicles and heavy equipment. The contract has an interest rate of 3.116%. The contract requires seven annual payments of principal and interest in the amount of \$29,420 beginning on August 15, 2015 through the maturity date August 15, 2020. This contract was paid off during the current fiscal year. As of September 30, 2020, the City's obligation under this contract is \$0

On November 10, 2017, the City entered into a long-term contract obligation with GCC for the purpose of financing public works equipment. Per the agreement, contract #7987 with GCC requires payments to be remitted to First Financial Bank, N.A. in the original principal amount of \$154,668. The note is payable in annual installments of principal and interest in the amount of \$33,177 beginning April 15, 2018 through the maturity date of April 15, 2022. The note has an interest rate of 2.95%. The outstanding principal balance of the note payable at September 30, 2020 is \$62,630

On December 1, 2017, the City issued Certificates of Obligation, Series 2017 with ZB, N.A. for the purpose of financing the construction of a new public works building, moving a water line and street repairs. Per the agreement, payments are required to be remitted in the original principal amount of \$492,000. The note is payable in annual installments of principal and interest beginning December 1, 2017 through the maturity date of September 30, 2033. This note was refunded during the current fiscal year. The note has an interest rate of 2.69%. The outstanding principal balance of the note payable at September 30, 2020 is \$0

On September 3, 2020, the City issued the 2020 Series General Obligation Refunding Bonds in the original principal amount of \$2,130,000. The General Obligation Refunding Bonds have an interest rate of 3%. The bond principal is payable in annual installments ranging from \$35,000 to \$305,000 and interest is payable in biannual installments ranging from \$525 to \$28,755 beginning on February 15, 2021 through the maturity date of February 15, 2033. In conjunction with the issuance of the 2020 Series General Obligation Refunding Bonds, a bond premium was issued in the amount of \$119,281. The bond premium will be amortized over the life of the bond. The outstanding principal balance of the bond payable and bond premium at September 30, 2020 is

Principal	<u>\$1,210,000</u>
Premium	<u>\$110,106</u>

Total contractual obligations and bonds payable at September 30, 2020	<u><u>\$8,994,592</u></u>
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City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 8: Long-Term Debt – Business-Type Activities (Continued)

The principal and interest requirements related to the business-type activities contractual obligations and bonds at September 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 528,001	\$ 427,048	\$ 955,049
2022	533,168	415,377	948,545
2023	543,317	400,636	943,953
2024	467,500	385,444	852,944
2025	515,000	372,292	887,292
2026-2030	2,693,750	1,088,409	3,782,159
2031-2035	2,567,500	594,997	3,162,497
2036-2040	1,036,250	174,714	1,210,964
	<u>\$ 8,884,486</u>	<u>\$ 3,858,917</u>	<u>\$ 12,743,403</u>

Note 9: Long-Term Debt – Economic Development Corporation

On April 20, 2018, the EDC issued a 2018 Sales Tax Note with GCC for the purpose of acquiring land. Per the agreement, contract #8135 with GCC requires payments to be remitted to GCC in the original principal amount of \$113,500. The note is payable in annual installments of principal and interest in the amount of \$14,968 beginning April 20, 2019 through the maturity date of April 20, 2028. The note has an interest rate of 5.376%. The outstanding principal balance of the note payable at September 30, 2020 is \$95,291

On March 26, 2020, the EDC issued the 2020 Series Sales Tax Revenue Bonds in the original principal amount of \$2,160,000. The bond principal is payable in annual installments ranging from \$5,000 to \$150,000 and interest is payable in biannual installments ranging from \$3,750 to \$86,972 beginning on February 15, 2021 through the maturity date of August 15, 2045. In conjunction with the issuance of the 2020 Series Sales Tax Revenue Bonds, a bond discount was issued in the amount of \$22,669. The bond discount will be amortized over the life of the bond. The outstanding principal balance of the bond payable and the bond discount at September 30, 2020 is

Principal	<u>\$2,160,000</u>
Discount	<u>(\$21,762)</u>



City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 9: Long-Term Debt – Economic Development Corporation (Continued)

