

CITY OF CENTER
Center, Texas

ANNUAL FINANCIAL REPORT

September 30, 2019

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CITY OF CENTER, TEXAS
PRINCIPAL CITY OFFICIALS
September 30, 2019

GOVERNING BODY

Honorable David Chadwick, Mayor

CITY COUNCIL

Leigh Porterfield - Mayor Pro-Tem

Joyce Johnson - District 1

Jerry Lathan - District 2

Howell Howard - District 3

Randy Collard - District 4

Terry Scull - At Large

OTHER PRINCIPAL OFFICIALS

Chad Nehring City Manager
Jim Gibson Asst. City Manager
Barbara Boyd City Secretary
John Price City Attorney

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Center
Center, 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 the City of Center, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 and the standards applicable to financial statements audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Center, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Center, Texas' basic financial statements. The introductory section, the supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information section and the compliance section 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, these sections are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Lufkin, Texas
April 13, 2020


CERTIFIED PUBLIC ACCOUNTANTS



Management's Discussion and Analysis

As management of the City of Center, Texas, we offer readers of the City of Center's financial statements this narrative overview and analysis of the financial activities of the City of Center (City) for the fiscal year ended September 30, 2019.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year resulting in a total net position of \$28,837,303 which is an increase of \$697,919 (*net position*).
- Government activities change in net position increased \$967,110 to \$16,819,796 mostly from additional capital assets.
- The City's governmental funds reported combined ending fund balances of \$7,110,597 an increase of \$4,453,447 from the prior year of \$2,657,150.
- The fund balance for the general fund was \$1,774,351 or 36.0% of total general fund expenditures and increased \$46,359 during this fiscal year.
- The Water and Sewer Fund operating revenues exceeded expenses resulting in operating income of \$349,430 and the fund decreased net position by \$206,754 to \$11,631,798.
- Combined Business Activities decreased Net Position by \$269,191.
- The combined non-major governmental funds experienced an increase in fund balance of \$212,836 to \$1,116,790 primarily in Debt Service and Hotel/Motel Funds.
- The 4B Street Improvements for Economic Development is shown as a component unit of the City. The annual street program is recorded as an expense in the Governmental Funds so that the asset can be recorded.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Center's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, culture and recreation, planning and community development, sanitation and public facilities. The business-type activities of the City include water and sewer utility services.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Center can be divided into two categories: governmental funds or proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Center maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds, including the Debt Service Fund, is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, and special revenue funds - Trust Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with budget.

Proprietary Funds. The City maintains two proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer utility and Sanitation services *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer utility and sanitation services, which are considered to be a major funds of the City of Center.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Center's progress in funding its obligations to provide retirement benefits to its employees. This required supplementary information can be found after the notes to financial statements of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found in this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$28,837,303 at the close of fiscal year 2019. This represents an increase of \$697,919 from the 2018 net position of \$28,139,384 after the prior period adjustment.

By far the largest portion of the City's assets (\$19,500,338), 68%, reflects its net investment in capital assets (e.g., land, buildings, vehicles and equipment), less the outstanding balance of related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Center's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. This year's net position values indicate increases because of acquisition and construction of assets through the Capital Projects Fund.

City of Center's Combined Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 8 576 098	\$ 4 069 839	\$ 4 662 292	\$ 2 694 248	\$ 13 238 390	\$ 6 764 087
Capital assets (net of depreciation)	21 748 038	21 938 893	14 806 696	15 147 133	36 554 734	37 086 026
Total Assets	30 324 136	26 008 732	19 468 988	17 841 381	49 793 124	43 850 113
Deferred outflow	1 090 354	603 144	392 897	176 339	1 483 251	779 483
Long-term liabilities outstanding	11 430 171	7 623 692	6 658 992	4 698 207	18 089 163	12 321 899
Other liabilities	1 367 044	1 234 598	752 016	540 481	2 119 060	1 775 079
Total Liabilities	12 797 215	8 858 290	7 411 008	5 238 688	20 208 223	14 096 978
Deferred inflow	1 797 479	2 085 592	433 370	492 334	2 230 849	2 577 926
Net Position:						
Net Investment in capital assets	11 076 376	14 463 076	8 423 962	10 635 379	19 500 338	25 098 455
Restricted	5 253 139	929 158	2 727 864	742 739	7 981 003	1 671 897
Unrestricted	490 281	275 760	865 681	908 580	1 355 962	1 184 340
Total Net Position	\$ 16 819 796	\$ 15 667 994	\$ 12 017 507	\$ 12 286 698	\$ 28 837 303	\$ 27 954 692

Deferred inflow in Governmental Activities is inclusive of pledges made for Portacool Park and the Softball Complex.

An additional portion of the City's net position, \$7,981,003 (28%), represents resources that are subject to external restrictions on how they may be used.

Values for newly constructed, major infrastructure (i.e. streets, drainage) are included in the value of capital assets.

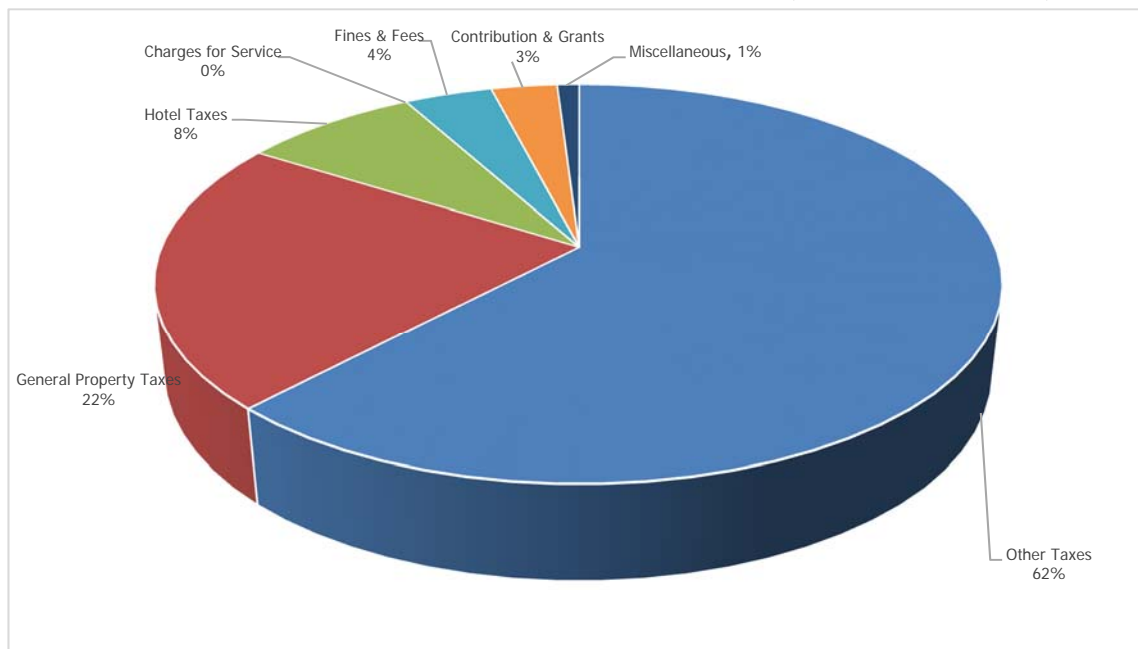
City of Center's Change in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for services	\$ 357 001	\$ 362 943	\$ 5 211 319	\$ 5 411 989	\$ 5 568 320	\$ 5 774 932
Operating grants and contributions	135 300	204 195	-	-	135 300	204 195
Capital grants and contributions	34 688	475 320	-	186 429	34 688	661 749
General Revenues:						
Property taxes	1 673 134	1 623 556	-	-	1 673 134	1 623 556
Other taxes	3 215 333	3 056 271	-	-	3 215 333	3 056 271
Other	524 738	396 099	452 617	45 324	977 355	441 423
Total Revenues	<u>5 940 194</u>	<u>6 118 384</u>	<u>5 663 936</u>	<u>5 643 742</u>	<u>11 604 130</u>	<u>11 762 126</u>
Expenses:						
General government	1 366 025	1 146 049	-	-	1 366 025	1 146 049
Public safety	2 602 775	2 201 437	-	-	2 602 775	2 201 437
Community services	1 269 422	1 301 334	-	-	1 269 422	1 301 334
Streets and drainage	944 829	1 139 283	-	-	944 829	1 139 283
Sanitation	-	-	1 458 076	1 265 848	1 458 076	1 265 848
Inspections	38 868	42 285	-	-	38 868	42 285
Interest on long-term debt	307 699	335 466	-	-	307 699	335 466
Water and sewer	-	-	3 390 226	3 410 541	3 390 226	3 410 541
Total Expenses	<u>6 529 618</u>	<u>6 165 854</u>	<u>4 848 302</u>	<u>4 676 389</u>	<u>11 377 920</u>	<u>10 842 243</u>
Transfers	1 556 534	1 399 602	(1 084 825)	(861 600)	471 709	538 002
Increase (decrease) in net position	<u>967 110</u>	<u>1 352 132</u>	<u>(269 191)</u>	<u>105 753</u>	<u>697 919</u>	<u>1 457 885</u>
Net Position, Ending	<u>\$ 16 819 796</u>	<u>\$ 15 667 994</u>	<u>\$ 12 017 507</u>	<u>\$ 12 286 698</u>	<u>\$ 28 837 303</u>	<u>\$ 27 954 692</u>

Governmental Activities. Governmental activities increased the City of Center's net position by \$967,110. Key elements of this increase are as follows:

- Governmental Fund expenditures exceeded revenues by \$589,424. This is offset by governmental fund transfer of \$1,556,534. This is mostly from transfers from the Utility and Sanitation Funds and internal service funds;
- Governmental Expenses increased \$363,764 from prior year expenses;

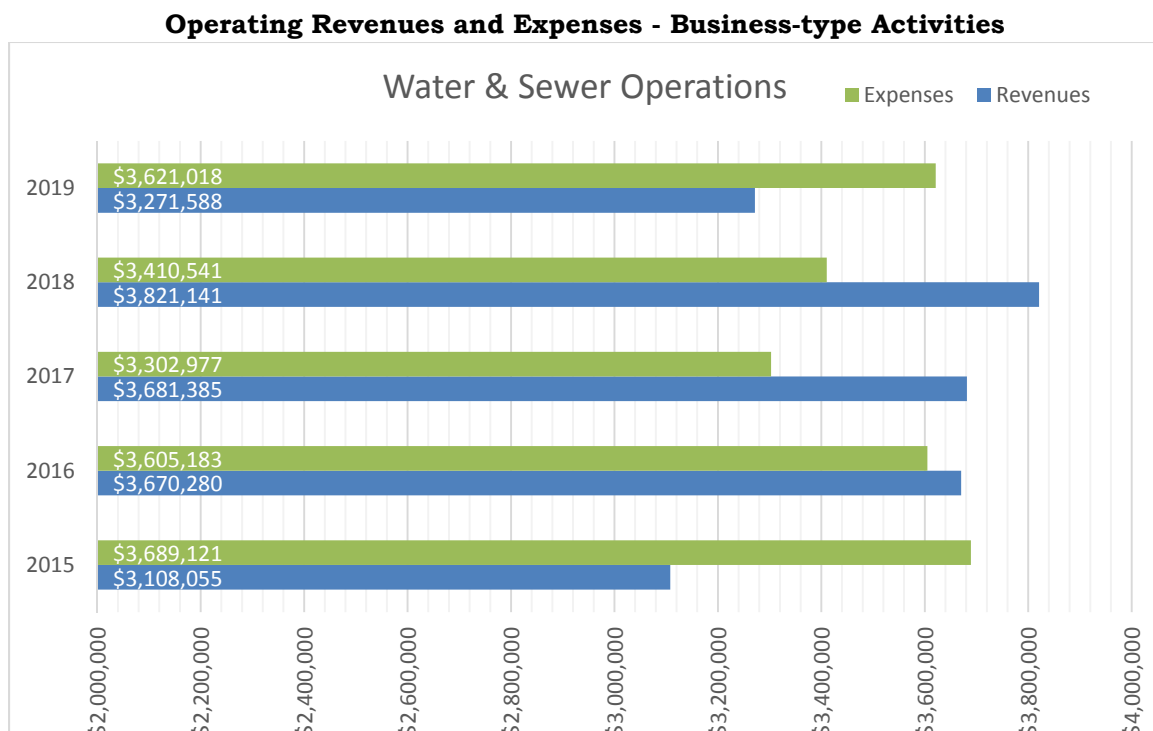
Revenues by Source - All Governmental Activities (reference page 19)



Proprietary Funds. The City of Center's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities but in more detail.

Business-Type Activities. Business-type activities decreased the total government's net position by \$269,191. Key elements of this change are as follows:

- Operating revenues increased \$20,194 to \$5,663,936 from \$5,643,742. This is a result of revenue increases in Sanitation of \$547 and revenue decrease in Water-Sewer of \$200,123.
- Operating expenses increased \$171,913 to \$4,848,302 from \$4,676,389. Water-Sewer expenses decreased \$138,953 while Sanitation expenses increased \$192,228.
- Operating expenses exceeded revenues resulting in Operating Loss of \$(269,191).
- Including non-operating expenses, primarily costs of debt and transfers, Change in Net Position is \$(269,191). Transfers includes transfers to the General Fund, Debt Fund, Technology Fund, and Capital Improvement Fund.



