

CITY OF HASKELL, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021



**CITY OF HASKELL, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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Financial Section



Independent Auditor's Report on Financial Statements

Honorable Mayor, and City Council
City of Haskell, Texas
P.O. Box 1003
Haskell, Texas 79521

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haskell, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Haskell, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haskell, Texas, as of September 30, 2021, 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 Budgetary Comparison Schedule – General Fund, Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios, Texas Municipal Retirement System Schedule of Contributions, and Texas Municipal Retirement System Schedule of Changes in Total OPEB Liability and Related Ratios on pages 31 through 35, 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.

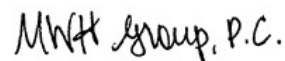
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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. Our opinion on the basic financial statements is not affected by this omitted information.

Other Information

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

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

Respectfully submitted,



MWH GROUP, P.C.

Wichita Falls, Texas
February 10, 2023

Basic Financial Statements

CITY OF HASKELL, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Corporation of Haskell
Assets				
Cash and cash equivalents	\$ 1,120,538	\$ 842,285	\$ 1,962,823	\$ 271,510
Receivables, net of allowances:				
Customer receivables	-	142,601	142,601	-
Ad valorem taxes	22,451	-	22,451	-
Sales taxes	104,605	-	104,605	34,868
Court receivables, net	4,508	-	4,508	-
Other assets	-	92	92	-
Due from primary government	-	-	-	4,232
Loans receivable	-	-	-	162,068
Interfund balances	809	(809)	-	-
Net pension asset	445,156	234,990	680,146	-
Capital assets not being depreciated	134,330	154,647	288,977	38,530
Capital assets being depreciated, net	1,018,494	3,573,241	4,591,735	82,499
Total assets	<u>2,850,891</u>	<u>4,947,047</u>	<u>7,797,938</u>	<u>593,707</u>
Deferred Outflows of Resources				
Related to pensions	243	129	372	-
Related to OPEB	8,385	4,426	12,811	-
	<u>8,628</u>	<u>4,555</u>	<u>13,183</u>	<u>-</u>
Liabilities				
Accounts payable and other accrued liabilities	88,945	140,196	229,141	-
Due to component unit	4,232	-	4,232	-
Accrued interest payable	-	15,764	15,764	-
Customer deposits	-	132,713	132,713	-
Unearned revenue	390,635	-	390,635	-
Noncurrent liabilities:				
Accrued compensated absences	17,130	10,225	27,355	-
Total OPEB liability	41,125	21,709	62,834	-
Note and capital leases due within one year	63,738	273,064	336,802	-
Note and capital leases due after one year	132,568	766,377	898,945	-
Landfill postclosure liability	-	405,994	405,994	-
Total liabilities	<u>738,373</u>	<u>1,766,042</u>	<u>2,504,415</u>	<u>-</u>
Deferred Inflows of Resources				
Related to pensions	42,312	22,335	64,647	-
Related to OPEB	3,966	2,093	6,059	-
	<u>46,278</u>	<u>24,428</u>	<u>70,706</u>	<u>-</u>
Net Position				
Net investment in capital assets	1,152,824	2,688,447	3,841,271	121,029
Unrestricted	922,044	472,685	1,394,729	472,678
Total net position	<u>\$ 2,074,868</u>	<u>\$ 3,161,132</u>	<u>\$ 5,236,000</u>	<u>\$ 593,707</u>

The accompanying notes are an integral part of this statement.

CITY OF HASKELL, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Program Revenues			
	Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 837,899	\$ 161,291	\$ 143,704	\$ -
Judicial	23,738	8,302	-	-
Police	472,899	-	-	-
Fire protection	108,218	-	-	-
Highways and streets	388,410	-	-	-
Airport	50,454	40,744	-	-
Golf course	74,386	71,161	-	-
Civic center	24,946	11,110	-	-
Parks	126,240	-	-	-
Total governmental activities	<u>2,107,190</u>	<u>292,608</u>	<u>143,704</u>	<u>-</u>
Business-type activities:				
Water, sewer, garbage, and landfill	2,033,805	2,007,217	-	-
Total business-type activities	<u>2,033,805</u>	<u>2,007,217</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 4,140,995</u>	<u>\$ 2,299,825</u>	<u>\$ 143,704</u>	<u>\$ -</u>
Component unit:				
Development Corporation of Haskell	<u>\$ 123,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes

Hotel occupancy tax

Sales tax

Other taxes

Franchise fees and permits

Miscellaneous

Interest

Loss on disposals

Transfer upon formation - Golf Association

 Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government, continued			Component Unit
Governmental Activities	Business-type Activities	Total	Development Corporation of Haskell
\$ (532,904)	\$ -	\$ (532,904)	\$ -
(15,436)	-	(15,436)	-
(472,899)	-	(472,899)	-
(108,218)	-	(108,218)	-
(388,410)	-	(388,410)	-
(9,710)	-	(9,710)	-
(3,225)	-	(3,225)	-
(13,836)	-	(13,836)	-
(126,240)	-	(126,240)	-
(1,670,878)	-	(1,670,878)	-
-	(26,588)	(26,588)	-
-	(26,588)	(26,588)	-
(1,670,878)	(26,588)	(1,697,466)	-
-	-	-	(123,077)
615,326	-	615,326	-
43,166	-	43,166	-
604,076	-	604,076	201,358
-	-	-	-
120,179	-	120,179	-
98,820	-	98,820	1,000
577	-	577	283
(16,339)	-	(16,339)	-
(45,046)	-	(45,046)	-
1,420,759	-	1,420,759	202,641
(250,119)	(26,588)	(276,707)	79,564
2,324,987	3,187,720	5,512,707	514,143
\$ 2,074,868	\$ 3,161,132	\$ 5,236,000	\$ 593,707