The principal and interest requirements related to the EDC note payable at September 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 14,846	\$ 141,170	\$ 156,016
2022	55,375	102,568	157,943
2023	55,933	100,436	156,369
2024	61,520	98,273	159,793
2025	62,140	95,904	158,044
2026-2030	350,477	440,053	790,530
2031-2035	430,000	360,575	790,575
2036-2040	540,000	252,950	792,950
2041-2045	685,000	106,000	791,000
	<u>\$ 2,255,291</u>	<u>\$ 1,697,929</u>	<u>\$ 3,953,220</u>

Note 10: Other Information

*Risk Management*

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disaster. The City purchases commercial insurance through Texas Municipal League. The City retains no risk of loss for these coverages. The City accounts for risk management issues in accordance with GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues."

*Restricted Assets*

The governmental funds have restricted cash for debt service and capital projects in the amount of \$385,391 and \$5,204,270 respectively, at September 30, 2020. The Water and Sewer Fund has restricted cash held in trust by GTUA in amount of \$1,470,137 at September 30, 2020 that will be used for water and sewer system capital improvements and repayment of contractual obligation.

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 11: Pension Plan

**Plan Description**

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmrs.com](http://www.tmrs.com). All eligible employees of the City are required to participate in TMRS.

**Benefits Provided**

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment 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. Plan provisions for the City were as follows:

Employee deposit rate	6%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	Vested and age 60 or 20 years and any age
Updated service credits	Last adopted 2000 - auto readoption - 100% - transfers
Cost of Living Adjustment	Last adopted 2000 - auto readoption - 70%

**Employees Covered by Benefit Terms**

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

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	55
Active employees	46
	<hr/>
	120

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 11: Pension Plan (Continued)

**Contributions**

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.66% and 9.75% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$225,738 and were equal to the required contributions.

**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	3.5-11.5% per year, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018.

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

**Note 11: Pension Plan (Continued)**

They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	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 Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 11: Pension Plan (Continued)

**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:

<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>		
1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$1,558,911	\$468,968	(\$377,461)

**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).

**Changes in the Net Pension Liability:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2018	\$ 4,893,130	\$ 4,155,781	\$ 737,349
Changes for the year:			
Service cost	282,563	-	282,563
Interest	333,495	-	333,495
Change of benefit terms	-	-	-
Difference between expected and actual experience	71,428	-	71,428
Changes of assumptions	4,455	-	4,455
Contributions - employer	-	198,688	(198,688)
Contributions - employee	-	123,390	(123,390)
Net investment income	-	641,983	(641,983)
Benefit payments, including refunds of employee contributions	(187,492)	(187,492)	-
Administrative expense	-	(3,630)	3,630
Other changes	-	(109)	109
Net changes	\$ 504,449	\$ 772,830	\$ (268,381)
Balance at 12/31/2019	\$ 5,397,579	\$ 4,928,611	\$ 468,968

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 11: Pension Plan (Continued)

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

For the year ended September 30, 2020, the City recognized pension expense of \$203,487. The calculation and amount are provided in the TMRS Reporting Package. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual economic experience	\$ 24,900	\$ -
Changes in actuarial assumptions	3,241	-
Differences between projected and actual investment earnings	-	(146,567)
Contributions subsequent to the measurement date	169,707	-
Total	<u>\$ 197,848</u>	<u>\$ (146,567)</u>

\$169,707 reported as deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Net Deferred (Inflows) Outflows of Resources</u>
2021	\$ (47,117)
2022	(20,971)
2023	21,956
2024	(72,294)
2025	-
Thereafter	-
Total	<u>\$ (118,426)</u>

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 12: Other Post-Employment Benefits (OPEB) Plan

**Plan Description**

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

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. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer other postemployment benefit plan (OPEB) (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

**Benefits Provided**

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another post-employment benefit ("OPEB") and is a fixed amount of \$7,500.

**Employees Covered by Benefit Terms**

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

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	9
Active employees	46
Total:	66

**Contributions**

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

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 12: Other Post-Employment Benefits (OPEB) Plan (Continued)

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 funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The City's contributions to the SDBF for the year ended September 30, 2020 were \$3,771, and were equal to the required contributions. The contribution rates to the SDBF for the City are as follows:

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2018	0.14%	0.04%
2019	0.17%	0.04%

**Total OPEB Liability**

The City's Total OPEB Liability (TOL) was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.