As a component of Total Net Position, the Unrestricted Net Position of the Proprietary Funds at the end of the current fiscal year is \$865,681. Other factors concerning these funds have been addressed in the discussion of the City's business-type activities.

Internal Service Funds. The City operates two Internal Service Funds: the Technology Fund and Equipment Replacement Fund. The Technology Fund was fully capitalized in FY 2018 by transfers from the General and Utility Funds. The Equipment Replacement Fund was created in FY 2018 and will be fully capitalized in FY 2019. The net position for the Equipment Replacement Fund increased by \$90,651 from \$427,616 to \$518,267. However, the Fund had a reduction in cash of \$15,885, bringing its cash at the end of the year to \$138,764. This is a result of the Fund using cash to acquire equipment assets.

Financial Analysis of the Government's Funds

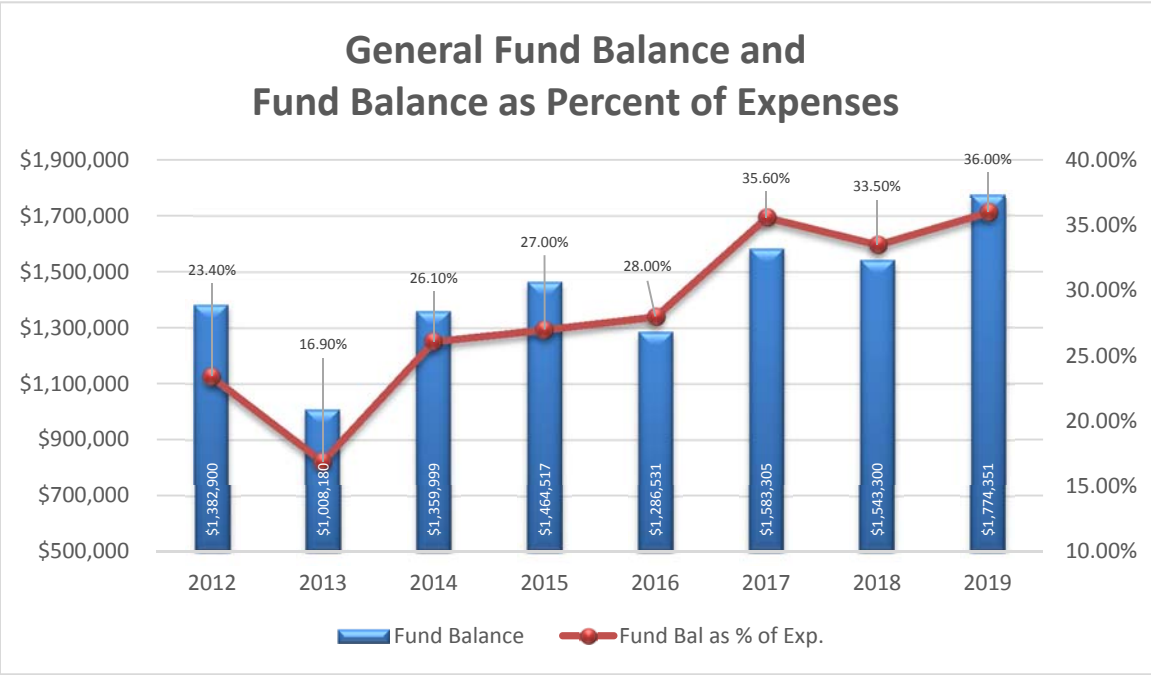
As noted earlier, the City of Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of Center's governmental funds reported combined ending fund balances of \$7,110,597, an increase of \$4,453,447 from the prior year, excluding the prior period adjustment. Approximately 25% of this total amount, \$1,774,351, constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. The remaining 75% of fund balance is *restricted* to indicate that it is not available for spending because it has already been committed and dedicated to 1) pay debt service, 2) for perpetual trust 3) for capital projects or 4) grant projects. See page 18 in the report for more detail about the fund balance allocation.

The general fund is the chief operating fund of the City of Center. At the end of the current fiscal year, total general fund balance was \$1,774,351. The fund balance of the City's general fund increased by \$46,359 during the current fiscal year. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 36.0% of total general fund operational expenditures. The City Council established a minimum fund balance policy of 25% of annual expenditures.

General Fund Budgetary Highlights



The General Fund accounts for the primary operations of the City and a budget comparison is provided.

A review of the final amended budget compared to actual revenues/expenditures presents a number of variances. Total revenues increased from the budget by \$248,707. Total expenditures decreased from the budget by \$72,832. After transfers to and from other funds, the general fund experienced an increase in the fund balance of \$46,359.

Capital Asset and Debt Administration

Capital Assets. The City of Center's investment in capital assets for its governmental and business-type activities amounts to \$36,554,734 (net of accumulated depreciation) at the end of the current fiscal year increasing from last year's amount of \$37,227,104. This investment in capital assets includes land, buildings, improvements, vehicles and equipment. Due to the size of the City, past asset valuations for major infrastructure (streets, bridges, drainage, etc.) are not required to comply with reporting requirements, however beginning in fiscal year 2004, the City began prospectively accumulating values for these major capital assets.

City of Center's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 73 072	\$ 73 072	\$ 665 250	\$ 665 250	\$ 738 322	\$ 738 322
Buildings	6 685 601	6 838 859	-	-	6 685 601	6 838 859
Improvements other than buildings	3 649 560	3 792 257	-	-	3 649 560	3 792 257
Machinery and equipment	959 722	980 461	645 502	731 119	1 605 224	1 711 580
Buildings and systems	-	-	13 270 789	13 725 662	13 270 789	13 725 662
Infrastructure	9 990 254	10 243 246	-	-	9 990 254	10 243 246
Construction in progress	389 829	152 076	225 155	25 102	614 984	177 178
Total	<u>\$ 21 748 038</u>	<u>\$ 22 079 971</u>	<u>\$ 14 806 696</u>	<u>\$ 15 147 133</u>	<u>\$ 36 554 734</u>	<u>\$ 37 127 104</u>

Long-Term Debt. At the end of the current fiscal year, the City of Center had total bonded debt outstanding of \$16,420,000, an increase from last year's total bonded debt of \$10,945,000. All is backed by the full faith and credit of the government.

Notes Payable. Notes payable includes a note by the City's Tax Increment Reinvestment Zone Fund to the Center Economic Development Corporation in 2011.

City of Center's Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 10 038 750	\$ 6 440 000	\$ 6 381 250	\$ 4 505 000	\$ 16 420 000	\$ 10 945 000
Compensated absences	112 713	119 116	35 870	36 335	148 583	155 451
Notes payable	632 912	886 256	-	-	632 912	886 256
Total	<u>\$ 10 784 375</u>	<u>\$ 7 445 372</u>	<u>\$ 6 417 120</u>	<u>\$ 4 541 335</u>	<u>\$ 17 201 495</u>	<u>\$ 11 986 707</u>

The City of Center's debt issuance rating by Moody's was upgraded in 2007 from a rating of "Baa2" to a rating of "A2". This pertains to the current debt issuances for general obligation and any other bonded debt. This rating was reaffirmed by Moody's in 2018.

As a Home Rule City, the City of Center, Texas is not limited by law in the amount of debt it may issue. However, the City's Debt Management Policy limits total ad valorem supported outstanding debt to 4% of the taxable base. Utility Fund debt service is limited to 20% of Utility Fund expenditures.

Additional information on the City's long-term debt can be found in note 3. D. of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate as of August 2019 for Shelby County, according to Texas Workforce Commission statistics, is 4.3%. The unemployment rates for August 2019, according to the Texas Workforce Commission, are 3.6% for the State of Texas and 4.1% for the Deep East Texas Region.

- The City's total state sales tax receipts, including the 1¼% for governmental purposes and the two Economic Development Corporations, for the current fiscal year, totaled \$3,353,326 an increase of \$154,139 or 4.8% from the previous year (\$3,199,187). This primarily reflects a return of oil and gas industry activities in the region.
- Economic trends in the area are stabilizing relative to state and national indices and trends.

All of these factors were considered in preparing the City of Center's budget for the 2020 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Center's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Secretary, P. O. Box 1744, 617 Tenaha Street, City of Center, Texas, 75935-1744.

FINANCIAL STATEMENTS

CITY OF CENTER, TEXAS
STATEMENT OF NET POSITION
September 30, 2019

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash and cash equivalents	\$ 7 491 536	\$ 1 223 431	\$ 8 714 967	\$ 2 916 797
Receivables (net)	917 197	607 138	1 524 335	400 538
Due from other governments	160 077	-	160 077	96 046
Inventories	7 288	103 859	111 147	-
Restricted Assets:				
Cash and cash equivalents	-	2 727 864	2 727 864	-
Capital assets (net of accumulated depreciation)	21 748 038	14 806 696	36 554 734	289 530
TOTAL ASSETS	30 324 136	19 468 988	49 793 124	3 702 911
DEFERRED OUTFLOWS				
Deferred outflow - Pension	771 837	278 302	1 050 139	-
Deferred outflow - OPEB	-	-	-	-
Deferred outflow - Subsequent contribution - Pension	314 533	113 412	427 945	-
Deferred outflow - Subsequent contribution - OPEB	3 984	1 183	5 167	-
TOTAL DEFERRED OUTFLOWS	1 090 354	392 897	1 483 251	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	31 414 490	19 861 885	51 276 375	3 702 911
LIABILITIES				
Current Liabilities:				
Accounts payable	240 117	236 299	476 416	1 518
Accrued liabilities	144 335	35 868	180 203	-
Accrued interest payable	30 903	26 382	57 285	-
Premium on bond issue	144 317	-	144 317	-
Customer deposits payable	-	179 717	179 717	-
Due within one year	807 372	273 750	1 081 122	-
Noncurrent Liabilities:				
Due in more than one year	9 864 290	6 107 500	15 971 790	-
Accrued compensated absences	112 713	35 870	148 583	-
Pension liabilities	1 322 175	476 737	1 798 912	-
OPEB liabilities	130 993	38 885	169 878	-
TOTAL LIABILITIES	12 797 215	7 411 008	20 208 223	1 518
DEFERRED INFLOWS				
Deferred inflows - Pension	1 197 969	431 952	1 629 921	-
Deferred inflows - OPEB	4 775	1 418	6 193	-
Unavailable revenues	594 735	-	594 735	-
TOTAL DEFERRED INFLOWS	1 797 479	433 370	2 230 849	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	14 594 694	7 844 378	22 439 072	1 518
NET POSITION				
Net investment in capital assets	11 076 376	8 423 962	19 500 338	289 530
Restricted for:				
Debt service	190 890	-	190 890	-
Grants	674 440	-	674 440	-
Capital projects	4 219 456	2 727 864	6 947 320	-
Perpetual care	168 353	-	168 353	-
Unrestricted	490 281	865 681	1 355 962	3 411 863
TOTAL NET POSITION	\$ 16 819 796	\$ 12 017 507	\$ 28 837 303	\$ 3 701 393

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

CITY OF CENTER, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 1 366 025	\$ 4 902	\$ -	\$ -
Public safety	2 602 775	6 836	134 035	-
Community services	1 269 422	312 458	1 265	34 688
Streets and drainage	944 829	-	-	-
Inspections	38 868	32 805	-	-
Interest on long-term debt	307 699	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>6 529 618</u>	<u>357 001</u>	<u>135 300</u>	<u>34 688</u>
Business-Type Activities:				
Water and sewer fund	3 390 226	3 621 018	-	-
Sanitation fund	1 458 076	1 590 301	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>4 848 302</u>	<u>5 211 319</u>	<u>-</u>	<u>-</u>
 TOTAL PRIMARY GOVERNMENT	 \$ <u>11 377 920</u>	 \$ <u>5 568 320</u>	 \$ <u>135 300</u>	 \$ <u>34 688</u>
 Component Units:				
Economic Development	\$ 119 920	\$ -	\$ -	\$ -
Economic Development Street Improvement	29 020	-	-	-
Local Government Housing Corp	562	-	-	-
TOTAL COMPONENT UNITS	<u>\$ 149 502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 General Revenues:				
Taxes:				
Property taxes				
Sales taxes				
Other taxes and permits				
Fines and fees				
Unrestricted investment earnings				
Other unrestricted revenue				
Transfers				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
 Net position - Beginning				
Prior period adjustment				
NET POSITION - BEGINNING, RESTATED				
 NET POSITION - ENDING				

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			COMPONENT UNITS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	ECONOMIC DEVELOPMENT CORPORATIONS
\$ (1 361 123)	\$ -	\$ (1 361 123)	\$ -
(2 461 904)	-	(2 461 904)	-
(921 011)	-	(921 011)	-
(944 829)	-	(944 829)	-
(6 063)	-	(6 063)	-
(307 699)	-	(307 699)	-
(6 002 629)	-	(6 002 629)	-
-	230 792	230 792	-
-	132 225	132 225	-
-	363 017	363 017	-
(6 002 629)	363 017	(5 639 612)	-
-	-	-	(119 920)
-	-	-	(29 020)
-	-	-	(562)
-	-	-	(149 502)
1 673 134	-	1 673 134	-
2 096 705	-	2 096 705	1 272 910
1 118 628	-	1 118 628	-
184 759	-	184 759	-
97 880	61 076	158 956	69 466
242 099	391 541	633 640	-
1 556 534	(1 084 825)	471 709	(471 709)
6 969 739	(632 208)	6 337 531	870 667
967 110	(269 191)	697 919	721 165
15 667 994	12 286 698	27 954 692	2 980 228
184 692	-	184 692	-
15 852 686	12 286 698	28 139 384	2 980 228
\$ 16 819 796	\$ 12 017 507	\$ 28 837 303	\$ 3 701 393