CITY OF HASKELL, TEXAS**BALANCE SHEET - GOVERNMENTAL FUNDS**
SEPTEMBER 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash	\$ 470,246	\$ 650,292	\$ 1,120,538
Receivables:			
Ad valorem taxes	44,903	-	44,903
Sales taxes	104,605	-	104,605
Uncollectible taxes	(22,452)	-	(22,452)
Court receivables, net	4,453	55	4,508
Due from other funds	809	-	809
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 602,564</u>	<u>\$ 650,347</u>	<u>\$ 1,252,911</u>
Liabilities:			
Accounts payable and other accrued liabilities	\$ 56,165	37,012	\$ 93,177
Unearned revenues	-	390,635	390,635
Total liabilities	<u>56,165</u>	<u>427,647</u>	<u>483,812</u>
Deferred inflows of resources:			
Unavailable revenues	22,452	-	22,452
Total deferred inflows of resources	<u>22,452</u>	<u>-</u>	<u>22,452</u>
Fund balances:			
Restricted	-	107,594	107,594
Assigned	-	115,106	115,106
Unassigned	523,947	-	523,947
Total fund balances	<u>523,947</u>	<u>222,700</u>	<u>746,647</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 602,564</u>	<u>\$ 650,347</u>	<u>\$ 1,252,911</u>

The accompanying notes are an integral part of this statement.

CITY OF HASKELL, TEXAS
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Total fund balances - governmental funds balance sheet (Exhibit A-3) \$ 746,647

Amounts reported for governmental activities in the statement of net position (Exhibit A-1)
are different because:

Capital assets used in governmental activities are not financial resources and
therefore not reported in the funds. Capital assets at year-end consist of:

Gross capital assets	4,105,696	
Less accumulated depreciation	(2,952,872)	1,152,824

Accounts receivable are not available to pay for current period expenditures and
therefore are deferred in the funds. 22,452

The City's proportionate share of net pension asset as well as pension-related
deferred outflows and deferred inflows of resources are recognized in the government-
wide statements and include:

Net pension asset	445,156	
Deferred outflows of resources from pensions	243	
Deferred inflows of resources from pensions	(42,312)	403,087

The City's total OPEB liability as well as OPEB-related deferred outflows of resources
are recognized in the government-wide statements and include:

Total OPEB liability	(41,125)	
Deferred outflows of resources from OPEB	8,385	
Deferred outflows of resources from OPEB	(3,966)	(36,706)

Some long-term liabilities are not due and payable in the current period and therefore
not reported in the funds. Those assets and liabilities at year-end consist of:

Capital leases payable	(196,306)	
Compensated absences	(17,130)	(213,436)

Net position of governmental activities - statement of net position \$ 2,074,868

The accompanying notes are an integral part of this statement.

CITY OF HASKELL, TEXAS
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Property taxes	\$ 617,989	\$ -	\$ 617,989
Sales and use tax	604,076	-	604,076
Franchise tax	120,179	-	120,179
Hotel occupancy tax	-	43,166	43,166
Charges for services	161,291	111,831	273,122
Fees and fines	10,335	-	10,335
Investment earnings	557	20	577
Rents and royalties	-	11,185	11,185
Grants	143,704	-	143,704
Other revenue	81,835	16,985	98,820
Total revenues	<u>1,739,966</u>	<u>183,187</u>	<u>1,923,153</u>
Expenditures:			
General government	790,072	57,784	847,856
Judicial	23,749	-	23,749
Police	457,329	-	457,329
Fire protection	77,556	-	77,556
Highways	397,043	-	397,043
Airport	-	33,545	33,545
Golf course	-	69,100	69,100
Civic center	-	13,284	13,284
Parks	108,762	-	108,762
Capital Outlay	208,395	5,810	214,205
Total expenditures	<u>2,062,906</u>	<u>179,523</u>	<u>2,242,429</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(322,940)	3,664	(319,276)
Other financing sources (uses):			
Proceeds from the issuance of capital leases	191,745	-	191,745
Transfers upon formation - Golf Association	-	(45,046)	(45,046)
Transfers	(119,750)	119,750	-
Total other financing sources (uses)	<u>71,995</u>	<u>74,704</u>	<u>146,699</u>
Excess (deficiency) of revenues over (under) expenditures	(250,945)	78,368	(172,577)
Fund balance, beginning of the year	774,892	144,332	919,224
Fund balance, ending	<u>\$ 523,947</u>	<u>\$ 222,700</u>	<u>\$ 746,647</u>

The accompanying notes are an integral part of this statement.