City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 12: Other Post-Employment Benefits (OPEB) Plan (Continued)

***Actuarial Assumptions:***

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

Inflation:	2.5% per year
Salary increases:	3.5% to 11.5%, including inflation
Discount rate:	2.75%
Retirees share of benefit-related costs:	\$0
Health care of cost trend rates:	Not disclosed as the plan only provides SDB.
Administrative expenses:	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality:	
Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disable for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2019; valuation was developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

**Discount Rate:**

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

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 12: Other Post-Employment Benefits (OPEB) Plan (Continued)

**Changes in Total OPEB Liability:**

	Total OPEB Liability
Balance at 12/31/2018	\$ 71,127
Changes for the year:	
Service cost	3,290
Interest on Total OPEB Liability	2,685
Change of benefit terms	-
Difference between expected and actual experience	(4,994)
Changes of assumptions or other inputs	14,467
Benefit payments	(823)
Net changes	14,625
Balance at 12/31/2019	\$ 85,752

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

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
1% Decrease	Current Discount Rate	1% Increase
1.75%	2.75%	3.75%
\$102,980	\$85,752	\$72,092

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 12: Other-Post Employment Benefits (OPEB) Plan (Continued)

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$9,037. 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	\$ -	\$ (6,650)
Changes of assumptions	12,004	-
Contributions made subsequent to measurement date	2,959	-
	<u>\$ 14,963</u>	<u>\$ (6,650)</u>

The \$2,959 in contributions made after the measurement date of the total OPEB liability but before the end of the City's reporting period will be recognized as a reduction of the total OPEB liability in the subsequent fiscal period. The other amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	Net Deferred (Inflows) Outflows of Resources
2021	\$ 1,006
2022	1,006
2023	963
2024	(69)
2025	1,405
Thereafter	1,043
Total	<u>\$ 5,354</u>

City of Van Alstyne, Texas  
Notes to the Financial Statements  
September 30, 2020

Note 13: Prior Period Adjustment

During fiscal year 2020, the City implemented a nonmajor special revenue to track Street Sales Tax funds. This fund is called the Street Sales Tax Fund and by creating this fund, the beginning balances of the General Fund and the Street Sales Tax Fund are shown as restated. See below for the effect on the beginning balances:

	General Fund	Street Sales Tax Fund
Beginning balances as previously reported	\$ 1,107,305	\$ -
Creation of Street Sales Tax Fund	(46,941)	46,941
Restated beginning balances	\$ 1,060,364	\$ 46,941

Note 14: Subsequent Events

Management has evaluated all events or transactions that occurred after September 30, 2020 up through the date of the auditor's report on page one. This is the date the financial statements were available for issuance. Management has identified no subsequent events, except as follows:

On March 15, 2021 the City issued Contract Revenue Bonds Series 2021 in the amount of \$4,000,000 payable to the Greater Texoma Utility Authority. The proceeds were for the construction, acquisition, and improvement of water system facilities for the City. The 2021 bonds have an interest rate that varies from 1.1% to 2.270%. The 2021 Series bonds require interest payments beginning December 1, 2021 through the maturity date of June 1, 2051. The first principal payments will be due in FY 2022 in the amount of \$105,000.

## REQUIRED SUPPLEMENTARY INFORMATION

City of Van Alstyne, Texas  
General Fund Budgetary Comparison  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2020