CITY OF CENTER, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2019

	GENERAL	CAPITAL PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 1 795 418	\$ 4 219 556	\$ 1 211 260	\$ 7 226 234
Receivables (Net of Uncollectibles):				
Taxes	232 086	-	-	232 086
Accounts	-	-	407 347	407 347
Court fines receivable	190 389	-	-	190 389
Governmental agencies	160 077	-	-	160 077
Sundry	87 375	-	-	87 375
Due from other funds	81 455	-	500	81 955
Inventories	7 288	-	-	7 288
TOTAL ASSETS	\$ 2 554 088	\$ 4 219 556	\$ 1 619 107	\$ 8 392 751
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 217 389	\$ -	\$ 17 653	\$ 235 042
Accrued liabilities	138 920	-	3 162	142 082
Due to other funds	500	100	81 355	81 955
TOTAL LIABILITIES	356 809	100	102 170	459 079
Deferred Inflows:				
Unavailable revenue	422 928	-	400 147	823 075
TOTAL DEFERRED INFLOWS	422 928	-	400 147	823 075
Fund Balances:				
Restricted for:				
Debt service	-	-	190 890	190 890
Grants	-	-	757 547	757 547
Other purposes	-	4 219 456	168 353	4 387 809
Unassigned:				
General fund	1 774 351	-	-	1 774 351
TOTAL FUND BALANCES	1 774 351	4 219 556	1 116 790	7 110 597
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 2 554 088	\$ 4 219 556	\$ 1 619 107	
Amounts Reported for Governmental Activities in the Statement of Net Activities are Different Because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				21 368 535
An internal service fund is used for equipment acquisition and replacement. The governmental funds' share of the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.				518 267
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.				228 340
Long-term liabilities, including bonds, pensions, and other post-employment benefits, are not due and payable in the current period and, therefore, are not reported in the funds				(12 405 943)
NET POSITION OF GOVERNMENTAL ACTIVITIES				\$ 16 819 796

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

CITY OF CENTER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	GENERAL	CAPITAL PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
General property taxes	\$ 1 015 406	\$ -	\$ 710 502	\$ 1 725 908
Other local taxes and permits	2 841 065	-	374 268	3 215 333
Fines and fees	177 923	-	6 836	184 759
Charges for services	249 296	-	145 684	394 980
Contributions and grants	151 098	-	20 536	171 634
Miscellaneous	30 119	-	42 875	72 994
TOTAL REVENUES	<u>4 464 907</u>	<u>-</u>	<u>1 300 701</u>	<u>5 765 608</u>
Expenditures:				
General government	1 309 404	-	-	1 309 404
Public safety	2 541 052	-	15 502	2 556 554
Community services	694 305	-	284 797	979 102
Streets and drainage	339 477	-	507 785	847 262
Inspections	43 594	-	-	43 594
Capital outlay	-	182 743	-	182 743
Debt Service:				
Principal	-	-	1 018 305	1 018 305
Interest and fiscal charges	-	-	312 703	312 703
TOTAL EXPENDITURES	<u>4 927 832</u>	<u>182 743</u>	<u>2 139 092</u>	<u>7 249 667</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(462 925)</u>	<u>(182 743)</u>	<u>(838 391)</u>	<u>(1 484 059)</u>
Other Financing Sources (Uses):				
Debt proceeds	-	-	4 368 715	4 368 715
Interest income	36 471	23 246	32 540	92 257
Transfers in	707 954	4 353 749	1 295 791	6 357 494
Transfers (out)	<u>(235 141)</u>	<u>-</u>	<u>(4 645 819)</u>	<u>(4 880 960)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>509 284</u>	<u>4 376 995</u>	<u>1 051 227</u>	<u>5 937 506</u>
NET CHANGE IN FUND BALANCES	<u>46 359</u>	<u>4 194 252</u>	<u>212 836</u>	<u>4 453 447</u>
Fund balances at beginning of year	1 543 300	25 204	903 954	2 472 458
Prior period adjustment	184 692	-	-	184 692
FUND BALANCES AT BEGINNING OF YEAR	<u>1 727 992</u>	<u>25 204</u>	<u>903 954</u>	<u>2 657 150</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1 774 351</u>	<u>\$ 4 219 456</u>	<u>\$ 1 116 790</u>	<u>\$ 7 110 597</u>

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

CITY OF CENTER, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended September 30, 2019

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net change in fund balances - Total governmental funds	\$ 4 453 447
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital depreciation exceeded outlays in the current period.	(297 391)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(52 774)
Internal service net revenues are reported with governmental activities and the expenses not recovered through user charges are allocated to the participating funds.	129 486
The issuance of long-term debt (e.g., bonds, notes, and pension and other post employment benefits) financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debts and other related items.	<u>(3 265 658)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>967 110</u>

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

CITY OF CENTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 967 854	\$ 255 577	\$ 1 223 431
Receivables (Net):			
Accounts	334 933	256 578	591 511
Sundry	15 627	-	15 627
Inventories	103 859	-	103 859
TOTAL CURRENT ASSETS	1 422 273	512 155	1 934 428
Noncurrent Assets:			
Restricted cash	2 727 864	-	2 727 864
Capital Assets:			
Land	665 250	-	665 250
Utility systems	31 757 940	-	31 757 940
Equipment	3 467 841	39 687	3 507 528
Construction in progress	225 155	-	225 155
Less accumulated depreciation	(21 310 974)	(38 203)	(21 349 177)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	14 805 212	1 484	14 806 696
TOTAL NONCURRENT ASSETS	17 533 076	1 484	17 534 560
TOTAL ASSETS	18 955 349	513 639	19 468 988
DEFERRED OUTFLOWS			
Deferred outflow - Pension	278 302	-	278 302
Deferred outflow - Subsequent contributions pensions	113 412	-	113 412
Deferred outflow - OPEB	-	-	-
Deferred outflow - Subsequent contributions OPEB	1 183	-	1 183
TOTAL DEFERRED OUTFLOWS	392 897	-	392 897
TOTAL ASSETS AND DEFERRED OUTFLOWS	19 348 246	513 639	19 861 885
LIABILITIES			
Current Liabilities:			
Accounts payable	108 369	127 930	236 299
Accrued expense	35 868	-	35 868
Debt payable - Current	273 750	-	273 750
Accrued interest payable	26 382	-	26 382
Customer deposits payable	179 717	-	179 717
TOTAL CURRENT LIABILITIES	624 086	127 930	752 016
Noncurrent Liabilities:			
Compensated absences	35 870	-	35 870
Pension liability	476 737	-	476 737
OPEB liability	38 885	-	38 885
Long term debt payable	6 107 500	-	6 107 500
TOTAL NONCURRENT LIABILITIES	6 658 992	-	6 658 992
TOTAL LIABILITIES	7 283 078	127 930	7 411 008
DEFERRED INFLOWS			
Deferred inflow - Pension	431 952	-	431 952
Deferred inflow - OPEB	1 418	-	1 418
TOTAL DEFERRED INFLOWS	433 370	-	433 370
TOTAL LIABILITIES AND DEFERRED INFLOWS	7 716 448	127 930	7 844 378
NET POSITION			
Net investment in capital assets	8 423 962	-	8 423 962
Restricted for capital projects	2 727 864	-	2 727 864
Unrestricted	479 972	385 709	865 681
TOTAL NET POSITION	\$ 11 631 798	\$ 385 709	\$ 12 017 507

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

INTERNAL SERVICE FUNDS	
EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
\$ 138 764	\$ 126 538
-	-
-	-
-	-
138 764	126 538
-	-
-	-
-	-
596 320	-
-	-
(216 817)	-
379 503	-
379 503	-
518 267	126 538
-	-
-	-
-	-
-	-
518 267	126 538
-	5 075
-	2 253
-	-
-	-
-	-
-	7 328
-	-
-	-
-	-
-	-
-	-
-	7 328
-	-
-	-
-	-
-	-
379 503	-
-	-
138 764	119 210
\$ 518 267	\$ 119 210

CITY OF CENTER, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended September 30, 2019

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Operating Revenues:			
Charges for service	\$ 3 516 135	\$ 1 589 050	\$ 5 105 185
Taps and connections	6 385	-	6 385
Miscellaneous	98 498	1 251	99 749
TOTAL OPERATING REVENUES	<u>3 621 018</u>	<u>1 590 301</u>	<u>5 211 319</u>
Operating Expenses:			
Nondepartmental	174 692	-	174 692
Public works	277 743	-	277 743
Water production	1 098 884	-	1 098 884
Water distribution	287 583	-	287 583
Sewer collection	208 613	-	208 613
Sewer treatment	571 360	-	571 360
Sanitation	-	1 452 806	1 452 806
Depreciation	652 713	5 270	657 983
TOTAL OPERATING EXPENSES	<u>3 271 588</u>	<u>1 458 076</u>	<u>4 729 664</u>
OPERATING INCOME	<u>349 430</u>	<u>132 225</u>	<u>481 655</u>
Nonoperating Revenues (Expenses):			
Income from investments	55 738	5 338	61 076
Other revenue	2 944	-	2 944
Bond issue premium	388 597	-	388 597
Interest expense	(118 638)	-	(118 638)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>328 641</u>	<u>5 338</u>	<u>333 979</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS	<u>678 071</u>	<u>137 563</u>	<u>815 634</u>
Operating transfers in (out)	<u>(884 825)</u>	<u>(200 000)</u>	<u>(1 084 825)</u>
TOTAL NET OPERATING TRANSFERS	<u>(884 825)</u>	<u>(200 000)</u>	<u>(1 084 825)</u>
CHANGE IN NET POSITION	(206 754)	(62 437)	(269 191)
Beginning net position	11 838 552	448 146	12 286 698
NET POSITION, END OF YEAR	<u>\$ 11 631 798</u>	<u>\$ 385 709</u>	<u>\$ 12 017 507</u>

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

INTERNAL SERVICE FUNDS	
EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
\$ 99 285	\$ 195 800
-	-
-	-
99 285	195 800
-	159 424
-	-
-	-
-	-
-	-
-	-
110 043	-
110 043	159 424
(10 758)	36 376
3 164	2 459
18 245	-
-	-
-	-
21 409	2 459
10 651	38 835
80 000	-
80 000	-
90 651	38 835
427 616	80 375
\$ 518 267	\$ 119 210

CITY OF CENTER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2019

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Cash Flows from Operating Activities:			
Received from customers	\$ 3 631 231	\$ 1 628 975	\$ 5 260 206
Payments to suppliers	(1 558 720)	(1 338 939)	(2 897 659)
Payments to employees	(1 184 208)	-	(1 184 208)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	888 303	290 036	1 178 339
Cash Flows from Noncapital Financing Activities:			
Operating transfers in (out)	(884 825)	(200 000)	(1 084 825)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(884 825)	(200 000)	(1 084 825)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(317 546)	-	(317 546)
Bond proceeds	2 478 597	-	2 478 597
Principal paid on debt	(213 750)	-	(213 750)
Insurance proceeds	-	-	-
Gain on disposal of assets	-	-	-
Interest paid on debt	(118 638)	-	(118 638)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	1 828 663	-	1 828 663
Cash Flows from Investing Activities:			
Interest on investments	55 738	5 338	61 076
Royalties	2 944	-	2 944
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	58 682	5 338	64 020
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1 890 823	95 374	1 986 197
Cash at beginning of year	1 804 895	160 203	1 965 098
CASH AT END OF YEAR	\$ 3 695 718	\$ 255 577	\$ 3 951 295

Reconciliation of Operating Income to Net Cash
Provided by Operating Activities

Operating income (loss)	\$ 349 430	\$ 132 225	\$ 481 655
Adjustments:			
Depreciation	652 713	5 270	657 983
Changes in:			
Accounts receivable	2 973	38 674	41 647
Inventory	(23 494)	-	(23 494)
Deferred charges	(275 516)	-	(275 516)
Accounts payable	32 747	113 867	146 614
Accrued expense	(2 319)	-	(2 319)
Accrued compensated absences	(465)	-	(465)
Pension liability	146 063	-	146 063
Customer deposits	7 240	-	7 240
NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES	\$ 888 303	\$ 290 036	\$ 1 178 339

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

INTERNAL SERVICE FUNDS	
EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
\$ 99 285	\$ 195 800
-	(65 199)
-	(97 261)
99 285	33 340
80 000	-
80 000	-
(216 579)	-
-	-
-	-
11 565	-
6 680	-
-	-
(198 334)	-
3 164	2 459
-	-
3 164	2 459
(15 885)	35 799
154 649	90 739
\$ 138 764	\$ 126 538

\$ 16 672	\$ 36 376
82 613	-
-	-
-	-
-	-
-	(3 158)
-	122
-	-
-	-
-	-
99 285	33 340

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Center, Texas was incorporated in 1900. The City operates under a Home Rule Charter adopted April 7, 1984 under Section 5, Article XI of the Texas Constitution as a Council-Manager form of government under the provisions of the charter and the V.T.C.A., Local Government Code.