CITY OF HASKELL, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balances - total governmental funds (Exhibit A-5) \$ (172,577)

Amounts reported for governmental activities in the statement of activities (Exhibit A-2)
are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their useful lives as depreciation expense. The net difference between the two is as follows:

Capital outlay during the year	\$ 214,205	
Depreciation expense during the year	<u>(156,767)</u>	57,438

Proceeds from the sale of capital assets are reported in governmental funds as other financing sources without regard to any cost basis adjustment. However, for governmental activities those proceeds are adjusted for any remaining cost basis of the assets that were disposed. (16,339)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The net effect of these transactions are as follows:

Issuance of long-term debt	(191,745)	
Repayment of long-term debt	<u>58,808</u>	(132,937)

Because property taxes will not be collected for several months after the City's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred revenues increased this year by: (4,699)

Accrued compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Compensated absences increased this year by: (14,764)

Changes in the proportionate share of net pension liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transactions is: 35,429

Changes in the total OPEB liability and related deferred outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transactions is: (1,670)

Change in net position of governmental activities - statement of activities \$ (250,119)

The accompanying notes are an integral part of this statement.

CITY OF HASKELL, TEXAS
STATEMENT OF NET POSITION
ENTERPRISE FUND
SEPTEMBER 30, 2021

	Enterprise Fund Water, Sewer Garbage, and Landfill Fund
Assets	
Current assets:	
Cash	\$ 842,285
Customer receivables	142,601
Other	92
Total current assets	<u>984,978</u>
Non-current assets:	
Net pension asset	234,990
Capital assets:	
Capital assets not being depreciated	154,647
Capital assets being depreciated	3,573,241
Total capital assets	<u>3,727,888</u>
Total assets	<u>4,947,856</u>
Deferred Outflows of Resources	
Related to pensions	129
Related to OPEB	4,426
	<u>4,555</u>
Liabilities	
Current liabilities:	
Accounts payable	140,196
Accrued interest payable	15,764
Customer meter deposits	132,713
Due to other funds	809
Noncurrent liabilities:	
Compensated absences	10,225
Total OPEB liability	21,709
Capital leases payable within one year	273,064
Capital leases payable after one year	766,377
Landfill postclosure liability	405,994
Total liabilities	<u>1,766,851</u>
Deferred Inflows of Resources	
Related to pensions	22,335
Related to OPEB	2,093
	<u>24,428</u>
Net Position	
Net investment in capital assets	2,688,447
Unrestricted	472,685
Total net position	<u>\$ 3,161,132</u>

The accompanying notes are an integral part of this statement.

CITY OF HASKELL, TEXAS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Enterprise Fund Water, Sewer Garbage, and Landfill Fund
Operating revenues:	
Water services	\$ 978,301
Sewer services	333,892
Garbage services	486,819
Landfill collections	177,759
Late charges	30,446
Total operating revenues	<u>2,007,217</u>
Operating expenses:	
Wages and benefits	439,978
Water purchases	512,743
Other operating expenses	197,631
Supplies	175,945
Special water project	1,000
Utilities	29,230
Vehicle expenses	97,715
Bad debt	50,320
Depreciation	482,839
Total operating expenses	<u>1,987,401</u>
Operating income	<u>19,816</u>
Non-operating revenues (expenses):	
Interest expense	(46,404)
Total non-operating revenues (expenses)	<u>(46,404)</u>
Change in net position	(26,588)
Net position, beginning of year	3,187,720
Net position, end of year, as restated	<u><u>\$ 3,161,132</u></u>

The accompanying notes are an integral part of this statement.

CITY OF HASKELL, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Totals
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,991,770
Cash payments to employees for services	(457,508)
Cash payments to other suppliers for goods and services	(894,672)
Net cash provided by operating activities	<u>639,590</u>
Cash Flows from Non-Capital Financing Activities:	
Interfund loans	809
Net cash used by non-capital financing activities	<u>809</u>
Cash Flows from Capital and Related Financing Activities:	
Principal paid	(389,791)
Interest paid	(48,270)
Proceeds from issuance of debt	156,189
Acquisition or construction of capital assets	(16,315)
Net cash used by capital and related financing activities	<u>(298,187)</u>
Net change in cash and cash equivalents	342,212
Cash and cash equivalents at beginning of year	500,073
Cash and cash equivalents at end of year	<u><u>842,285</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income	\$ 19,816
Adjustments to reconcile operating income to net cash	
provided by operating activities:	
Depreciation	482,839
Bad debt expense	50,320
(Increase) decrease in assets and deferred outflows of resources:	
Receivables	(25,873)
Other assets	(92)
Net pension asset	(21,063)
Deferred outflows of resources	(1,952)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable and other accrued liabilities	109,034
Deposit payable	10,426
Compensated absences	10,225
Total OPEB liability	4,872
Landfill postclosure liability	10,650
Deferred outflows of resources	(9,612)
Total adjustments	<u>619,774</u>
Net cash provided by operating activities	<u><u>\$ 639,590</u></u>

The accompanying notes are an integral part of this statement.

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Significant Accounting Policies

The accompanying financial statements of the City of Haskell, Texas (City) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Financial Reporting Model

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement, known as the “Reporting Model” statement, affects the way the City prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of a "management's discussion and analysis" (MD&A). This analysis is similar to the analysis the private sector provides in their annual reports.

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. Government-wide financial statements do not provide information by fund or account group but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and liabilities of the City, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared governmental fund financial statements which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the City's General Fund, the City's major governmental fund, is similar to that presented in the City's financial statements, although the format of the financial statements has been modified by GASB Statement No. 34.

