

**CITY OF HASKELL, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**



**CITY OF HASKELL, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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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, 2019, 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, 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 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.*

MWH GROUP, P.C.

Wichita Falls, Texas  
May 9, 2022

## Basic Financial Statements

**CITY OF HASKELL, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Corporation of Haskell
<b>Assets</b>				
Cash and cash equivalents	\$ 778,886	\$ 214,848	\$ 993,734	\$ 189,140
Receivables, net of allowances:				
Customer receivables	-	153,948	153,948	-
Ad valorem taxes	21,983	-	21,983	-
Sales taxes	84,634	-	84,634	28,211
Court receivables, net	2,538	-	2,538	-
Grants	-	-	-	-
Other assets	3,873	202	4,075	-
Loans receivable	-	-	-	97,462
Net pension asset	319,225	163,280	482,505	-
Capital assets not being depreciated	150,580	154,647	305,227	38,530
Capital assets being depreciated, net	1,002,675	4,360,771	5,363,446	63,467
Total assets	<u>2,364,394</u>	<u>5,047,696</u>	<u>7,412,090</u>	<u>416,810</u>
<b>Deferred Outflows of Resources</b>				
Related to pensions	63,922	32,694	96,616	-
Related to OPEB	928	475	1,403	-
	<u>64,850</u>	<u>33,169</u>	<u>98,019</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable and other accrued liabilities	44,545	32,236	76,781	-
Customer deposits	-	103,808	103,808	-
Noncurrent Liabilities:				
Accrued compensated absences	9,722	7,917	17,639	-
Total OPEB liability	27,108	13,866	40,974	-
Note and capital leases due within one year	30,050	356,102	386,152	-
Note and capital leases due after one year	63,372	943,609	1,006,981	-
Landfill postclosure liability	-	382,998	382,998	-
Total liabilities	<u>174,797</u>	<u>1,858,077</u>	<u>2,032,874</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Related to pensions	37,633	19,249	56,882	-
Related to OPEB	7,582	3,878	11,460	-
	<u>45,215</u>	<u>23,127</u>	<u>68,342</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	1,153,255	3,215,707	4,368,962	101,997
Unrestricted	1,055,977	(16,046)	1,039,931	314,813
Total net position	<u>\$ 2,209,232</u>	<u>\$ 3,199,661</u>	<u>\$ 5,408,893</u>	<u>\$ 416,810</u>

*The accompanying notes are an integral part of this statement.*

**CITY OF HASKELL, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Program Revenues			
	Expenses	Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 563,592	\$ 22,634	\$ -	\$ -
Judicial	21,760	20,270	-	-
Police	366,415	-	-	-
Fire protection	103,889	-	-	-
Highways and streets	309,512	-	-	-
Airport	70,615	71,619	-	-
Golf course	118,940	83,211	-	-
Civic center	35,739	12,741	-	-
Parks	91,328	-	-	-
Total governmental activities	<u>1,681,790</u>	<u>210,475</u>	<u>-</u>	<u>-</u>
Business-type activities:				
Water, sewer, garbage, and landfill	2,009,107	1,938,219	-	-
Total business-type activities	<u>2,009,107</u>	<u>1,938,219</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 3,690,897</u>	<u>\$ 2,148,694</u>	<u>\$ -</u>	<u>\$ -</u>
Component unit:				
Development Corporation of Haskell	<u>\$ 145,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:  
 Taxes  
 Hotel occupancy tax  
 Sales tax  
 Other taxes  
 Franchise fees and permits  
 Miscellaneous  
 Interest  
 Gain on disposals  
 Transfers  
 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
\$ (540,958)	\$ -	\$ (540,958)	\$ -
(1,490)	-	(1,490)	-
(366,415)	-	(366,415)	-
(103,889)	-	(103,889)	-
(309,512)	-	(309,512)	-
1,004	-	1,004	-
(35,729)	-	(35,729)	-
(22,998)	-	(22,998)	-
(91,328)	-	(91,328)	-
<u>(1,471,315)</u>	<u>-</u>	<u>(1,471,315)</u>	<u>-</u>
-	(70,888)	(70,888)	-
-	(70,888)	(70,888)	-
<u>(1,471,315)</u>	<u>(70,888)</u>	<u>(1,542,203)</u>	<u>-</u>
-	-	-	(145,720)
537,600	-	537,600	-
73,064	-	73,064	-
515,804	-	515,804	171,933
-	-	-	-
121,379	-	121,379	-
98,578	-	98,578	6,547
881	-	881	1,485
-	(10,911)	(10,911)	-
15,890	(15,890)	-	-
<u>1,363,196</u>	<u>(26,801)</u>	<u>1,336,395</u>	<u>179,965</u>
<u>(108,119)</u>	<u>(97,689)</u>	<u>(205,808)</u>	<u>34,245</u>
<u>2,317,351</u>	<u>3,297,350</u>	<u>5,614,701</u>	<u>382,565</u>
<u>\$ 2,209,232</u>	<u>\$ 3,199,661</u>	<u>\$ 5,408,893</u>	<u>\$ 416,810</u>