The accounting policies of the City of Center, Texas conform to generally accepted accounting principles as applicable to governments. The City applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies:

A. Reporting Entity:

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

Individual Component Unit Disclosures:

Discretely Presented Component Units:

The City of Center Economic Development Corporation - Established in 1994, the Corporation is a 4A nonprofit industrial development corporation specifically governed by the Development Corporation Act. The purpose of the Corporation is to promote, assist, and enhance economic development. The Corporation is governed by a Board of Directors appointed by the City Council.

Complete financial statements of the Corporation can be obtained from: The City of Center Economic Development Corporation, 617 Tenaha Street, Center, Texas.

The City of Center Street Improvements for Economic Development Corporation - Established in 1996, the Corporation is a 4B nonprofit industrial development corporation specifically governed by the Development Corporation Act. The purpose of the Corporation is to promote, assist and enhance economic development by undertaking projects of street and road and related improvements. The Corporation is governed by a Board of Directors appointed by the City Council.

Complete financial statements of the Corporation can be obtained from: The City of Center Street Improvements for Economic Development Corporation, 617 Tenaha Street, Center, Texas.

The City of Center Local Government Corporation - Established in 2018 to hold and manage the assets of Parker Place Subdivision. The City acquired the remaining subdivision lots in 2018 after reaching a settlement with the owner, and repayment of the Housing Infrastructure Fund (HIF) grant. The City is working to sell the lots to builders.

B. Government-Wide and Fund Financial Statements:

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

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

The government reports the following governmental funds:

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

Capital Project Fund - The capital project fund is used to account for monies earmarked from bond activities.

Special Revenue Funds - Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs on long-term general obligation debt of governmental funds.

Permanent Fund - This fund is used to account for assets held by the City pursuant to a trust agreement. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The government reports the following proprietary funds:

Water and Sewer Fund - This fund accounts for the provision of water and sewer services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Sanitation Fund - This fund accounts for the provision of sanitation services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Equipment Replacement Fund - This fund provides each department of the City an internal system to purchase capital assets. All such activities necessary to provide such services are accounted for in this fund.

Technology Fund - This fund provides each department of the City an internal system to acquire technology. All such activities necessary to provide such services are accounted for in this fund.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Deposits and Investments:

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

The City's investment policies are governed by state statutes and city ordinances. Permissible investments include direct obligations of the U. S. Government, certificates of deposit and savings accounts. Collateral is required for demand deposits and certificates of deposits of all amounts not covered by federal deposit insurance.

The Center Economic Development Corporation and the Center Street Improvements for Economic Development are authorized by their governing board to invest in obligations of the U. S. Government, certificates of deposit and savings accounts.

Investments for the government, as well as for its component units, are reported at fair value. Collateral is required for demand deposits and certificates of deposits of all amounts not covered by federal deposit insurance.

2. Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of the allowance for uncollectibles. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Property taxes are levied on October 1, attach as an enforceable lien on property on January 1, and become delinquent on June 30 of every fiscal year.

3. Inventories and Prepaid Items:

All inventories are valued at cost using the first-in/first out (FIFO) method.

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

4. Restricted Assets:

Restricted assets include cash and investments for the proprietary funds that are legally restricted as to their use. The primary restricted assets are related to debt retirement, renewal and replacement, and construction activity of the Water and Sewer enterprise fund.

5. Capital Assets:

All purchased capital assets are valued at cost where historical records are available and estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received or placed into service. Assets contributed by the general government to proprietary funds are valued at the lesser of their fair market value at the date of the transfer or original cost.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

For implementation of GASB 34 requirements for capital assets the City established the following categories and thresholds:

Land/land improvement	Any Amount
Buildings/building improvements	\$ 25 000
Facilities and other improvements	\$ 25 000
Infrastructure	\$ 25 000
Personal property	\$ 5 000
Leasehold improvements	\$ 25 000

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Depreciation is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Structures and water and sewer systems	10 to 50 years
Infrastructure	10 to 30 years
Transportation and other equipment	3 to 20 years

6. Compensated Absences:

The City accounts for expenditures related to sick pay when such payments are made to employees as amounts do not vest. The City accounts for all material liabilities and expenditures related to vacation pay during the fiscal year in which such benefits accrue. Employees are required to take vacation time if at all possible, and vacation time will not be allowed to be accrued more than 160 hours on an anniversary date. Sick leave can be accumulated up to 320 hours.

The City has determined that the current portion of the accrued expense for compensated absences cannot be reasonably estimated. Therefore, the total accrued expense for compensated absences is recorded as long-term debt in the financial statements.

7. Long-Term Obligations:

In the government-wide financial statements and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Fund Equity:

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance - Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance - Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned Fund Balance - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

9. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow or resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

10. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Subsequent Events:

Management has evaluated subsequent events through April 13, 2020, the date the financial statements were available to be issued.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting:

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

- (1) The City Manager submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) The budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized by the City Council to transfer budgeted amounts within departments of any fund; however, any revisions that alter the total expenditures of any fund are approved by the City Council.
- (5) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- (6) The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

B. City Fund Balance Policy:

The City of Center recognizes the importance of maintaining an appropriate level of Unassigned Fund Balance. After evaluating the City's operating characteristics, diversity of tax base, reliability of non-property tax revenue sources, working capital needs, impact on bond rating, State and local economic outlooks, emergency and disaster risk, and other contingent issues, the City establishes the following goals regarding the Unassigned Fund Balance of the General Fund for the City of Center, Texas.

Fund balance will be calculated by taking the total General Fund expenditure budget and deducting Airport departments. The rationale is this department receive a commensurate amount of funding from its own operations. The City now receives as much revenue from airport fuel sales to make the Center Municipal Airport self-sustaining.

The goal for this policy is that the City would retain in reserves a minimum of 20% and 25% optimally. This equates to 45 to 90 days of operating reserves which would allow the City to continue providing services without receiving additional funding.

Once the City achieves its goal of an appropriate level of Unassigned Fund Balance, any excess funds may be utilized for other municipal fiscal purposes, including without limitation, additional capital improvement needs or tax rate stabilization or reduction purposes. For example, by applying excess fund balances towards payment of capital improvement expenses, the City will reduce the need to incur long-term debt and will avoid creating an operating fund gap for subsequent fiscal years.

This policy has been adopted by the City to recognize the financial importance of a stable and sufficient level of the Unassigned Fund Balance. However, the City, reserves the right to appropriate funds from the Unassigned Fund Balance for emergencies and other unanticipated requirements the City believes to be in the best interest of the City.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

FUND BALANCE ANALYSIS

	2019
Beginning fund balance	\$ 1 727 992
Total general fund revenues and transfers	5 209 332
Total general fund expenditures and transfers	(5 162 973)
ENDING GENERAL FUND BALANCE	<u>\$ 1 774 351</u>
 Airport expense	 \$ (142 962)
General fund expenditures	4 927 832
ADJUSTED GENERAL FUND EXPENDITURES	<u>\$ 4 784 870</u>
Required Fund Balance	\$ <u>20%</u> 956 974 \$ <u>25%</u> 1 221 218

Actual Fund Balance calculation represents 37.08% of adjusted General Fund Expenditures and 36.01% of non-adjusted General Fund Expenditures.

Tax Abatements

During the year ended September 30, the City abated property from local property taxes to create an economic development incentive. The results of the abated property was a reduction in property tax income of \$37,307 for the year.

YEAR	VALUE OF ABATED PROPERTY
2019	\$ 6 217 870
2020	4 559 680
2021	3 227 758
2022	1 895 836
2023	947 918

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and investments as of September 30, consists of the following:

Primary Government:	
Unrestricted cash and investments	\$ 8 714 967
Restricted cash and investments	2 727 864
Component Units:	
Cash and investments	2 916 797
TOTAL CASH AND INVESTMENTS	<u>\$ 14 359 628</u>
Primary Government:	
Cash on hand	\$ (1 179)
Deposits with financial institutions	668 981
Investments in LOGIC	10 775 029
Component Units:	
Deposits with financial institutions	40 213
Investments in LOGIC	2 876 584
TOTAL CASH AND INVESTMENTS	<u>\$ 14 359 628</u>

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

At September 30, the total deposits (as shown on the records of the bank) for the primary government and the component units amounted to \$711,690 and \$40,213, respectively. Deposits were with the contracted depository bank, Farmers State Bank, in a combination of interest and non-interest bearing accounts and interest bearing Certificates of Deposits. The deposits were fully secured at the balance sheet date by federal depository coverage and by pledged U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of deposits.

Investments - The State Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. It requires the City to adopt, implement, and publicize an investment policy. The investment policy must address requirements outlined by the Act. Management of the City believes it is in compliance with those requirements and local policies. The City's temporary investments consist of balances held by the Local Government Investment Cooperative (LOGIC). LOGIC is an AAA rated investment pool administered by First Southwest Asset Management, Inc. and JP Morgan Chase.

As of September 30, the City had the following investments:

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITIES (DAYS)
Primary government - LOGIC	\$ 10 775 029	48
Component units - LOGIC	2 876 584	48
	<u>\$ 13 651 613</u>	

Although Local Government Investment Cooperative had a weighted average maturity of 48 days, the City considers the holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

Interest rate risk is the risk that changes in market interest rates and will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value. The City concentrates its investments on short-term investments in order to limit market risk caused by changes in interest rates. The maximum allowed maturity of any investment by the City is three years.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. The City's depository fully collateralizes the City's deposits as outlined above.

B. Receivables

The City contracts with the Texas Department of Agriculture for various economic development programs. In accordance with certain terms of the contracts, funds have been loaned to specific entities at no interest. The City is liable to the State for repayment and the entity is liable to the City for repayment. The repayment of loans is accounted for as miscellaneous revenue and expenditures. The contracts are managed in a special revenue fund. At September 30, the City has two active loans. The following is a summary of transactions for the year ended September 30.

	LOANS RECEIVABLE	LOANS PAYABLE
Balance at October 1, 2018	\$ 97 385	\$ 97 385
Loan payments received	-	(42 875)
Loans paid	(42 875)	-
Balance at September 30, 2019	<u>\$ 54 510</u>	<u>\$ 54 510</u>

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

The loans are comprised of the following individual issues:

1997 Texas Capital Fund, \$500,000, due in 240 monthly payments of \$2,083	\$ 8 334
1998 Texas Capital Fund, \$357,500, due in 240 monthly payments of \$1,490	46 176
TOTAL	<u>\$ 54 510</u>

Future requirements are as follows:

YEAR	PAYABLE/ RECEIVABLE
2020	\$ 26 209
2021	17 875
2022	10 426
	<u>\$ 54 510</u>

C. Capital Assets

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

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ 152 076	\$ 322 979	\$ (85 226)	\$ 389 829
Land	73 072	-	-	73 072
TOTAL ASSETS NOT BEING DEPRECIATED	<u>225 148</u>	<u>322 979</u>	<u>(85 226)</u>	<u>462 901</u>
Capital Assets, Being Depreciated:				
Buildings	9 207 697	50 300	-	9 257 997
Improvements other than buildings	5 070 204	7 300	-	5 077 504
Vehicles and equipment	2 430 164	-	(167 888)	2 262 276
Infrastructure	15 965 794	507 785	-	16 473 579
TOTAL ASSETS BEING DEPRECIATED	<u>32 673 859</u>	<u>565 385</u>	<u>(167 888)</u>	<u>33 071 356</u>
Less Accumulated Depreciation For:				
Buildings	2 368 838	203 558	-	2 572 396
Improvements other than buildings	1 277 947	149 997	-	1 427 944
Vehicles and equipment	1 722 670	123 538	(164 151)	1 682 057
Infrastructure	5 722 548	760 777	-	6 483 325
TOTAL ACCUMULATED DEPRECIATION	<u>11 092 003</u>	<u>1 237 870</u>	<u>(164 151)</u>	<u>12 165 722</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	<u>21 581 856</u>	<u>(672 485)</u>	<u>(3 737)</u>	<u>20 905 634</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 21 807 004</u>	<u>\$ (349 506)</u>	<u>\$ (88 963)</u>	<u>\$ 21 368 535</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 665 250	\$ -	\$ -	\$ 665 250
Construction in progress	25 102	200 053	-	225 155
TOTAL ASSETS NOT BEING DEPRECIATED	<u>690 352</u>	<u>200 053</u>	<u>-</u>	<u>890 405</u>
Capital Assets, Being Depreciated:				
Buildings and systems	31 668 551	89 389	-	31 757 940
Vehicles and equipment	3 499 672	38 026	(30 170)	3 507 528
TOTAL ASSETS BEING DEPRECIATED	<u>35 168 223</u>	<u>127 415</u>	<u>(30 170)</u>	<u>35 265 468</u>
Less Accumulated Depreciation For:				
Buildings and systems	17 942 889	544 262	-	18 487 151
Vehicles and equipment	2 768 553	113 721	(20 248)	2 862 026
TOTAL ACCUMULATED DEPRECIATION	<u>20 711 442</u>	<u>657 983</u>	<u>(20 248)</u>	<u>21 349 177</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	<u>14 456 781</u>	<u>(530 568)</u>	<u>(9 922)</u>	<u>13 916 291</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 15 147 133</u>	<u>\$ (330 515)</u>	<u>\$ (9 922)</u>	<u>\$ 14 806 696</u>
Internal Service Fund:				
Capital Assets, Being Depreciated:				
Vehicles and equipment	\$ 385 295	\$ 211 025	\$ -	\$ 596 320
TOTAL ASSETS NOT BEING DEPRECIATED	<u>385 295</u>	<u>211 025</u>	<u>-</u>	<u>596 320</u>
Less Accumulated Depreciation For:				
Vehicles and equipment	112 328	104 489	-	216 817
TOTAL ACCUMULATED DEPRECIATION	<u>112 328</u>	<u>104 489</u>	<u>-</u>	<u>216 817</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	<u>272 967</u>	<u>106 536</u>	<u>-</u>	<u>379 503</u>
INTERNAL SERVICE FUND CAPITAL ASSETS, NET	<u>\$ 272 967</u>	<u>\$ 106 536</u>	<u>\$ -</u>	<u>\$ 379 503</u>