Statement of Net Position - The statement of net position is designed to display the financial position of the primary government (government and business-type activities). Governments report all capital assets, including infrastructure, in the government-wide statement of net position and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories, 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

2. Reporting Entity

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an Amendment of GASB Statement No. 14, includes whether:

- the organization is legally separate
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City
- the exclusion of the organization would result in misleading or incomplete financial statements

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 39 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

Based on these criteria, the City has one component unit, the Development Corporation of Haskell (DCOH). This discretely presented component unit is reported in a separate column in the government-wide financial statements that emphasize that it is legally separate from the City. The DCOH promotes the creation of business, industry, and jobs in the City. The City Council appoints DCOH board members and reviews and approves the DCOH budget. DCOH financing is provided by half of one percent of sales tax assessed within the City. The City pays employees of the DCOH. The discretely presented component unit has a September 30th year end. The Development Corporation of Haskell has not issued separate financial statements for the period ended September 30, 2021.

3. Basis of Presentation and Basis of Accounting

a. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds. The City has no nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

CITY OF HASKELL, TEXAS
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FOR THE YEAR ENDED SEPTEMBER 30, 2021

The general fund is the only major governmental fund. This is the City's primary operating fund. It accounts for all financial resources of the City.

The utility fund is the only major enterprise fund. This fund accounts for water, sewer, garbage, and landfill services to residents of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

Additionally, the City has eight nonmajor governmental funds: Airport, Beautification, Family Movie Night, General Capital Improvement, Hotel Occupancy Tax, Police Seizure, Municipal Golf Course, and Civic Center. The Airport Fund provides airport hangars for rent and sells retail airplane fuel. The Beautification Fund provides for improvements of city property. The Hotel Occupancy Tax Fund is used to promote tourism to the City. The Police Seizure Fund is used to hold funds seized by the City police until the adjudication process and then can be used, if the funds are considered forfeited. The Municipal Golf Course Fund provides a golf course. The Civic Center provides a facility for rental for community and social functions.

b. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Assigned fund balance indicates the intent of the City to use resources for a specific purpose. The City Commission is authorized to assign amounts for specific purposes. When the City incurs an expenditure or expense for which both assigned and unassigned resources may be used, it is the City's policy to use assigned resources first, then unassigned resources.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen to apply future FASB standards.

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

4. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At September 30, 2021, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$ 44,903
Allowance for uncollectible taxes	<u>(22,452)</u>
Net property taxes receivable	<u>\$ 22,451</u>

c. Inventories and Prepaid Items

Inventories are not recorded by the City due to immateriality. Inventory items are recorded as expenditures when they are purchased.

Certain payments to vendors may reflect costs applicable to future accounting periods and therefore may be recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used. Interest has been capitalized during the construction period for proprietary capital assets.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	40
Equipment	5 - 10

e. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid obscuring significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Pensions

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

h. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

i. Deferred Inflows and Outflows of Resources

The City has deferred inflows of resources, unavailable revenue from property taxes, and for its proportionate share of TMRS's deferred inflow related to pensions and OPEB as described on above. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has deferred outflow of resources for its proportionate share of TMRS's deferred outflow related to pensions and OPEB as described above.

j. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The City reports three categories of net position, as follows:

- Net investment in capital assets - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- Restricted net position - net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the City's bonds. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position - consists of all other net position that does not meet the definition of the above two components and is available for general use by the City.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The City's policy concerning which to apply first varies with the intended use

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

k. Governmental Fund Balances

Governmental Funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws and regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on Council direction.

For the classification of Governmental Fund balances, the City considers an expenditure to be made from the most restrictive fund balance classification first when more than one classification is available

l. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates.

B. Compliance and Accountability

1. Budgetary Data

The City Council adopts a budget for the General Fund, and is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit B-1.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements;

- Prior to October 2020, the City prepared a budget.
- A Council meeting is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
- The budget is legally enacted through passage of a resolution by the Council. Once a budget is approved, it can only be amended by approval of a majority of the members of the Council. No budget amendments were made by the Council during the year.
- There were significant variations between budgeted and actual amounts in the general fund which are listed in Exhibit B-1.

2. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

The City does not have violations of finance-related legal and contractual provisions, except as described in the budgetary section above.

3. Deficit Fund Balance or Fund Net Position of Individual Funds

The City does not have any funds with a deficit fund balance or deficit fund net position.

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

1. Cash Deposits:

At September 30, 2021, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$1,962,823 and the bank balance was \$1,982,220. The City's cash deposits at September 30, 2021 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

At September 30, 2021, the carrying amount of the Development Corporation of Haskell's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$271,510 and the bank balance was \$273,583. The Corporation's cash deposits at September 30, 2021 were entirely covered by FDIC insurance.

2. Investments:

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies. At year end, all City funds were in checking or money market accounts in their depository bank.