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,631,333	\$ 1,581,151	\$ 1,585,520	\$ 4,369
General sales and use	953,750	1,184,150	1,222,221	38,071
Franchise	185,000	228,264	249,429	21,165
Ambulance services	538,574	604,777	604,777	-
Rental income	5,000	40,968	40,651	(317)
Municipal court	710,289	505,296	306,965	(198,331)
License and permits	685,018	1,103,187	1,103,186	(1)
Intergovernmental	1,500	5,653	5,653	-
Fines and forfeitures	75,555	92,515	92,515	-
Developer construction fees	373,000	94,086	94,086	-
Donations	6,000	27,840	28,040	200
Grants	61,334	991,345	991,346	1
Investment earnings	4,835	9,345	9,373	28
Library	7,080	8,493	8,493	-
Total Revenues	<u>5,238,268</u>	<u>6,477,070</u>	<u>6,342,255</u>	<u>(134,815)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,534,798	1,769,735	1,787,917	(18,182)
Police	1,058,568	987,836	1,003,970	(16,134)
Fire protection and ambulance	906,205	815,301	817,963	(2,662)
Municipal court	412,075	289,880	123,739	166,141
Emergency communications	245,771	236,143	238,510	(2,367)
Library	246,417	269,897	232,617	37,280
Parks	234,067	267,332	188,620	78,712
Streets and infrastructure	116,200	98,961	98,962	(1)
Debt Service:				
Principal	91,592	91,592	91,592	-
Interest	15,320	15,320	15,320	-
Capital Outlay:				
Streets and infrastructure	178,000	61,894	61,894	-
Parks	93,500	467,062	550,327	(83,265)
Public safety	9,633	427,167	427,357	(190)
Municipal court	-	-	-	-
Library	-	-	39,501	(39,501)
Total Expenditures	<u>5,142,146</u>	<u>5,798,120</u>	<u>5,678,289</u>	<u>119,831</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>96,122</u>	<u>678,950</u>	<u>663,966</u>	<u>(14,984)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	5,140	-	(14,946)	(14,946)
Total Other Financing Sources (Uses)	<u>5,140</u>	<u>-</u>	<u>(14,946)</u>	<u>(14,946)</u>
Net Change in Fund Balances	<u>\$ 101,262</u>	<u>\$ 678,950</u>	<u>\$ 649,020</u>	<u>\$ (29,930)</u>

**Notes to Required Supplementary Information**

1. Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

City of Van Alstyne, Texas  
Schedule of Changes in Net Pension Liability and Related Ratios <sup>1</sup>  
Texas Municipal Retirement System  
Last Ten Measured Years

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service Cost	\$ 282,563	\$ 220,227	\$ 226,715	\$ 197,874	\$ 188,085	\$ 174,573
Interest (on the Total Pension Liability)	333,495	307,269	288,734	262,778	253,994	232,187
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	71,428	(19,379)	(129,120)	23,275	(32,674)	18,835
Change of assumptions	4,455	-	-	-	(10,791)	-
Benefit payments, including refunds of employee contributions	(187,492)	(114,022)	(102,951)	(124,694)	(153,259)	(88,387)
Net Change in Total Pension Liability	504,449	394,095	283,378	359,233	245,355	337,208
Total Pension Liability - Beginning	4,893,130	4,499,035	4,215,657	3,856,424	3,611,069	3,273,861
Total Pension Liability - Ending (a)	<u>\$ 5,397,579</u>	<u>\$ 4,893,130</u>	<u>\$ 4,499,035</u>	<u>\$ 4,215,657</u>	<u>\$ 3,856,424</u>	<u>\$ 3,611,069</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 198,688	\$ 172,549	\$ 173,050	\$ 150,448	\$ 139,552	\$ 120,262
Contributions - Employee	123,390	97,302	99,074	85,970	80,839	82,639
Net Investment Income	641,983	(123,481)	481,310	212,855	4,556	160,990
Benefit payments, including refunds of employee contributions	(187,492)	(114,022)	(102,951)	(124,694)	(153,259)	(88,387)
Administrative Expense	(3,630)	(2,389)	(2,498)	(2,409)	(2,775)	(1,680)
Other	(109)	(125)	(127)	(130)	(137)	(138)
Net Change in Plan Fiduciary Net Position	772,830	29,834	647,858	322,040	68,776	273,686
Plan Fiduciary Net Position - Beginning	4,155,781	4,125,947	3,478,089	3,156,049	3,087,273	2,813,587
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,928,611</u>	<u>\$ 4,155,781</u>	<u>\$ 4,125,947</u>	<u>\$ 3,478,089</u>	<u>\$ 3,156,049</u>	<u>\$ 3,087,273</u>
Net Pension Liability - Ending (a) - (b)	468,968	737,349	373,088	737,568	700,375	523,796
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.31%	84.93%	91.71%	82.50%	81.84%	85.49%
Covered Payroll	\$ 2,056,496	\$ 1,621,705	\$ 1,651,240	\$ 1,432,831	\$ 1,347,317	\$ 1,377,309
Net Pension Liability as a Percentage of Covered Payroll	22.80%	45.47%	22.59%	51.48%	51.98%	38.03%

**NOTES TO SCHEDULE OF NET PENSION LIABILITY**

<sup>1</sup> The schedule above reflects the changes in the net pension liability for the current year. GASB 68 requires ten fiscal years of data to be provided in this schedule. However, until a full ten-year trend is compiled, only available information is shown.