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Component Units:				
Capital Assets, Not Being Depreciated:				
Land	\$ 289 530	\$ -	\$ -	\$ 289 530
COMPONENT UNITS CAPITAL ASSETS, NET	\$ 289 530	\$ -	\$ -	\$ 289 530

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

Governmental Activities:

General government	\$ 18 984
Public safety	126 596
Community services	414 290
Street and drainage	678 000
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 1 237 870

Business-Type Activities:

Water	\$ 424 088
Sewer	228 625
Sanitation	5 270
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	\$ 657 983

D. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 6 440 000	\$ 4 130 000	\$ (531 250)	\$ 10 038 750	\$ 531 250
Note payable	886 256	-	(253 344)	632 912	276 122
Compensated absences	119 116	-	(6 403)	112 713	-
Pension liability	835 639	486 536	-	1 322 175	-
OPEB liability	127 275	3 658	-	130 993	-
GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	\$ 8 408 286	\$ 4 620 194	\$ (790 997)	\$ 12 237 543	\$ 807 372
Business-Type Activities:					
General obligation bonds	\$ 4 505 000	\$ 2 090 000	\$ (213 750)	\$ 6 381 250	\$ 273 750
Compensated absences	36 335	-	(465)	35 870	-
Pension liability	321 634	155 103	-	476 737	-
OPEB liability	48 988	-	(10 103)	38 885	-
BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	\$ 4 911 957	\$ 2 245 103	\$ (224 318)	\$ 6 932 742	\$ 273 750

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Bonds payable at September 30 are comprised of the following individual issues:

General Obligation Debt:

\$1,500,000, 2007 Combination Tax and Waterworks and Sewer System Revenue Certificate of Obligation Bonds due in annual installments of \$80,000 to \$140,000 through February 2022; interest at 4.0 to 5.5 percent (Liability recorded in governmental activities)	\$ 395 000
\$3,941,314, 2011 Combination Tax and Revenue Certificate of Obligation, due in annual installments of \$95,000 to \$505,000 through August 15, 2030, interest at 2.0 to 4.0 percent (Liability recorded in governmental activities)	3 596 314
\$168 686, 2011 Combination Tax and Revenue Capital Appreciation Bonds, due in annual installments of \$116,448 to \$104,978 through August 15, 2023, interest at 3.10 to 3.50 percent (Liability recorded in governmental activities)	168 686
\$2,070,000, 2014 Combination Tax and Water and Sewer Revenue Certificate of Obligation, due in annual installments of \$10,000 to \$125,000 through August 15, 2035, interest at 0.0 to 3.05 percent (Liability recorded in business-type activities)	1 670 000
\$1,760,000, 2014 General Obligation Refunding Bond, due in annual installments of \$65,000 to \$225,000 through August 15, 2023, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	875 000
\$3,960,000, 2016 Combination Tax and Water and Sewer Revenue Certificate of Obligation, due in annual installments of \$130,000 to \$265,000 through August 15, 2036, interest at 2.49 percent (Liability recorded in governmental activities and business-type activities)	3 495 000
\$4,130,000, 2019 Tax & WW & SS Revenue Certificate of Obligation, due in annual installments of \$85,000 to \$405,000 through August 15, 2039, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	4 130 000
\$2,090,000, 2019 Tax & WW & SS Revenue Certificate of Obligation, due in annual installments of \$60,000 to \$140,000 through August 15, 2039, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	2 090 000
	<u>\$ 16 420 000</u>

The annual debt service requirements to maturity for all bonds and certificates of obligation are as follows:

YEAR ENDING SEPTEMBER	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2020	\$ 531 250	\$ 341 991	\$ 273 750	\$ 195 736
2021	628 750	308 966	291 250	176 810
2022	668 750	294 141	301 250	169 380
2023	540 000	279 466	310 000	161 226
2024	560 000	259 191	315 000	154 745
Thereafter	7 110 000	1 546 228	4 890 000	1 036 854
TOTAL	<u>\$ 10 038 750</u>	<u>\$ 3 029 981</u>	<u>\$ 6 381 250</u>	<u>\$ 1 894 751</u>

Notes Payable:

\$450,000 loan from the City of Center Economic Development Corporation to be paid in annual installments through 2029, with an interest rate of 3%	\$ 240 750
\$875,000 tax anticipation note to be paid in annual installments of \$170,000 to \$190,000 through August 2020, with interest of 2.75%	190 000
\$265,117 note to be paid in annual installments of \$62,955 to \$69,679 through November 2021, with interest of 3.45%	202 162
	<u>\$ 632 912</u>

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

YEAR ENDING SEPTEMBER	GOVERNMENTAL ACTIVITIES	
	PRINCIPAL	INTEREST
2020	\$ 276 122	\$ 17 351
2021	88 993	11 308
2022	91 959	8 341
2023	22 948	5 275
2024	23 636	4 587
Thereafter	129 254	11 860
TOTAL	\$ 632 912	\$ 58 722

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

NOTE 4 - OTHER INFORMATION

A. Pension Plan

Plan Description

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

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

Benefits Provided

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

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

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 4 - OTHER INFORMATION - CONTINUED

Employees Covered by Benefit Terms:

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

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	18
Active employees	69
	<u>131</u>

Contributions

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

Employees for the City of Center were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Center were 15.88% and 13.32% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$405,655, and were equal to the required contribution.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50 to 10.5% per year (including inflation)
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 4 - OTHER INFORMATION - CONTINUED

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2018 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
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 CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 4 - OTHER INFORMATION - CONTINUED

Changes in the Net Pension Liability

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (A)	PLAN FIDUCIARY NET POSITION (B)	NET PENSION LIABILITY (A) - (B)
Balance at December 31, 2017	\$ 12 965 278	\$ 11 808 005	\$ 1 157 273
Changes for the Year:			
Service cost	523 585	-	523 585
Interest	873 880	-	873 880
Change of benefit terms	-	-	-
Difference between expected and actual experience	(428 137)	-	(428 137)
Changes of assumptions	-	-	-
Contributions - Employer	-	471 010	(471 010)
Contributions - Employee	-	217 772	(217 772)
Net investment income	-	(353 900)	353 900
Benefit payments, including refunds of employee	(561 408)	(561 408)	-
Administrative expense	-	(6 836)	6 836
Other changes	-	(357)	357
NET CHANGES	407 920	(233 719)	641 639
Balance at December 31, 2018	\$ 13 373 198	\$ 11 574 286	\$ 1 798 912

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% DECREASE IN DISCOUNT RATE (5.75%)	DISCOUNT RATE (6.75%)	1% INCREASE IN DISCOUNT RATE (7.75%)
Net pension liability	\$ 3 876 884	\$ 1 798 912	\$ 116 318

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.

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

For the year ended September 30, 2019, the City recognized pension expense of \$205,258.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ 925	\$ 1 183 113
Changes in actuarial assumptions	-	8 904
Difference between projected and actual investment earnings	1 049 214	437 904
Contributions subsequent to the measurement date	427 945	-
TOTAL	\$ 1 478 084	\$ 1 629 921

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 4 - OTHER INFORMATION - CONTINUED

\$427,945 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

YEAR ENDED DECEMBER 31,	PENSION EXPENSE AMOUNT
2020	\$ (210 108)
2021	(301 260)
2022	(180 899)
2023	125 761
2024	(13 276)
Thereafter	-
TOTAL	\$ (579 782)

B. Other Postemployment Benefit (OPEB)

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. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The City of Center 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.

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

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 and other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

Employees Covered by Benefit Terms

Membership:

Number of:

Inactive employees currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	6
Active employees	69
TOTAL	105

Covered Payroll

\$ 3 097 987

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 4 - OTHER INFORMATION - CONTINUED

Contributions

PLAN/ CALENDAR YEAR	TOTAL SDBF CONTRIBUTION (RATE)	RETIREE PORTION OF SDBF CONTRIBUTION (RATE)
2017	0.19%	0.07%
2018	0.18%	0.05%
2019	0.19%	0.07%

The City's contributions to the SDBF for the year ended September 30, 2019 were \$4,902, and were equal to the required contribution.

Summary of Actuarial Assumptions

Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Discount rate*	3.71%
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 rates - Service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - Disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Note: The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in OPEB Liability

Total OPEB liability - Beginning of year	\$ 176 263
Changes for the Year:	
Service cost	8 089
Interest on total OPEB liability	5 942
Changes of benefit terms	-
Differences	(6 260)
Changes in assumptions or other inputs	(12 649)
Benefit payments	(1 556)
NET CHANGES	(6 434)
TOTAL OPEB LIABILITY - END OF YEAR	\$ 169 829

Total OPEB Liability as a Percentage of Covered Payroll

5.48%

Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.71%) or 1-percentage point higher (4.71%) than the current rate.

	1% Decrease (2.71%)	Current Discount Rate (3.71%)	1% Increase (4.71%)
Total OPEB Liability	\$ 204 188	\$ 169 829	\$ 143 152

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2019

NOTE 4 - OTHER INFORMATION - CONTINUED

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$13,285.

As of September 30, 2019, 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	\$ -	\$ 5 258
Changes in actuarial assumptions	-	933
Difference between projected and actual earnings	-	-
Subsequent contributions	5 167	-
TOTAL	\$ 5 167	\$ 6 191

\$1,113 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

YEAR ENDED AUGUST 31,	AMORTIZATION
2020	\$ (746)
2021	(746)
2022	(746)
2023	(746)
2024	(2 455)
Thereafter	(752)
TOTAL	\$ (6 191)

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The City provides employee health and accident insurance coverage with commercial insurance purchased from independent third parties. Coverages have not significantly decreased and settlements have not exceeded insurance coverage for each of the past three years.

D. Prior Period Adjustment

For the year ended September 30, 2019, a prior period adjustment was recorded to correct a cash balance previously incorrectly reported due to a transfer in the wrong period. This resulted in a change in fund balance/net position of \$184,692.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended September 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Revenues:				
General Property Taxes:				
Current taxes	\$ 930 000	\$ 935 000	\$ 950 556	\$ 15 556
Delinquent taxes	30 000	34 000	37 235	3 235
Penalties, interest and cost	30 000	28 000	27 615	(385)
TOTAL GENERAL PROPERTY TAXES	990 000	997 000	1 015 406	18 406
Other Local Taxes and Permits:				
City sales taxes	2 002 700	2 070 000	2 096 705	26 705
Franchise taxes	669 800	685 600	705 404	19 804
Mixed drink taxes	3 000	4 000	3 924	(76)
License and permit fees	15 000	30 000	35 032	5 032
TOTAL OTHER LOCAL TAXES AND PERMITS	2 690 500	2 789 600	2 841 065	51 465
Fines and Fees:				
Municipal court fines	160 000	123 000	152 193	29 193
Court cost fees	39 600	34 000	25 417	(8 583)
Fines and fees	-	-	313	313
TOTAL FINES AND FEES	199 600	157 000	177 923	20 923
Charges For Service:				
Administration	80 000	80 000	80 000	-
Airport fuel	55 000	59 000	70 254	11 254
Airport hangar lease	28 000	27 000	27 788	788
Civic Center	62 200	51 000	56 982	5 982
Solid waste	-	-	137	137
Land lease	3 600	3 600	2 700	(900)
Building rental	12 000	12 000	11 435	(565)
TOTAL CHARGES FOR SERVICES	240 800	232 600	249 296	16 696
Contributions and Grants:				
Grant and donations	3 600	13 400	151 098	137 698
TOTAL CONTRIBUTIONS AND GRANTS	3 600	13 400	151 098	137 698
Miscellaneous Revenue:				
Miscellaneous receipts	4 200	26 600	30 119	3 519
TOTAL MISCELLANEOUS REVENUE	4 200	26 600	30 119	3 519
TOTAL REVENUES	4 128 700	4 216 200	4 464 907	248 707