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the City's name.

c. Concentrations of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

D. Capital Assets

Capital asset activity for the period ended September 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 134,330	\$ -	\$ -	\$ 134,330
Construction in progress	12,000	3,650	(15,650)	-
Total capital assets not being depreciated	146,330	3,650	(15,650)	134,330
Capital assets being depreciated:				
Buildings, systems, and improvements	2,301,564	-	-	2,301,564
Furniture and equipment	1,484,445	226,205	(40,848)	1,669,802
Total capital assets being depreciated	3,786,009	226,205	(40,848)	3,971,366
Less accumulated depreciation for:				
Buildings, systems, and improvements	1,796,775	28,591	-	1,825,366
Furniture and equipment	1,023,839	128,176	(24,509)	1,127,506
Total accumulated depreciation	2,820,614	156,767	(24,509)	2,952,872
Total capital assets being depreciated, net	965,395	69,438	(16,339)	1,018,494
Governmental activities capital assets, net	\$ 1,111,725	\$ 73,088	\$ (31,989)	\$ 1,152,824
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 154,647	\$ -	\$ -	\$ 154,647
Total capital assets not being depreciated	154,647	-	-	154,647
Capital assets being depreciated:				
Buildings, systems, and improvements	373,340	-	-	373,340
Furniture and equipment	6,780,744	16,315	-	6,797,059
Total capital assets being depreciated	7,154,084	16,315	-	7,170,399
Less accumulated depreciation for:				
Buildings, systems, and improvements	342,927	1,174	-	344,101
Furniture and equipment	2,771,392	481,665	-	3,253,057
Total accumulated depreciation	3,114,319	482,839	-	3,597,158
Total capital assets being depreciated, net	4,039,765	(466,524)	-	3,573,241
Business type activities capital assets, net	\$ 4,194,412	\$ (466,524)	\$ -	\$ 3,727,888
Development Corporation of Haskell:				
Capital assets not being depreciated:				
Land	\$ 38,530	\$ -	\$ -	\$ 38,530
Capital assets being depreciated:				
Buildings, systems, and improvements	6,400	77,999	-	84,399
Less accumulated depreciation for:				
Buildings, systems, and improvements	1,102	798	-	1,900
Total accumulated depreciation	1,102	798	-	1,900
Total capital assets being depreciated, net	5,298	77,201	-	82,499
Development Corporation of Haskell, net	\$ 43,828	\$ 77,201	\$ -	\$ 121,029

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation was charged to functions as follows:

Governmental activities:

General Government	\$	20,071
Police		25,508
Fire		43,949
Streets		18,001
Airport		16,909
Park		15,380
Golf		5,286
Civic Center		11,663

Total	\$	156,767
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Business-type activities:

Water, sewer, garbage, and landfill	\$	482,839
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Total	\$	482,839
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E. Interfund Balances and Activity

Transfers to and from other funds at September 30, 2021 consisted of the following:

1. Due To and From Other Funds

At September 30, 2021, there was a interfund receivable of \$809 owed from the General Fund to the Enterprise Fund.

2. Transfers To and From Other Funds

The following transfers to and from other funds were made during the year ended September 30, 2021.

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>	<u>Purpose</u>
Municipal Golf Course	General Fund	\$ 625	Operational assistance
Civic Center	General Fund	13,911	Operational assistance
Police Seizure	General Fund	2,623	Creation of new fund
Family Movie Night	General Fund	1,889	Creation of new fund
Beautification	General Fund	29,084	Creation of new fund
Hotel Occupancy Tax	General Fund	71,618	Creation of new fund

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

F. Long-Term Liabilities

1. Long-Term Liabilities Activity

Long-term liabilities include debt and other long-term liabilities. Changes in long-term liabilities for the year ended September 30, 2021, are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 2,366	\$ 14,764	\$ -	\$ 17,130	\$ -
Capital lease payable	46,030	191,745	(41,469)	196,306	63,738
Note payable	17,339	-	(17,339)	-	-
Total	\$ 65,735	\$ 206,509	\$ (58,808)	\$ 213,436	\$ 63,738
Business-type activities:					
Compensated absences	\$ -	\$ 10,225	\$ -	\$ 10,225	\$ -
Capital leases payable	1,273,043	156,188	(389,790)	1,039,441	273,064
Total	\$ 1,273,043	\$ 166,413	\$ (389,790)	\$ 1,049,666	\$ 273,064

2. Capital Leases

The City entered into the following lease agreements that are considered to be a capital leases for accounting purposes:

Description	Interest Rate	Issue Date	Maturity Date	Original Issue	Balance at 9/30/2021	Carrying Value of Equipment
<u>Governmental Activities</u>						
2018 Ford Explorer	4.16%	10/25/2018	10/25/2021	\$ 23,069	\$ 13,886	\$ 15,228
2019 Ford Explorer	4.40%	6/24/2019	6/24/2022	36,094	18,431	19,238
2020 Street Sweeper	3.78%	12/18/2019	4/1/2024	229,352	163,989	202,656
					\$ 196,306	\$ 237,122
<u>Business-type Activities</u>						
2018 Backhoe	3.85%	11/20/2018	11/20/2023	100,405	\$ 81,133	\$ 39,598
2019 Compactor	4.50%	3/7/2019	3/7/2026	451,295	364,250	188,626
2020 Mack Truck	4.25%	6/14/2019	6/14/2024	192,916	141,152	91,166
2019 Motor Grader	2.99%	6/26/2020	6/29/2025	328,370	296,717	172,273
2015 CAT Dozer	2.85%	9/14/2021	7/15/2022	156,189	156,189	144,100
					\$ 1,039,441	\$ 635,763

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

The commitments under capital leases provide for minimum future lease payments as of September 30, 2021 as follows:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2022	\$ 71,356	\$ 307,450
2023	37,607	151,261
2024	103,754	255,611
2025	-	104,406
2026	-	332,912
Thereafter	-	-
Total future minimum lease payments	212,717	1,151,640
Less: amount representing interest	(16,411)	(112,199)
Total future minimum lease payments	<u>\$ 196,306</u>	<u>\$ 1,039,441</u>

The City's current year payments for debt service included interest of \$12,355 in governmental activities and \$48,270 in business-type activities.