City of Van Alstyne, Texas  
Schedule of Contributions to Pension Plan <sup>1</sup>  
Texas Municipal Retirement System  
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 225,738	\$ 196,306	\$ 170,563	\$ 161,434	\$ 148,430	\$ 139,552
Contributions in relation to the actuarially determined	225,738	196,306	170,563	161,434	148,430	139,552
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,320,611	\$ 1,980,968	\$ 1,591,167	\$ 1,522,643	\$ 1,432,831	\$ 1,347,317
Contributions as a percentage of covered payroll	9.73%	9.91%	10.72%	10.60%	10.36%	10.36%

**NOTES TO SCHEDULE OF CONTRIBUTIONS TO PENSION PLAN**

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

**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	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes There were no benefit changes during the year.



City of Van Alstyne, Texas  
Schedule of Changes in Total OPEB Liability and Related Ratios <sup>1</sup>  
Texas Municipal Retirement System  
Last Ten Measured Years

	2019	2018	2017
<b>Total OPEB liability</b>			
Service Cost	\$ 3,290	\$ 3,568	\$ 3,137
Interest (on the Total OPEB Liability)	2,685	2,526	2,434
Effect of plan changes	-	-	-
Differences between expected and actual experience	(4,994)	(3,609)	-
Changes in assumptions or other inputs	14,467	(5,570)	6,809
Benefit payments	(823)	(649)	(660)
Net Change in Total OPEB Liability	14,625	(3,734)	11,720
Total OPEB Liability - Beginning	71,127	74,861	63,141
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 85,752</b>	<b>\$ 71,127</b>	<b>\$ 74,861</b>
Covered Payroll	\$ 2,056,496	\$ 1,621,705	\$ 1,651,240
Total OPEB Liability as a Percentage of Covered Payroll	4.17%	4.39%	4.53%

**NOTES TO SCHEDULE OF TOTAL OPEB LIABILITY**

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

City of Van Alstyne, Texas  
Schedule of Contributions to OPEB Plan <sup>1</sup>  
Texas Municipal Retirement System  
Last Ten Fiscal Years

	2020	2019	2018
Actuarially Determined Contribution	\$ 3,771	\$ 2,723	\$ 2,021
Contributions in relation to the actuarially determined contribution	<u>3,771</u>	<u>2,723</u>	<u>2,021</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	\$2,320,611	\$ 1,980,968	\$ 1,591,167
Contributions as a percentage of covered payroll	0.2%	0.1%	0.1%

**NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS**

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

**Valuation Timing:** 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:**

Inflation	2.50%
Salary Increases	3.5% to 11.5% including inflation
Discount Rate	2.75%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

**Mortality:**

Service Retirees 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Disabled Retirees 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**Other Information:**

Notes There were no benefit changes during the year.

## OTHER SUPPLEMENTARY INFORMATION

City of Van Alstyne, Texas  
 Van Alstyne Economic Development Corporation  
 Balance Sheet - Discretely Presented Component Unit  
 As of September 30, 2020

**Assets**

Cash and cash equivalents	\$ 949,361
Receivables, net	47,104
Total Assets	<u>996,465</u>

**Liabilities**

Accounts payable	22,082
Accrued liabilities and other payables	2,369
Total Liabilities	<u>24,451</u>

**Fund Balances**

Restricted - economic development	972,014
Total Fund Balances	<u>972,014</u>

Total Liabilities and Fund Balances	<u>\$ 996,465</u>
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City of Van Alstyne, Texas  
Van Alstyne Economic Development Corporation  
Reconciliation of Governmental Fund Balance Sheet  
to the Statement of Net Position - Discretely Presented Component Unit  
As of September 30, 2020