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash	\$ 656,559	\$ 122,327	\$ 778,886
Receivables:			
Ad valorem taxes	43,967	-	43,967
Sales taxes	84,634	-	84,634
Uncollectible taxes	(21,984)	-	(21,984)
Court receivables, net	2,538	-	2,538
Other assets	3,873	-	3,873
	<u>769,587</u>	<u>122,327</u>	<u>891,914</u>
Total assets	<u>\$ 769,587</u>	<u>\$ 122,327</u>	<u>\$ 891,914</u>
Liabilities:			
Accounts payable	\$ 24,482	\$ -	\$ 24,482
Other accrued liabilities	20,063	-	20,063
Total liabilities	<u>44,545</u>	<u>-</u>	<u>44,545</u>
Deferred inflows of resources:			
Unavailable revenues	23,930	-	23,930
Total deferred inflows of resources	<u>23,930</u>	<u>-</u>	<u>23,930</u>
Fund balances:			
Unassigned	701,112	122,327	823,439
Total fund balances	<u>701,112</u>	<u>122,327</u>	<u>823,439</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 769,587</u>	<u>\$ 122,327</u>	<u>\$ 891,914</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, 2019**

Total fund balances - governmental funds balance sheet (Exhibit A-3) \$ 823,439

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	3,687,528	
Less accumulated depreciation	<u>(2,534,273)</u>	1,153,255

Accounts receivable are not available to pay for current period expenditures and therefore are deferred in the funds. 23,930

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	319,225	
Deferred outflows of resources from pensions	63,922	
Deferred inflows of resources from pensions	<u>(37,633)</u>	345,514

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	(27,108)	
Deferred outflows of resources from OPEB	<u>928</u>	(33,762)

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	(93,422)	
Compensated absences	<u>(9,722)</u>	<u>(103,144)</u>

Net position of governmental activities - statement of net position \$ 2,209,232

*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, 2019**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Property taxes	\$ 538,845	\$ -	\$ 538,845
Sales and use tax	515,804	-	515,804
Franchise tax	121,379	-	121,379
Hotel occupancy tax	73,064	-	73,064
Charges for services	22,634	154,830	177,464
Fees and fines	18,324	-	18,324
Investment earnings	852	29	881
Rents and royalties	-	12,742	12,742
Other revenue	98,283	293	98,576
Total revenues	<u>1,389,185</u>	<u>167,894</u>	<u>1,557,079</u>
Expenditures:			
General government	547,537	-	547,537
Judicial	21,760	-	21,760
Police	340,481	-	340,481
Fire protection	79,322	-	79,322
Highways	293,148	-	293,148
Airport	-	54,830	54,830
Golf course	-	114,006	114,006
Civic center	-	24,852	24,852
Parks	76,971	-	76,971
Capital Outlay	142,013	4,300	146,313
Total expenditures	<u>1,501,232</u>	<u>197,988</u>	<u>1,699,220</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(112,047)	(30,094)	(142,141)
Other financing sources (uses):			
Proceeds from the issuance of capital leases	59,163	-	59,163
Transfers	(4,526)	20,416	15,890
Total other financing sources (uses)	<u>54,637</u>	<u>20,416</u>	<u>75,053</u>
Excess (deficiency) of revenues over (under) expenditures	(57,410)	(9,678)	(67,088)
Fund balance, beginning of the year	758,522	132,005	890,527
Fund balance, ending	<u>\$ 701,112</u>	<u>\$ 122,327</u>	<u>\$ 823,439</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, 2019**