The City's Country Club Fund also contained a lease for a John Deere 2500 Greens/Fairway Mower which began in June of 2019. As the lease has an option to purchase the equipment at the end of the 48 month lease period, the equipment is not considered in the ownership of the City. The City will consider purchasing the equipment towards the end of the lease.

G. Defined Benefit Pension Plans

1. Plan Description

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

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

2. 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.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows, on the next page:

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Plan Year 2019</u>	<u>Plan Year 2020</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	1 to 1	1 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>18</u>
Total	<u>42</u>

3. Contributions

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

Employees for the City of Haskell were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Haskell were 0% and 0% in calendar years 2019 and 2020, respectively. The city's contributions to TMRS for the year ended September 30, 2021, were \$0, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 20x2 are summarized in the following table:

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

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 HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balance at 12/31/2019	\$ 1,345,438	\$ 1,987,092	\$ (641,654)
Changes for the year:			
Service cost	69,576	-	69,576
Interest	91,098	-	91,098
Change of benefit terms	-	-	-
Difference between expected and actual experience	5,764	-	5,764
Changes of assumptions	-	-	-
Contributions – employer	-	521	(521)
Contributions – employee	-	54,723	(54,723)
Net investment income	-	150,700	(150,700)
Benefit payments, including refunds of employee contributions	(61,240)	(61,240)	-
Administrative expense	-	(976)	976
Other changes	-	(38)	38
Net changes	105,198	143,690	(38,492)
Balance at 12/31/2020	\$ 1,450,636	\$ 2,130,782	\$ (680,146)

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

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

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase In Discount Rate (7.75%)
City's net pension liability	\$ (494,818)	\$ (680,146)	\$ (833,344)

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.

5. Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the city recognized pension income of \$64,510.

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

At September 30, 2021, 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	\$ -	\$ 7,653
Changes in actuarial assumptions	-	1,920
Difference between projected and actual investment earnings	-	55,074
Contributions subsequent to the measurement date	372	-
	<hr/>	<hr/>
Total	<u>\$ 372</u>	<u>\$ 64,647</u>

\$372 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	
2021	\$ (34,501)
2022	5,496
2023	(32,327)
2024	(3,315)
2025	-
Thereafter	-
	<hr/>
Total	<u>\$ (64,647)</u>

H. Postemployment Benefits Other Than Pensions (OPEB)

1. Plan Description

The City of Haskell participates in a cost sharing multiple-employer defined benefit group life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to participate in SDBF, and the City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

2. Benefits Provided

The SDBF provides group-term life insurance coverage to both current and retired employees. 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); retired employees are insured for \$7,500.

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>18</u>
Total	<u>28</u>

3. Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50%, including inflation
Discount rate	2.00%
Retirees' share of benefit-related costs	\$0

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

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

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

Total OPEB Liability - beginning of year	\$	50,501
Changes for the year:		
Service Cost		2,502
Interest on Total OPEB Liability		1,417
Changes of benefit terms		-
Differences between expected and actual experience		1,153
Changes in assumptions or other inputs		7,730
Benefit payments		<u>(469)</u>
Net changes		<u>12,333</u>
Total OPEB Liability – end of year	\$	<u>62,834</u>

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Sensitivity of the Total OPEB Liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00 percent) or 1-percentage-point higher (3.00% percent) than the current discount rate:

	1% Decrease In Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase In Discount Rate (3.00%)
City's total OPEB liability	<u>\$ 75,701</u>	<u>\$ 62,834</u>	<u>\$ 52,876</u>
4. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB			

For the year ended September 30, 2021, the City recognized OPEB expense of \$4,446.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 6,059
Changes in actuarial assumptions	11,272	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	<u>1,539</u>	<u>-</u>
Total	<u>\$ 12,811</u>	<u>\$ 6,059</u>

\$1,539 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 net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,	
2021	\$ 527
2022	468
2023	126
2024	2,656
2025	1,436
Thereafter	<u>-</u>
Total	<u>\$ 5,213</u>

CITY OF HASKELL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

I. Health Care Coverage

The City belongs to the Texas Municipal League Intergovernmental Risk Pool from which it receives liability, property and workers' compensation insurance coverage. The City also belongs to the Texas Municipal League Group Benefits Risk Pool from which it receives employee life, accidental death and dismemberment, health and dental insurance. The Plans establish and guarantee their premiums for twelve months, at the end of which time the Plan evaluates the premiums for the coming year based on claims submitted and trends during the previous period. The Plan then establishes and guarantees their premiums for the next twelve months.

J. Risk Management

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

K. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its Municipal Solid Waste Landfill Facility site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$405,994 reported as landfill closure and postclosure care liability at September 30, 2021 represents the cumulative amount reported to date based on the use of 98 percent of the estimated capacity of the landfill. The remaining estimated life is 3 months. The City will recognize the remaining estimated cost of closure and post closure care as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2021. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City's financial strength allows it to self-insure to meet applicable financial assurance requirements.

L. Commitments and Contingencies

1. Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

The City is a party to various legal actions normally associated with local governments, the aggregate of which, in the City's and legal counsel's opinion, would not be material to the financial statements of the City.