<b>Fund Balances - Discretely Presented Component Unit</b>	<b>\$ 972,014</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	1,851,974
Long term liabilities, including bonds payable and compensated absences, are not due and payable in the current period. Therefore, they are not reported in the governmental funds.	(2,233,529)
Payables for bond interest which are not due in the current period are not reported in the funds.	(45,620)
<b>Net Position of Discretely Presented Component Unit - Statement of Net Position</b>	<b><u>\$ 544,839</u></b>

City of Van Alstyne, Texas  
Van Alstyne Economic Development Corporation  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Discretely Presented Component Unit  
For the Year Ended September 30, 2020

**Revenue**

Taxes:		
Sales	\$	244,444
Miscellaneous		13,185
Interest revenue		5,432
	Total Revenues	<u>263,061</u>

**Expenditures**

Current:		
Development services		314,663
Debt service:		
Principal retirement		9,343
Interest expense and fiscal charges		64,472
Capital outlay		1,467,677
	Total Expenditures	<u>1,856,155</u>
	Excess (Deficiency) of Revenues	
	Over (Under) Expenditures	(1,593,094)

**Other Financing Sources (Uses)**

Proceeds from defaulted asset		106,742
Issuance of debt		2,160,000
Issuance of debt - discount		(22,669)
	Total Other Financing Sources (Uses)	<u>2,244,073</u>

**Net Change in Fund Balances** 650,979

Fund Balances - Beginning	<u>321,035</u>
Fund Balances - Ending	<u><u>\$ 972,014</u></u>

City of Van Alstyne, Texas  
 Van Alstyne Economic Development Corporation  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 to the Statement of Activities - Discretely Presented Component Unit  
 For the Year Ended September 30, 2020

<b>Net Change in Fund Balances - Discretely Presented Component Unit</b>	<b>\$</b>	<b>650,979</b>
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Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.		1,467,677
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The depreciation of capital assets used in governmental activities is not reported in the funds.		(43,335)
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Governmental funds repayment of debt principal as an expenditure and proceeds of new debt as a financing source. However, in the Statement of Activities, these transactions are only considered changes in long-term debt balances. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, the amounts are deferred and amortized in the Statement of Activities.

Long-term debt repaid in current year		9,343
New debt proceeds		(2,160,000)
Discount associated with the issuance of new debt		22,669

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest		(43,247)
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<b>Change in Net Position of the Discretely Presented Component Unit</b>	<b>\$</b>	<b>(95,914)</b>
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City of Van Alstyne, Texas  
Van Alstyne Economic Development Corporation  
Budgetary Comparison Schedule - Discretely Presented Component Unit  
For the Year Ended September 30, 2020

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Taxes:				
Sales taxes	\$ 168,000	\$ 168,000	\$ 244,444	\$ 76,444
Interest revenue	1,596	1,596	5,432	3,836
Other	20,160	20,160	13,185	(6,975)
Total Revenues	<u>189,756</u>	<u>189,756</u>	<u>263,061</u>	<u>73,305</u>
<b>Expenditures</b>				
Current:				
Development services	186,348	192,450	314,663	122,213
Debt service:				
Principal	8,867	8,867	9,343	476
Interest expense and fiscal charges	6,728	6,728	64,472	57,744
Capital Outlay	-	1,250,000	1,467,677	217,677
Total Expenditures	<u>201,943</u>	<u>1,458,045</u>	<u>1,856,155</u>	<u>398,110</u>
Revenues Over (Under) Expenditures	(12,187)	(1,268,289)	(1,593,094)	471,415
<b>Other Financing Sources (Uses)</b>				
Proceeds from defaulted asset	-	104,836	106,742	1,906
Issuance of debt	-	1,980,000	2,160,000	180,000
Issuance of debt - discount	-	-	(22,669)	(22,669)
Total Other Financing Sources	<u>-</u>	<u>2,084,836</u>	<u>2,244,073</u>	<u>159,237</u>
<b>Net Change in Fund Balances</b>	(12,187)	816,547	650,979	630,652
<b>Fund Balances - Beginning</b>	<u>321,035</u>	<u>321,035</u>	<u>321,035</u>	
<b>Fund Balances - Ending</b>	<u>\$ 308,848</u>	<u>\$ 1,137,582</u>	<u>\$ 972,014</u>	