Net change in fund balances - total governmental funds (Exhibit A-5) \$ (67,088)

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	\$ 146,313	
Depreciation expense during the year	(146,339)	(26)

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	(59,163)	
Repayment of long-term debt	16,458	(42,705)

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: 702

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: (1,329)

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: 2,839

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: (512)

Change in net position of governmental activities - statement of activities \$ (108,119)

*The accompanying notes are an integral part of this statement.*

**CITY OF HASKELL, TEXAS**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUND**  
**SEPTEMBER 30, 2019**

	Enterprise Fund Water, Sewer Garbage, and Landfill Fund
<b>Assets</b>	
Current assets:	
Cash	\$ 214,848
Customer receivables	153,948
Other	202
Total current assets	<u>368,998</u>
Non-current assets:	
Net pension asset	163,280
Capital assets:	
Capital assets not being depreciated	154,647
Capital assets being depreciated	4,360,771
Total assets	<u>5,047,696</u>
<b>Deferred Outflows of Resources</b>	
Related to pensions	32,694
Related to OPEB	475
	<u>33,169</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	32,236
Accrued interest payable	17,541
Customer meter deposits	103,808
Noncurrent liabilities:	
Compensated absences	7,917
Total OPEB liability	13,866
Capital leases payable within one year	356,102
Capital leases payable after one year	943,609
Landfill postclosure liability	382,998
Total liabilities	<u>1,858,077</u>
<b>Deferred Inflows of Resources</b>	
Related to pensions	19,249
Related to OPEB	3,878
	<u>23,127</u>
<b>Net Position</b>	
Net investment in capital assets	3,215,707
Unrestricted	(16,046)
Total net position	<u>\$ 3,199,661</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, 2019**

	Enterprise Fund Water, Sewer Garbage, and Landfill Fund
Operating revenues:	
Water services	\$ 912,828
Sewer services	306,466
Garbage services	470,126
Landfill collections	207,406
Late charges	28,802
Other	12,591
Total operating revenues	<u>1,938,219</u>
Operating expenses:	
Wages and benefits	529,827
Water purchases	440,558
Other operating expenses	118,788
Supplies	239,011
Special water project	15,940
Utilities	41,758
Vehicle expenses	96,860
Bad debt	31,007
Depreciation	454,407
Total operating expenses	<u>1,968,156</u>
Operating loss	<u>(29,937)</u>
Non-operating revenues (expenses):	
Interest expense	(40,951)
Grant revenue	-
Transfers	(15,890)
Loss on disposal of equipment	(10,911)
Total non-operating revenues (expenses)	<u>(67,752)</u>
Change in net position	(97,689)
Net position, beginning of year	3,297,350
Net position, end of year, as restated	<u>\$ 3,199,661</u>

*The accompanying notes are an integral part of this statement.*

**CITY OF HASKELL, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Totals
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 1,927,387
Cash payments to employees for services	(528,170)
Cash payments to other suppliers for goods and services	(991,992)
Net cash provided by operating activities	<u>407,225</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Interfund loans	-
Transfers to other funds	(15,890)
Net cash used by non-capital financing activities	<u>(15,890)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Principal paid	(273,215)
Interest paid	(23,410)
Proceeds from issuance of debt	744,617
Acquisition or construction of capital assets	(804,580)
Net cash used by capital and related financing activities	<u>(356,588)</u>
<b>Cash Flows from Investing Activities:</b>	
Proceeds from sale of equipment	180,101
Interest on investments	-
Net cash provided by investing activities	<u>180,101</u>
Net change in cash and cash equivalents	214,848
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	<u><u>214,848</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating loss	\$ (29,937)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	454,407
Bad debt expense	31,007
(Increase) decrease in assets and deferred outflows of resources:	
Receivables	(29,473)
Other assets	531
Net pension asset	25,022
Deferred outflows of resources	(27,991)
Increase (decrease) in liabilities and deferred inflows of resources:	
Cash overdraft	(56,450)
Accounts payable and other accrued liabilities	2,622
Deposit payable	18,641
Compensated absences	1,285
Total OPEB liability	(4,678)
Landfill postclosure liability	14,220
Deferred outflows of resources	8,019
Total adjustments	<u>437,162</u>
Net cash provided by operating activities	<u>\$ 407,225</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, 2019**