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - CONTINUED
Year Ended September 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Expenditures:				
General Government:				
City Hall:				
Payroll	689 600	685 000	676 946	8 054
Supplies	16 600	17 900	19 425	(1 525)
Contractual services	47 050	50 550	44 130	6 420
Utilities	15 000	17 800	21 636	(3 836)
Sundry charges	17 500	18 300	21 762	(3 462)
Maintenance	4 800	16 400	16 574	(174)
TOTAL CITY HALL	<u>790 550</u>	<u>805 950</u>	<u>800 473</u>	<u>5 477</u>
Nondepartmental:				
Payroll	2 700	3 500	5 530	(2 030)
Supplies	2 800	1 900	645	1 255
Contractual services	202 250	203 200	193 702	9 498
Sundry charges	92 900	87 000	88 908	(1 908)
Capital outlay	-	113 400	114 980	(1 580)
TOTAL NONDEPARTMENTAL	<u>300 650</u>	<u>409 000</u>	<u>403 765</u>	<u>5 235</u>
Municipal Court:				
Payroll	47 900	46 200	45 311	889
Supplies	1 500	1 300	1 044	256
Contractual services	55 300	55 300	56 467	(1 167)
Utilities	1 000	1 000	-	1 000
Sundry charges	1 400	1 600	2 344	(744)
Maintenance	300	200	-	200
TOTAL MUNICIPAL COURT	<u>107 400</u>	<u>105 600</u>	<u>105 166</u>	<u>434</u>
TOTAL GENERAL GOVERNMENT	<u>1 198 600</u>	<u>1 320 550</u>	<u>1 309 404</u>	<u>11 146</u>
Public Safety:				
Police Department:				
Payroll	1 696 200	1 691 300	1 652 650	38 650
Supplies	42 800	39 200	35 349	3 851
Contractual services	131 600	128 400	124 359	4 041
Utilities	42 700	44 700	56 622	(11 922)
Sundry charges	16 600	14 800	8 578	6 222
Maintenance	121 600	118 800	142 875	(24 075)
Capital outlay	-	-	22 049	(22 049)
TOTAL POLICE DEPARTMENT	<u>2 051 500</u>	<u>2 037 200</u>	<u>2 042 482</u>	<u>(5 282)</u>
Fire Department:				
Payroll	407 100	424 700	405 564	19 136
Supplies	10 400	10 200	7 490	2 710
Contractual services	19 000	18 300	20 947	(2 647)
Utilities	9 500	8 900	8 867	33
Sundry charges	8 400	5 800	5 257	543
Maintenance	36 000	35 500	26 520	8 980
Capital outlay	6 000	6 000	-	6 000
TOTAL FIRE DEPARTMENT	<u>496 400</u>	<u>509 400</u>	<u>474 645</u>	<u>34 755</u>

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - CONTINUED
Year Ended September 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Animal Control Department:				
Supplies	5 000	5 000	6 200	(1 200)
Contractual services	16 000	16 000	14 332	1 668
Utilities	700	700	859	(159)
Sundry charges	1 000	1 000	2 534	(1 534)
Maintenance	1 500	1 500	-	1 500
TOTAL ANIMAL CONTROL DEPARTMENT	24 200	24 200	23 925	275
TOTAL PUBLIC SAFETY	2 572 100	2 570 800	2 541 052	29 748
Community Services:				
Airport Department:				
Payroll	23 500	20 300	21 162	(862)
Supplies	1 600	1 000	651	349
Contractual services	8 700	11 700	10 182	1 518
Utilities	13 500	13 800	15 539	(1 739)
Sundry charges	31 800	31 500	59 061	(27 561)
Maintenance	8 000	6 300	3 702	2 598
Capital outlay	5 000	23 700	32 665	(8 965)
TOTAL AIRPORT DEPARTMENT	92 100	108 300	142 962	(34 662)
Cemetery Department:				
Contractual services	22 000	22 000	22 610	(610)
Maintenance	500	500	-	500
TOTAL CEMETERY DEPARTMENT	22 500	22 500	22 610	(110)
Parks Department:				
Payroll	100 500	85 800	92 633	(6 833)
Supplies	6 300	7 200	10 229	(3 029)
Contractual services	40 600	40 600	38 982	1 618
Utilities	10 700	10 700	8 054	2 646
Sundry charges	1 000	800	81	719
Maintenance	22 400	21 600	17 545	4 055
Capital outlay	-	-	65 200	(65 200)
TOTAL PARKS DEPARTMENT	181 500	166 700	232 724	(66 024)
Civic Center Department:				
Payroll	130 600	119 400	118 020	1 380
Supplies	7 800	7 300	6 645	655
Contractual services	23 100	23 400	21 477	1 923
Utilities	26 300	28 300	32 300	(4 000)
Sundry charges	7 400	6 100	2 510	3 590
Maintenance	23 500	23 500	18 160	5 340
Capital outlay	6 000	-	7 895	(7 895)
TOTAL CIVIC CENTER DEPARTMENT	224 700	208 000	207 007	993
Community Facilities Department:				
Supplies	600	600	-	600
Contractual services	62 900	62 900	61 349	1 551
Utilities	14 400	14 400	17 142	(2 742)
Sundry charges	1 200	1 200	-	1 200
Maintenance	6 600	10 600	10 511	89
TOTAL COMMUNITY FACILITIES DEPARTMENT	85 700	89 700	89 002	698
TOTAL COMMUNITY SERVICES	606 500	595 200	694 305	(99 105)

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - CONTINUED
Year Ended September 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Streets and Drainage:				
Streets Department:				
Payroll	158 100	144 500	136 619	7 881
Supplies	11 700	12 000	7 193	4 807
Contractual services	18 850	18 850	13 014	5 836
Utilities	83 700	82 600	82 792	(192)
Sundry charges	1 500	500	8 024	(7 524)
Maintenance	74 200	64 000	87 335	(23 335)
Capital outlay	5 000	4 500	4 500	-
TOTAL STREETS DEPARTMENT	353 050	326 950	339 477	(12 527)
TOTAL STREETS AND DRAINAGE	353 050	326 950	339 477	(12 527)
Inspection Services:				
Inspection Department:				
Payroll	30 250	16 200	16 033	167
Supplies	500	500	673	(173)
Contractual services	15 600	18 400	19 810	(1 410)
Utilities	1 800	1 800	2 430	(630)
Sundry charges	2 300	3 300	3 053	247
Maintenance	2 000	1 300	1 595	(295)
TOTAL INSPECTION DEPARTMENT	52 450	41 500	43 594	(2 094)
TOTAL INSPECTION SERVICES	52 450	41 500	43 594	(2 094)
TOTAL EXPENDITURES	4 782 700	4 855 000	4 927 832	(72 832)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(654 000)	(638 800)	(462 925)	175 875
Other Financing Sources (Uses):				
Interest income	24 000	30 100	36 471	6 371
Operating transfers in	700 000	700 000	707 954	7 954
Operating transfers (out)	(70 000)	-	(235 141)	(235 141)
TOTAL OTHER FINANCING SOURCES (USES)	654 000	730 100	509 284	(220 816)
CHANGE IN FUND BALANCE	-	91 300	46 359	(44 941)
Fund balance at beginning of year	1 543 300	1 543 300	1 543 300	-
Prior period adjustment	184 692	184 692	184 692	-
FUND BALANCE AT BEGINNING OF YEAR (RESTATED)	1 727 992	1 727 992	1 727 992	-
FUND BALANCE AT END OF YEAR	\$ 1 727 992	\$ 1 819 292	\$ 1 774 351	\$ (44 941)

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS*

	2018	2017	2016	2015	2014
Total Pension Liability:					
Service cost	\$ 523 585	\$ 522 065	\$ 516 676	\$ 463 237	\$ 443 966
Interest (on the total pension liability)	873 880	879 442	867 048	860 379	804 999
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(428 137)	(915 461)	(587 907)	(191 770)	21 180
Change of assumptions	-	-	-	(39 880)	-
Benefit payments, including refunds of employee contributions	(561 408)	(577 012)	(652 767)	(476 550)	(500 735)
NET CHANGE IN TOTAL PENSION LIABILITY	407 920	(90 966)	143 050	615 416	769 410
Total pension liability - Beginning	12 965 278	13 056 244	12 913 194	12 297 778	11 528 368
TOTAL PENSION LIABILITY - ENDING	13 373 198	12 965 278	13 056 244	12 913 194	12 297 778
Plan Fiduciary Net Position:					
Contributions - Employer	471 010	514 644	503 737	439 335	424 581
Contributions - Employee	217 772	216 496	212 499	199 181	197 742
Net investment income	(353 900)	1 420 322	645 178	13 834	500 976
Benefit payments, including refunds of employee contributions	(561 408)	(577 012)	(652 767)	(476 550)	(500 735)
Administrative	(6 836)	(7 356)	(7 282)	(8 424)	(5 230)
Other	(357)	(373)	(392)	(416)	(430)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(233 735)	1 566 721	700 973	166 960	616 904
Plan fiduciary net position - Beginning	11 808 005	10 241 284	9 540 311	9 373 351	8 756 447
PLAN FIDUCIARY NET POSITION - ENDING	11 574 286	11 808 005	10 241 284	9 540 311	9 373 351
NET PENSION LIABILITY - ENDING	\$ 1 798 928	\$ 1 157 273	\$ 2 814 960	\$ 3 372 883	\$ 2 924 427
Plan fiduciary net position as a percentage of total pension liability	86.55%	91.07%	78.44%	73.88%	76.22%
Covered employee payroll	\$ 3 111 024	\$ 3 092 802	\$ 3 035 696	\$ 2 845 439	2 824 891
Net pension liability as a percentage of covered employee payroll	57.82%	37.42%	92.73%	118.54%	103.52%

SCHEDULE OF CONTRIBUTIONS

	2019	2018	2017	2016	2015
Actuarially determine contribution					
Contributions in relation to the actuarially determined contribution	\$ 405 655	\$ 495 007	\$ 462 058	\$ 446 765	\$ 390 666
CONTRIBUTION DEFICIENCY (EXCESS)	\$ (405 655)	\$ (495 007)	\$ (462 058)	\$ (446 765)	\$ (390 666)
Covered employee payroll	\$ 2 971 526	\$ 3 111 024	\$ 3 092 802	\$ 3 035 696	2 845 439
Contributions as a percentage of covered employee payroll	13.65%	15.91%	14.94%	14.72%	13.73%

Other Information

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

Details of the plan are included in the notes on pages 41-44.

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF THE CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
AND SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS*

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2018	2017
Total OPEB Liability:		
Service cost	\$ 8 089	\$ 6 804
Interest on total OPEB liability	5 942	5 816
Changes of benefit terms	-	-
Difference between expected and actual experience	(6 260)	-
Change of assumptions	(12 649)	14 252
Benefit payments, including refunds of employee contributions	(1 556)	(2 165)
NET CHANGE IN TOTAL OPEB LIABILITY	(6 434)	24 707
Total OPEB liability, beginning	176 263	151 556
TOTAL PENSION LIABILITY, ENDING (a)	169 829	176 263
Plan Fiduciary Net Position:		
Contributions - Employer	-	-
Contributions - Employee	-	-
Net investment income	-	-
Benefit payments, including refunds of employee contributions	-	-
Administrative expense	-	-
Other	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-
Plan fiduciary net position, beginning	-	-
FIDUCIARY NET POSITION, ENDING (b)	-	-
NET OPEB LIABILITY ENDING (a) - (b)	\$ 169 829	\$ 176 263
Plan fiduciary net position as a % of total OPEB liability	00.00%	00.00%
Covered employee payroll	\$ 3 097 987	\$ 3 092 802
Net OPEB liability as a % of covered employee payroll	5.48%	5.70%

SCHEDULE OF CONTRIBUTIONS

	2019	2018
Actuarially determined contribution	\$ 4 902	\$ 1 723
Contributions in relation to the actuarially determined contribution	(4 902)	(1 723)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -
Covered employee payroll	\$ 2 971 527	\$ 3 097 987
Contributions as a percentage of covered employee payroll	0.18%	0.06%

Other Information:

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

Details of the plan are included in the notes on pages 45-47.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Texas Capital Fund - Grant Repayment Funds - To account revenues and expenditures related to Texas Department of Agriculture loans.

Court Technology and Security Funds - To account for certain fees assessed on fines.

Hotel - Motel Fund - To account for hotel-motel taxes and related expenditures.

Civic Center Fund - To account for the construction of the civic center for activity related to civic center capital asset improvements.

Tax Increment Financing Fund - To account for activities related to the tax increment finance district.

Industrial Development Fund - To account for activity related to industrial development initiatives.

Police Department Forfeiture Fund - To account for forfeited funds remitted to the police department.

Logic Park Fund - To account for the construction of park facilities.

Recreation Fund - To account for recreational activities for the citizens of Center.

Home Grant - To account for revenues and expenditures applicable to Home Grants.

Airport Construction Fund - To account for construction and activity related to airport capital asset improvements.

Street Improvement Fund - To account for contributions of the Street Economic Development Corporation for city street improvements.

Debt Service Fund

Debt Service Fund - To account for the accumulation of monies for the payment of general obligation debt.

Permanent Funds

Cemetery Endowment Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the Fairview cemetery.

Animal Welfare Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain Animal Welfare.

CITY OF CENTER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS
ASSETS		
Cash and cash equivalents	\$ 190 890	\$ 852 017
Receivables	-	407 347
Due from other funds	-	500
TOTAL ASSETS	<u>\$ 190 890</u>	<u>\$ 1 259 864</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 17 653
Due to other funds	-	81 355
Accrued expenses	-	3 162
TOTAL LIABILITIES	<u>-</u>	<u>102 170</u>
Deferred Inflows:		
Unavailable revenue	-	400 147
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>400 147</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>-</u>	<u>502 317</u>
Fund Balances:		
Restricted for grants	-	757 547
Restricted for debt service	190 890	-
Other restrictions	-	-
TOTAL FUND BALANCES	<u>190 890</u>	<u>757 547</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 190 890</u>	<u>\$ 1 259 864</u>

See independent auditors' report.