Required Supplementary Information

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

CITY OF HASKELL, TEXAS**GENERAL FUND****BUDGETARY COMPARISON SCHEDULE****FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes:				
Property taxes	\$ 615,000	\$ 615,000	\$ 617,989	\$ 2,989
Sales and use tax	535,000	605,708	604,076	(1,632)
Franchise tax	130,000	123,948	120,179	(3,769)
Charges for services	-	-	161,291	161,291
Fees and fines	12,700	13,598	10,335	(3,263)
Investment earnings	650	650	557	(93)
Grants	-	143,704	143,704	-
Other revenue	176,212	233,314	81,835	(151,479)
Total revenues	<u>1,469,562</u>	<u>1,735,922</u>	<u>1,739,966</u>	<u>4,044</u>
Expenditures:				
General government	574,278	671,016	790,072	(119,056)
Judicial	55,269	21,195	23,749	(2,554)
Police	428,414	472,821	470,329	2,492
Fire protection	72,686	79,421	77,556	1,865
Highways	302,449	359,511	588,788	(229,277)
Parks	183,227	125,608	112,412	13,196
Total expenditures	<u>1,616,323</u>	<u>1,729,572</u>	<u>2,062,906</u>	<u>(333,334)</u>
Proceeds from issuances	-	-	191,745	(191,745)
Transfers	-	-	(119,750)	(119,750)
Net change in fund balance	<u>\$ (146,761)</u>	<u>\$ 6,350</u>	(250,945)	<u>\$ (449,040)</u>
Fund balance, beginning			<u>774,892</u>	
Fund balance, ending			<u>\$ 523,947</u>	

CITY OF HASKELL, TEXAS
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Budget and Budgetary Accounting

The City Council adopts an annual budget for the general and utility funds. The general fund budget is legally adopted on a modified accrual basis. The budget for the utility fund is adopted under a basis consistent with GAAP, except that amortization and depreciation are not considered (working capital basis).

The following procedures are followed in establishing the budgetary data reflected in the Basic Financial Statements:

Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can only be amended by approval of a majority of the members of City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of City Council and are not made after fiscal year end. All budget appropriations lapse at year end.

Budget Amendments

There was one amendment to the budget during the year ended September 30, 2021. The amendment was voted and approved by council on August 24, 2021 and was made to true up the budget with actual revenues and expenses for all categories.

CITY OF HASKELL, TEXAS

EXHIBIT B-2

TEXAS MUNICIPAL RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

DECEMBER 31, 2020

	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 42,157	\$ 41,354	\$ 56,224	\$ 63,810	\$ 62,998	\$ 69,274	\$ 69,576
Interest (on the Total Pension Liability)	79,599	76,457	77,819	81,343	85,708	84,494	91,098
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(75,665)	(6,124)	(5,685)	10,739	(83,572)	11,629	5,764
Change of assumptions	-	31,804	-	-	-	(4,152)	-
Benefit payments, including refunds of employee contributions	(85,474)	(95,686)	(84,891)	(75,005)	(106,638)	(65,867)	(61,240)
Net Change in Total Pension Liability	(39,383)	47,805	43,467	80,887	(41,504)	95,378	105,198
Total Pension Liability - Beginning	<u>1,158,788</u>	<u>1,119,405</u>	<u>1,167,210</u>	<u>1,210,677</u>	<u>1,291,564</u>	<u>1,250,060</u>	<u>1,345,438</u>
Total Pension Liability - Ending (a)	<u>\$ 1,119,405</u>	<u>\$ 1,167,210</u>	<u>\$ 1,210,677</u>	<u>\$ 1,291,564</u>	<u>\$ 1,250,060</u>	<u>\$ 1,345,438</u>	<u>\$ 1,450,636</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 91	\$ (26)	\$ 251	\$ (3)	\$ 667	\$ 538	\$ 521
Contributions - Employee	38,660	35,694	43,297	51,999	50,456	53,820	54,723
Net investment income	91,109	2,414	106,544	227,354	(55,213)	267,594	150,700
Benefit payments, including refunds of employee contributions	(85,474)	(95,686)	(84,891)	(75,005)	(106,638)	(65,867)	(61,240)
Administrative expenses	(952)	(1,471)	(1,204)	(1,178)	(1,068)	(1,513)	(976)
Other	(78)	(72)	(65)	(60)	(56)	(45)	(38)
Net Change in Plan Fiduciary Net Position	43,356	(59,147)	63,932	203,107	(111,852)	254,527	143,690
Plan Fiduciary Net Position - Beginning	<u>1,593,168</u>	<u>1,636,525</u>	<u>1,577,378</u>	<u>1,641,310</u>	<u>1,844,417</u>	<u>1,732,565</u>	<u>1,987,092</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,636,524</u>	<u>\$ 1,577,378</u>	<u>\$ 1,641,310</u>	<u>\$ 1,844,417</u>	<u>\$ 1,732,565</u>	<u>\$ 1,987,092</u>	<u>\$ 2,130,782</u>
Net Pension Asset - Ending (a) - (b)	\$ (517,119)	\$ (410,168)	\$ (430,633)	\$ (552,853)	\$ (482,505)	\$ (641,654)	\$ (680,146)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	146.20%	135.14%	135.57%	142.80%	138.60%	147.69%	146.89%
Covered Employee Payroll	552,279	509,918	618,523	742,841	720,800	768,860	781,752
Net Pension Asset as a Percentage of Covered Employee Payroll	-93.63%	-80.44%	-69.62%	-74.42%	-66.94%	-83.46%	-87.00%