City of Van Alstyne, Texas  
 Van Alstyne Community Development Corporation  
 Balance Sheet - Discretely Presented Component Unit  
 As of September 30, 2020

**Assets**

Cash and cash equivalents	\$ 353,781
Accounts receivable	58,259
Total Assets	<u>412,040</u>

**Liabilities**

Accounts payable	39,655
Accrued liabilities and other payables	-
Total Liabilities	<u>39,655</u>

**Fund Balances**

Restricted - community development	372,385
Total Fund Balances	<u>372,385</u>

Total Liabilities and Fund Balances	<u>\$ 412,040</u>
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City of Van Alstyne, Texas  
 Van Alstyne Community Development Corporation  
 Reconciliation of the Governmental Fund Balance Sheet  
 to the Statement of Net Position - Discretely Presented Component Unit  
 September 30, 2020

<b>Fund Balances - Total Discretely Presented Component Unit</b>	\$ 372,385
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Amounts reported for component unit activities in the Statement of Net Position that are different at the fund level.	-
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<b>Net Position of Discretely Presented Component Unit - Statement of Net Position</b>	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 0 10px;">\$ 372,385</div>
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City of Van Alstyne, Texas  
 Van Alstyne Community Development Corporation  
 Statement of Revenues, Expenditures, and Changes  
 in Fund Balances - Discretely Presented Component Unit  
 For the Year Ended September 30, 2020

**Revenues**

Taxes:

Sales	\$ 245,182
Interest revenue	1,379
Total Revenues	<u>246,561</u>

**Expenditures**

Current:

Community development	66,378
Salaries	86,512
Advertising	14,142
Professional fees	6,275
Rent	8,433
Miscellaneous	1,409
Utilities	2,311
Maintenance & repairs	2,728
Supplies	5,690

Total Expenditures	<u>193,878</u>
Excess (Deficiency) of Revenues	
Over (Under) Expenditures	52,683

**Net Change in Fund Balances** 52,683

Fund Balances -Beginning	319,702
Fund Balances - Ending	<u><u>\$ 372,385</u></u>

City of Van Alstyne, Texas  
 Van Alstyne Community Development Corporation  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 to the Statement of Activities - Discretely Presented Component Unit  
 For the Year Ended September 30, 2020

<b>Net Change in Fund Balances - Discretely Presented Component Unit</b>	\$ 52,683
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Amounts reported for governmental activities in the Statement of Activities are different because at the fund level.

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<b>Change in Net Position of the Discretely Presented Component Unit</b>	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">\$ 52,683</div>
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City of Van Alstyne, Texas  
Van Alstyne Community Development Corporation  
Budgetary Comparison Schedule - Discretely Presented Component Unit  
For the Year Ended September 30, 2020

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Taxes:				
Sales taxes	\$ 175,590	\$ 193,012	\$ 245,182	\$ 52,170
Interest revenue	1,500	1,500	1,379	(121)
<b>Total Revenues</b>	<u>177,090</u>	<u>194,512</u>	<u>246,561</u>	<u>52,049</u>
<b>Expenditures</b>				
Current:				
Community development	70,800	100,800	66,378	(34,422)
Salaries	69,900	106,900	86,512	(20,388)
Advertising	23,000	23,000	14,142	(8,858)
Professional fees	5,800	5,800	6,275	475
Rent	7,200	7,200	8,433	1,233
Miscellaneous	3,200	3,200	1,409	(1,791)
Utilities	3,300	3,300	2,311	(989)
Maintenance & repairs	3,000	3,000	2,728	(272)
Supplies	840	840	5,690	4,850
<b>Total Expenditures</b>	<u>187,040</u>	<u>254,040</u>	<u>193,878</u>	<u>(60,162)</u>
<b>Revenues Over (Under) Expenditures</b>	(9,950)	(59,528)	52,683	(8,113)
<b>Net Change in Fund Balances</b>	(9,950)	(59,528)	52,683	(8,113)
<b>Fund Balances -Beginning</b>	<u>319,702</u>	<u>319,702</u>	<u>319,702</u>	
<b>Fund Balances - Ending</b>	<u>\$ 309,752</u>	<u>\$ 260,174</u>	<u>\$ 372,385</u>	