PERMANENT FUND		
CEMETERY ENDOWMENT FUND	ANIMAL WELFARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 126 340	\$ 42 013	\$ 1 211 260
-	-	407 347
-	-	500
<u>\$ 126 340</u>	<u>\$ 42 013</u>	<u>\$ 1 619 107</u>
\$ -	\$ -	\$ 17 653
-	-	81 355
-	-	3 162
<u>-</u>	<u>-</u>	<u>102 170</u>
-	-	400 147
-	-	400 147
<u>-</u>	<u>-</u>	<u>502 317</u>
-	-	757 547
-	-	190 890
<u>126 340</u>	<u>42 013</u>	<u>168 353</u>
<u>126 340</u>	<u>42 013</u>	<u>1 116 790</u>
<u>\$ 126 340</u>	<u>\$ 42 013</u>	<u>\$ 1 619 107</u>

CITY OF CENTER, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2019

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS
Revenues:		
Taxes	\$ 710 502	\$ 374 268
Grants and contributions	-	20 524
Fines and fees	-	6 836
Charges for services	-	145 684
Other	-	42 875
TOTAL REVENUES	<u>710 502</u>	<u>590 187</u>
Expenditures:		
Public safety	-	15 502
Community services	-	284 797
Street and drainage	-	507 785
Debt Service:		
Principal	997 916	20 389
Interest and fiscal charges	<u>304 869</u>	<u>7 834</u>
TOTAL EXPENDITURES	<u>1 302 785</u>	<u>836 307</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(592 283)</u>	<u>(246 120)</u>
Other Financing Sources (Uses):		
Debt proceeds	4 368 715	-
Interest	10 282	18 734
Operating transfers in	666 197	629 594
Operating transfers (out)	<u>(4 358 675)</u>	<u>(287 144)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>686 519</u>	<u>361 184</u>
NET CHANGE IN FUND BALANCE	94 236	115 064
Fund balance at beginning of year	<u>96 654</u>	<u>642 483</u>
FUND BALANCES AT END OF YEAR	<u>\$ 190 890</u>	<u>\$ 757 547</u>

See independent auditors' report.

PERMANENT FUND		
CEMETERY ENDOWMENT FUND	ANIMAL WELFARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 1 084 770
12	-	20 536
-	-	6 836
-	-	145 684
-	-	42 875
12	-	1 300 701
-	-	15 502
-	-	284 797
-	-	507 785
-	-	1 018 305
-	-	312 703
-	-	2 139 092
12	-	(838 391)
-	-	4 368 715
3 075	449	32 540
-	-	1 295 791
-	-	(4 645 819)
3 075	449	1 051 227
3 087	449	212 836
123 253	41 564	903 954
\$ 126 340	\$ 42 013	\$ 1 116 790

CITY OF CENTER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2019

	TEXAS CAPITAL FUND GRANT REPAYMENT FUND	CIVIC CENTER FUND	HOTEL/ MOTEL FUND	COURT TECHNOLOGY FUND	COURT SECURITY FUND
ASSETS					
Cash and cash equivalents	\$ 1 010	\$ 79 307	\$ 317 731	\$ 9 509	\$ 10 626
Receivables	-	-	7 200	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ 1 010	\$ 79 307	\$ 324 931	\$ 9 509	\$ 10 626
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 2 990	\$ -	\$ -
Due to other funds	1 010	79 307	-	-	-
Accrued expenses	-	-	-	-	-
TOTAL LIABILITIES	1 010	79 307	2 990	-	-
Deferred Inflows:					
Unavailable revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	1 010	79 307	2 990	-	-
Fund Balance:					
Restricted	-	-	321 941	9 509	10 626
TOTAL FUND BALANCE	-	-	321 941	9 509	10 626
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 1 010	\$ 79 307	\$ 324 931	\$ 9 509	\$ 10 626

See independent auditors' report.

POLICE DEPARTMENT FORFEITURE FUND	AIRPORT CONSTRUCTION FUND	HOME GRANT	TAX INCREMENT FINANCING FUND	INDUSTRIAL DEVELOPMENT FUND	LOGIC PARK FUND
\$ 11 087	\$ 10 984	\$ 1 343	\$ 48 688	\$ 7 966	\$ 349 488
-	-	-	-	-	400 147
-	500	-	-	-	-
<u>\$ 11 087</u>	<u>\$ 11 484</u>	<u>\$ 1 343</u>	<u>\$ 48 688</u>	<u>\$ 7 966</u>	<u>\$ 749 635</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13 547
-	-	1 038	-	-	-
-	-	-	-	-	-
-	-	1 038	-	-	13 547
-	-	-	-	-	400 147
-	-	-	-	-	400 147
-	-	1 038	-	-	413 694
11 087	11 484	305	48 688	7 966	335 941
11 087	11 484	305	48 688	7 966	335 941
<u>\$ 11 087</u>	<u>\$ 11 484</u>	<u>\$ 1 343</u>	<u>\$ 48 688</u>	<u>\$ 7 966</u>	<u>\$ 749 635</u>

CITY OF CENTER, TEXAS
COMBINING BALANCE SHEET - CONTINUED
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2019

	RECREATION FUND	STREET IMPROVEMENT FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS			
Cash and cash equivalents	\$ 4 278	\$ -	\$ 852 017
Receivables	-	-	407 347
Due from other funds	-	-	500
TOTAL ASSETS	<u>\$ 4 278</u>	<u>\$ -</u>	<u>\$ 1 259 864</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 1 116	\$ -	\$ 17 653
Due to other funds	-	-	81 355
Accrued expenses	3 162	-	3 162
TOTAL LIABILITIES	<u>4 278</u>	<u>-</u>	<u>102 170</u>
Deferred Inflows:			
Unavailable revenue	-	-	400 147
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>400 147</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>4 278</u>	<u>-</u>	<u>502 317</u>
Fund Balance:			
Restricted	-	-	757 547
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>757 547</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 4 278</u>	<u>\$ -</u>	<u>\$ 1 259 864</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2019

	TEXAS CAPITAL FUND GRANT REPAYMENT FUND	CIVIC CENTER FUND	HOTEL/ MOTEL FUND	COURT TECHNOLOGY FUND	COURT SECURITY FUND
Revenues:					
Taxes	\$ -	\$ 3 683	\$ 344 899	\$ -	\$ -
Grants and contributions	-	-	-	-	-
Fines and fees	-	-	-	3 906	2 930
Charges for services	-	-	-	-	-
Other	42 875	-	-	-	-
TOTAL REVENUES	42 875	3 683	344 899	3 906	2 930
Expenditures:					
Public safety	-	-	-	5 990	-
Community services	42 909	-	32 372	-	-
Streets	-	-	-	-	-
Debt service	-	-	-	-	-
TOTAL EXPENDITURES	42 909	-	32 372	5 990	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(34)	3 683	312 527	(2 084)	2 930
Other Financing Sources (Uses):					
Interest	-	-	7 343	190	228
Operating transfers in	34	79 307	-	9 251	1 239
Operating transfers (out)	-	-	(223 700)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	34	79 307	(216 357)	9 441	1 467
NET CHANGE IN FUND BALANCE	-	82 990	96 170	7 357	4 397
Fund balance, beginning of year	-	(82 990)	225 771	2 152	6 229
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 321 941	\$ 9 509	\$ 10 626

See independent auditors' report.

POLICE DEPARTMENT FORFEITURE FUND	AIRPORT CONSTRUCTION FUND	HOME GRANT	TAX INCREMENT FINANCING FUND	INDUSTRIAL DEVELOPMENT FUND	LOGIC PARK FUND
\$ -	\$ -	\$ -	\$ 25 686	\$ -	\$ -
-	-	-	-	-	18 406
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	25 686	-	18 406
9 512	-	-	-	-	-
-	-	-	-	-	58 787
-	-	-	-	-	-
-	-	-	28 223	-	-
9 512	-	-	28 223	-	58 787
(9 512)	-	-	(2 537)	-	(40 381)
519	-	-	941	195	9 318
-	-	-	20 258	-	-
(18 444)	-	-	-	-	(45 000)
(17 925)	-	-	21 199	195	(35 682)
(27 437)	-	-	18 662	195	(76 063)
38 524	11 484	305	30 026	7 771	412 004
\$ 11 087	\$ 11 484	\$ 305	\$ 48 688	\$ 7 966	\$ 335 941

CITY OF CENTER, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2019

	RECREATION FUND	STREET IMPROVEMENT FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:			
Taxes	\$ -	\$ -	\$ 374 268
Grants and contributions	2 118	-	20 524
Fines and fees	-	-	6 836
Charges for services	145 684	-	145 684
Other	-	-	42 875
TOTAL REVENUES	<u>147 802</u>	<u>-</u>	<u>590 187</u>
Expenditures:			
Public safety	-	-	15 502
Community services	150 729	-	284 797
Streets and drainage	-	507 785	507 785
Debt service	-	-	28 223
TOTAL EXPENDITURES	<u>150 729</u>	<u>507 785</u>	<u>836 307</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2 927)</u>	<u>(507 785)</u>	<u>(246 120)</u>
Other Financing Sources (Uses):			
Interest	-	-	18 734
Operating transfers in	11 720	507 785	629 594
Operating transfers (out)	-	-	(287 144)
TOTAL OTHER FINANCING SOURCES (USES)	<u>11 720</u>	<u>507 785</u>	<u>361 184</u>
NET CHANGE IN FUND BALANCE	8 793	-	115 064
Fund balance, beginning of year	<u>(8 793)</u>	<u>-</u>	<u>642 483</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 757 547</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES - PROPRIETARY FUNDS
Year Ended September 30, 2019

	BUSINESS TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Operating Revenues:			
Charges for Service:			
Water charges	\$ 2 639 399	\$ -	\$ 2 639 399
Sewer charges	876 736	-	876 736
Sanitation charges	-	1 589 050	1 589 050
TOTAL	<u>3 516 135</u>	<u>1 589 050</u>	<u>5 105 185</u>
Taps and Connections:			
Water taps and connections	5 185	-	5 185
Sewer taps and connections	1 200	-	1 200
TOTAL	<u>6 385</u>	<u>-</u>	<u>6 385</u>
Miscellaneous Revenue:			
Administrative fees	6 200	-	6 200
Penalties	47 212	-	47 212
Reconnection fees	21 945	-	21 945
Miscellaneous receipts	23 141	1 251	24 392
TOTAL	<u>98 498</u>	<u>1 251</u>	<u>99 749</u>
TOTAL OPERATING REVENUES	<u>\$ 3 621 018</u>	<u>\$ 1 590 301</u>	<u>\$ 5 211 319</u>
Nonoperating Revenues:			
Bond issue premium	\$ 388 597	\$ -	\$ 388 597
Other revenue	2 944	-	2 944
Income from investments	55 738	5 338	61 076
TOTAL NONOPERATING REVENUES	<u>\$ 447 279</u>	<u>\$ 5 338</u>	<u>\$ 452 617</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF EXPENSES - PROPRIETARY FUNDS
Year Ended September 30, 2019

BUSINESS TYPE ACTIVITIES			
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Operating Expenses:			
Nondepartmental:			
Payroll	\$ 1 706	\$ -	\$ 1 706
Supplies	13 990	-	13 990
Contractual services	29 349	-	29 349
Sundry charges	14 299	-	14 299
Utilities	105 292	-	105 292
Capital outlay	10 056	-	10 056
TOTAL	<u>174 692</u>	<u>-</u>	<u>174 692</u>
Public Works:			
Payroll	202 420	-	202 420
Supplies	11 661	-	11 661
Contractual services	33 324	-	33 324
Utilities	12 333	-	12 333
Sundry charges	11 204	-	11 204
Maintenance	6 801	-	6 801
TOTAL	<u>277 743</u>	<u>-</u>	<u>277 743</u>
Water Production:			
Payroll	386 769	-	386 769
Supplies	258 434	-	258 434
Contractual services	116 311	-	116 311
Utilities	213 054	-	213 054
Sundry charges	12 477	-	12 477
Maintenance	80 239	-	80 239
Capital outlay	31 600	-	31 600
TOTAL	<u>1 098 884</u>	<u>-</u>	<u>1 098 884</u>
Water Distribution:			
Payroll	169 686	-	169 686
Supplies	9 065	-	9 065
Contractual services	26 801	-	26 801
Utilities	1 716	-	1 716
Sundry charges	1 554	-	1 554
Maintenance	76 332	-	76 332
Capital outlay	2 429	-	2 429
TOTAL	<u>287 583</u>	<u>-</u>	<u>287 583</u>
Sewer Collection:			
Payroll	90 222	-	90 222
Supplies	5 628	-	5 628
Contractual services	14 594	-	14 594
Utilities	34 898	-	34 898
Sundry charges	175	-	175
Maintenance	43 004	-	43 004
Capital outlay	20 092	-	20 092
TOTAL	<u>208 613</u>	<u>-</u>	<u>208 613</u>