CITY OF HASKELL, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2021

EXHIBIT B-3

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially Determined Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contribution	-	-	-	-	-	-	-
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 552,279	\$ 509,918	\$ 618,523	\$ 742,841	\$ 720,800	\$ 768,860	\$ 781,752
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

CITY OF HASKELL, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

DECEMBER 31, 2020

EXHIBIT B-4

	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 1,486	\$ 1,658	\$ 1,615	\$ 2,502
Interest	1,827	1,821	1,539	1,417
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	(13,794)	(335)	1,153
Changes of assumptions	3,865	(2,651)	7,323	7,730
Benefit payments	(669)	(505)	(615)	(469)
Net Change in Total OPEB Liability	6,509	(13,471)	9,527	12,333
Total OPEB Liability - Beginning	47,936	54,445	40,974	50,501
Total OPEB Liability - Ending (a)	\$ 54,445	\$ 40,974	\$ 50,501	\$ 62,834
Covered Employee Payroll	742,841	720,800	768,860	781,752
Total OPEB Liability as a Percentage of Covered Employee Payroll	7.33%	5.68%	6.57%	8.04%

NOTES TO SCHEDULE:
Changes of assumptions:

Changes of assumptions and other inputs reflect the change in the municipal bond rate index, which is used as a basis for the discount rate.

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

Other Supplementary Information

CITY OF HASKELL, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue Funds		
	Airport Fund	Beautification	Family Movie Night
Assets:			
Cash	\$ 81,157	34,577	1,889
Other receivables	-	-	-
Total assets	<u>\$ 81,157</u>	<u>\$ 34,577</u>	<u>\$ 1,889</u>
Liabilities:			
Accounts payable and other accrued liabilities	\$ 918	\$ -	\$ -
Total liabilities	<u>918</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	-	34,577	1,889
Assigned	80,239	-	-
Total fund balances	<u>80,239</u>	<u>34,577</u>	<u>1,889</u>
Total liabilities and fund balances	<u>\$ 81,157</u>	<u>\$ 34,577</u>	<u>\$ 1,889</u>

Special Revenue Funds

General Capital Improvement	Hotel Occupancy Tax	Municipal Golf Course	Police Seizure	Civic Center	Total
390,635	100,530	\$ 24,185	2,624	\$ 14,695	\$ 650,292
-	-	55	-	-	55
<u>\$ 390,635</u>	<u>\$ 100,530</u>	<u>\$ 24,240</u>	<u>\$ 2,624</u>	<u>\$ 14,695</u>	<u>\$ 650,347</u>
\$ -	\$ 32,026	\$ 3,548	\$ -	\$ 520	\$ 37,012
-	32,026	3,548	-	520	37,012
390,635	-	-	-	-	390,635
<u>390,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,635</u>
-	68,504	-	2,624	-	107,594
-	-	20,692	-	14,175	115,106
-	68,504	20,692	2,624	14,175	222,700
<u>\$ 390,635</u>	<u>\$ 100,530</u>	<u>\$ 24,240</u>	<u>\$ 2,624</u>	<u>\$ 14,695</u>	<u>\$ 650,347</u>

CITY OF HASKELL, TEXAS
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds			
	Airport Fund	Beautification	Family Movie Night	Hotel Occupancy Tax
Revenues:				
Taxes:				
Hotel Occupancy Tax	\$ -	\$ -	\$ -	\$ 43,166
Charges for services	40,744	-	-	-
Investment earnings	-	12	-	-
Rents and royalties	-	-	-	-
Other revenue	-	16,985	-	-
Total revenues	<u>40,744</u>	<u>16,997</u>	<u>-</u>	<u>43,166</u>
Expenditures:				
General government	-	11,504	-	46,280
Judicial	-	-	-	-
Airport	33,545	-	-	-
Golf course	-	-	-	-
Civic center	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	<u>33,545</u>	<u>11,504</u>	<u>-</u>	<u>46,280</u>
Excess (deficiency) of revenues over (under) expenditures before transfers	7,199	5,493	-	(3,114)
Other financing sources:				
Transfers	-	29,084	1,889	71,618
Excess (deficiency) of revenues over (under) expenditures before transfers	7,199	34,577	1,889	68,504
Fund balance, beginning of the year	73,040	-	-	-
Fund balance, ending	<u>\$ 80,239</u>	<u>\$ 34,577</u>	<u>\$ 1,889</u>	<u>\$ 68,504</u>

Municipal Golf Course	Police Seizure	Civic Center	Total
\$ -	\$ -	\$ -	\$ 43,166
71,087	-	-	111,831
7	1	-	20
75	-	11,110	11,185
-	-	-	16,985
<u>71,169</u>	<u>1</u>	<u>11,110</u>	<u>183,187</u>
-	-	-	57,784
-	-	-	-
-	-	-	33,545
69,100	-	-	69,100
-	-	13,284	13,284
-	-	5,810	5,810
<u>69,100</u>	<u>-</u>	<u>19,094</u>	<u>179,523</u>
2,069	1	(7,984)	3,664
<u>(44,421)</u>	<u>2,623</u>	<u>13,911</u>	<u>74,704</u>
(42,352)	2,624	5,927	78,368
63,044	-	8,248	144,332
<u>\$ 20,692</u>	<u>\$ 2,624</u>	<u>\$ 14,175</u>	<u>\$ 222,700</u>