CITY OF CENTER, TEXAS
SCHEDULE OF EXPENSES - PROPRIETARY FUNDS - CONTINUED
Year Ended September 30, 2019

BUSINESS TYPE ACTIVITIES			
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Sewer Treatment:			
Payroll	201 805	-	201 805
Supplies	111 507	-	111 507
Contractual services	107 379	-	107 379
Utilities	97 064	-	97 064
Sundry charges	17 905	-	17 905
Maintenance	35 700	-	35 700
TOTAL	<u>571 360</u>	<u>-</u>	<u>571 360</u>
Sanitation:			
Supplies	-	1 998	1 998
Contractual services	-	1 447 906	1 447 906
Maintenance	-	2 125	2 125
Sundry charges	-	777	777
TOTAL	<u>-</u>	<u>1 452 806</u>	<u>1 452 806</u>
Depreciation:			
Depreciation	652 713	5 270	657 983
TOTAL OPERATING EXPENSES	<u>\$ 3 271 588</u>	<u>\$ 1 458 076</u>	<u>\$ 4 729 664</u>
Nonoperating Expense:			
Interest expense	<u>\$ 118 638</u>	<u>\$ -</u>	<u>\$ 118 638</u>
TOTAL NONOPERATING EXPENSE	<u>\$ 118 638</u>	<u>\$ -</u>	<u>\$ 118 638</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
COMBINED COMPONENT UNITS
STATEMENT OF NET POSITION
Year Ended September 30, 2019

	ECONOMIC DEVELOPMENT CORPORATION	STREET IMPROVEMENT ECONOMIC DEVELOPMENT CORPORATION	LOCAL GOVERNMENT HOUSING CORPORATION	TOTAL COMPONENT UNITS
ASSETS				
Cash	\$ 1 596 797	\$ 1 284 460	\$ 35 540	\$ 2 916 797
Due from state	32 015	64 031	-	96 046
Notes receivable	395 750	-	-	395 750
Accrued interest receivable	4 788	-	-	4 788
Land	289 530	-	-	289 530
TOTAL ASSETS	2 318 880	1 348 491	35 540	3 702 911
LIABILITIES				
Accounts payable	1 518	-	-	1 518
TOTAL LIABILITIES	1 518	-	-	1 518
NET POSITION				
Investment in capital assets, net	289 530	-	-	289 530
Unrestricted	2 027 832	1 348 491	35 540	3 411 863
TOTAL NET POSITION	\$ 2 317 362	\$ 1 348 491	\$ 35 540	\$ 3 701 393

See independent auditors' report.

CITY OF CENTER, TEXAS
COMBINED COMPONENT UNITS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2019

	ECONOMIC DEVELOPMENT CORPORATION	STREET IMPROVEMENT ECONOMIC DEVELOPMENT CORPORATION	LOCAL GOVERNMENT HOUSING CORPORATION	TOTAL COMPONENT UNITS
Revenues:				
Sales tax	\$ 434 229	\$ 838 681	\$ -	\$ 1 272 910
Interest income	42 256	27 184	26	69 466
TOTAL REVENUES	<u>476 485</u>	<u>865 865</u>	<u>26</u>	<u>1 342 376</u>
Expenditures:				
Administration	55 000	25 000	-	80 000
Contractual	49 357	3 910	562	53 829
Sundry	13 621	-	-	13 621
Supplies	1 942	110	-	2 052
TOTAL EXPENDITURES	<u>119 920</u>	<u>29 020</u>	<u>562</u>	<u>149 502</u>
NET OPERATING INCOME (LOSS)	<u>356 565</u>	<u>836 845</u>	<u>(536)</u>	<u>1 192 874</u>
Other Financing Sources (Uses):				
Transfer (to) from City	-	(507 785)	36 076	(471 709)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(507 785)</u>	<u>36 076</u>	<u>(471 709)</u>
CHANGE IN NET POSITION	356 565	329 060	35 540	721 165
Fund Balance/Net Position:				
Beginning of year	<u>1 960 797</u>	<u>1 019 431</u>	<u>-</u>	<u>2 980 228</u>
END OF YEAR	<u>\$ 2 317 362</u>	<u>\$ 1 348 491</u>	<u>\$ 35 540</u>	<u>\$ 3 701 393</u>

See independent auditors' report.

STATISTICAL SECTION

CITY OF CENTER, TEXAS
INSURANCE COVERAGE
September 30, 2019
"UNAUDITED"

INSURER	RISK COVERED	PERIOD COVERED	AMOUNT OF INSURANCE
Texas Municipal League	Law Enforcement Liability	* 10/01/18 to 10/01/19	\$ 1 000 000
Texas Municipal League	Public Officials (Excess Coverage)	* 10/01/18 to 10/01/19	\$ 100 000
Deep East Texas Self Insurance Fund	Worker's Compensation	* 10/01/18 to 10/01/19	Statutory
Texas Municipal League	Real and Personal Property	* 10/01/18 to 10/01/19	\$ 18 139 672
Texas Municipal League	General Liability	* 10/01/18 to 10/01/19	\$ 1 000 000
Texas Municipal League	Airport Liability	* 10/01/18 to 10/01/19	\$ 1 000 000
Texas Municipal League	Mobile Equipment	* 10/01/18 to 10/01/19	\$ 277 482
Texas Municipal League	Automobile Liability	* 10/01/18 to 10/01/19	\$ 1 000 000
Texas Municipal League	Auto Physical Damage	* 10/01/18 to 10/01/19	\$ Actual Cash Value
Texas Municipal League	Public Employee Dishonesty	* 10/01/18 to 10/01/19	\$ 25 000
Texas Municipal League	Errors and Omissions Liability	* 10/01/18 to 10/01/19	\$ 1 000 000
Texas Municipal League	Sudden Events Involving Pollution	* 10/01/18 to 10/01/19	\$ 1 000 000

* Renewed at 10/01/2019

See independent auditors' report.

CITY OF CENTER, TEXAS
WATER AND SEWER RATES AND SYSTEM CONNECTIONS
September 30, 2019
"UNAUDITED"

The following schedule of rates was in effect for year ended September 30:

Water Rates:

A. Monthly Minimum Charge:

Meter Size	Residential/ Commercial	Small Industrial/ Manufacturer 1 st 200,000 Gallons Incl.	Wholesale 1 st 50,000 Gallons Incl.	Large Industrial Manufacturer 1 st 5,000,000 Gallons Incl.	Industrial/Manufacturer Supplemental Meter Charges Same Facility
5/8	\$11.95				
3/4	\$11.95				
1	\$16.80				
1.5	\$24.90				
2	\$33.00	\$ 825	\$ 265	\$12 500	\$ 48.50
3	\$50.50	\$ 900	\$ 360	\$12 750	\$ 138.00
4	\$67.50	\$1 050	\$ 510	\$13 150	\$ 315.00
6	\$101.00	\$1 375	\$ 790	\$13 675	\$ 590.00
8		\$1 785	\$1 275	\$14 500	\$1 020.00
10		\$2 400	\$1 810	\$15 600	\$1 650.00
Sprinklers	\$19.50				

B. Unit Cost Per 1,000 Gallons:

Residential, commercial and sprinklers	\$ 3.88
Small industrial/manufacturer	\$ 3.32
Wholesale	\$ 3.32
Large industrial/manufacturer	\$ 2.05
Over 1.75M/day or 30M/month	\$ 2.50
Over 2M/day or 40M/month	\$ 3.35
Bulk water	\$ 3.88

C. Outside City Limits:

Rates are double the rates expressed in A and B above.

Sewer Rates:

Residential:

Inside City Limits:

Minimum

\$14.00 plus ½ of Water
\$42.00

Maximum

Commercial:

Minimum

\$15.00 plus ½ of Water
None

Maximum

Fixed Rates (Tyson office account)

\$270 per month

Outside City Limits:

The rate for services furnished outside the City limits shall be double
the rate for the same service supplied inside the City limits.

Sewer Disposal

\$0.60 per gallon

Garbage Rates:

Residential	\$21.75
Commercial Small	\$25.75
Commercial Large	\$34.85

See independent auditors' report.

CITY OF CENTER, TEXAS
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED
September 30, 2019
"UNAUDITED"

Commercial Dumpster Rates:

p/u per week Size	1X	2X	3X	4X	5X	6X	Extra Collections
2 Yard	89	155	212	277	353		37
3 Yard	100	175	249	326	404		39
4 Yard	112	189	263	359	440		41
6 Yard	138	203	294	375	461		43
8 Yard	169	302	427	618	681	790	45

Industrial, Compactor or Special Services:

Special services other than hand pickup and dumpster services shall be billed at the current billing rates of the contract provider.

Utility Tap Fees:

1. Water

Meter Size	Inside City Limits Fee	Outside City Limits Fee
¾ inch	\$650.00 + Street Cut Repairs	\$850.00 + Street Cut Repairs
1 inch	\$775.00 + Street Cut Repairs	\$1,050.00 + Street Cut Repairs
1 ½ inch	\$1,000.00 + Street Cut Repairs	\$1,600.00 + Street Cut Repairs
2 inch	\$1,150.00 + Street Cut Repairs	\$1,850.00 + Street Cut Repairs
Any Larger Size	Cost of Meter, Materials, Labor and Street Cut Repairs	Cost of Meter, Materials, Labor and Street Cut Repairs

2. Sewer

Service Size	Inside City Limits Fee	Outside City Limits Fee
4 inch	\$400.00 + Street Cut Repairs	\$700.00 + Street Cut Repairs
6 inch	\$550.00 + Street Cut Repairs	\$950.00 + Street Cut Repairs

Utility Deposits:

Type Service			Deposit
Water	-	\$	115.00
Water, Sewer and Garbage Collection	-	\$	115.00
Garbage Collection Only	-	\$	40.00
Risk Account Additional Deposit	-	\$	100.00
Commercial/Industrial Water, Sewer and Garbage Collection	-	\$	200.00

Utility Account Fees:

Administrative Fee	-	\$	20.00
Broken Lock Fee	-	\$	30.00
Curb Stop Replacement Fee	-	\$	75.00
Payment Agreement Fee	-	\$	25.00
Utility Reconnect Fee	-	\$	55.00
Meter Removal/Reconnect Fee	-	\$	100.00
Cut-Off Valve Installation Fee	-	\$	30.00
Return Check Fee	-	\$	35.00
Meter Set Fee - 2 inch meter and below	-	\$	350.00
Meter Tampering Fee	-	\$	55.00
Dumpster Lock Fee	-	\$	6.00

See independent auditors' report.

CITY OF CENTER, TEXAS
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED
September 30, 2019
"UNAUDITED"

Permits:

PERMIT TYPE		
Garage Sale Permit		\$2
House Moving Permit		\$100
Itinerant Salesperson Business Annual Fee		\$500
Additional Fee Per Sales Person		\$15
Wrecker Permit - Annual Fee		\$10
Taxi Permit - Annual Fee		\$50
Construction Permits and Fees		
Electrical Permit/One Inspection		\$35
Each Additional Inspection (foundation, rough-in, final)		\$35
Plumbing Permit/One Inspection		\$35
Emergency Plumbing Inspection		\$200
Each Additional Inspection (foundation, rough-in, final)		\$35
Gas Inspection Fee		\$35
Building Permit and Inspections		\$5 per \$1,000 for first \$100K
		\$3 per \$1,000 for \$100K - \$250K
		\$2 per \$1,000 for \$250K and above
Minimum Permit Fee		\$35
Demolition (Any Structure/Building)		\$50
Piers, Etc. at Lake Pinkston		\$50
Zoning Fees		
Rezoning Request		\$150
Zoning Variance		\$300
Specific Use Request		\$150
Copy of Ordinance and Map		\$15

Airport Fees:

TYPE FEE		
Hangar/Building Leases		
Private T-Hangers		\$160
City-Owned Hangers		\$2 400
Additional Fees May Apply for Services in Hangers		
Ground Leases		\$0.12/SF
Fuel Flowage Fee		\$0.15/Gallon

Police and Municipal Court:

Police/Accident Reports		\$6/report
Fingerprinting		\$5
Brady Bill Handgun License		\$10

Recreation Program Fees:

(Park/5K Permit/Set Up Fee - \$25) (Race Equipment Rental - \$200 per race, plus supply cost)

Recreation Program Registration		
Baseball		
4 Year Old		\$60
5-12 Year Old		\$80
13-14 Year Old		\$105
Softball		\$80
Football		
Flag Football		\$80
Tackle Football		\$105
Soccer		\$70
Basketball		\$55

CITY OF CENTER, TEXAS
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED
September 30, 2019
"UNAUDITED"

Miscellaneous:

Animal Control		
Reclaimed Animal Charge		\$10/Day
Carnival/Festival Permit		\$100
Downtown Electric Use Fee		\$25/Day
Record Request Charges		
Copies		\$0.10/page
Computer Printouts		\$0.25/page
Other Charges		Per Texas State Library Fee Schedule

At September 30, 2019, the records of the City indicated the following system connections:

Water System	2 410
Sewer System	2 050
Garbage System	2 065

See independent auditors' report.

COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council
City of Center, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 Center, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Center, Texas' basic financial statements, and have issued our report thereon dated April 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Center, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Center, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Center, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Center, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lufkin, Texas
April 13, 2020


CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CENTER, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

A. Summary of the Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant Deficiency(s) identified that are
not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF CENTER, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2019

<u>Findings/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation if Not Implemented</u>
There were no prior audit findings.		

CITY OF CENTER, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2019

None required for the current year.