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).

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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 a one-cent sales tax assessed within the City. The City pays employees of the DCOH; the DCOH then reimburses the City for this expense. The City provides office space to the DCOH at no cost. 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, 2019.

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.

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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 three nonmajor governmental funds: Airport, Municipal Golf Course, and Civic Center. The Airport Fund provides airport hangars for rent and sells retail airplane fuel. 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.

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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, 2019, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$ 43,967
Allowance for uncollectible taxes	<u>(21,984)</u>
Net property taxes receivable	<u>\$ 21,983</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.

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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.

i. 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.

h. 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.

i. 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

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

j. 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 or 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

k. 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, 2019 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.

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

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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, 2019, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$993,734 and the bank balance was \$1,034,047. The City's cash deposits at September 30, 2019 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, 2019, the carrying amount of the Development Corporation of Haskell's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$189,140 and the bank balance was \$194,400. The Corporation's cash deposits at September 30, 2019 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.

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D. Capital Assets

Capital asset activity for the period ended September 30, 2019, was as follows:

	Beginning Balances,	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 134,330	\$ -	\$ -	\$ 134,330
Construction in progress	10,000	16,250	(10,000)	16,250
Total capital assets not being depreciated	144,330	16,250	(10,000)	150,580
Capital assets being depreciated:				
Buildings, systems, and improvements	2,260,379	-	-	2,260,379
Furniture and equipment	1,282,845	140,063	-	1,422,908
Total capital assets being depreciated	3,543,224	140,063	-	3,683,287
Less accumulated depreciation for:				
Buildings, systems, and improvements	1,728,185	39,999	-	1,768,184
Furniture and equipment	806,088	106,340	-	912,428
Total accumulated depreciation	2,534,273	146,339	-	2,680,612
Total capital assets being depreciated, net	1,008,951	(6,276)	-	1,002,675
 Governmental activities capital assets, net	 \$ 1,153,281	 \$ 9,974	 \$ (10,000)	 \$ 1,153,255
 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	6,429,891	804,580	(488,296)	6,746,175
Total capital assets being depreciated	6,803,231	804,580	(488,296)	7,119,515
Less accumulated depreciation for:				
Buildings, systems, and improvements	340,579	1,174	-	341,753
Furniture and equipment	2,261,042	453,233	(297,284)	2,416,991
Total accumulated depreciation	2,601,621	454,407	(297,284)	2,758,744
Total capital assets being depreciated, net	4,201,610	350,173	(191,012)	4,360,771
 Business type activities capital assets, net	 \$ 4,356,257	 \$ 350,173	 \$ (191,012)	 \$ 4,515,418
 Development Corporation of Haskell:				
Capital assets not being depreciated:				
Land	\$ 38,530	\$ -	\$ -	\$ 38,530
Capital assets being depreciated:				
Buildings, systems, and improvements	75,327	-	-	75,327
Less accumulated depreciation for:				
Buildings, systems, and improvements	9,443	2,417	-	11,860
Total capital assets being depreciated, net	65,884	(2,417)	-	63,467
 Development Corporation of Haskell, net	 \$ 104,414	 \$ (2,417)	 \$ -	 \$ 101,997



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Depreciation was charged to functions as follows:

Governmental activities:	
General Government	\$ 18,736
Police	23,811
Fire	41,025
Streets	16,804
Airport	15,784
Park	14,357
Golf	4,934
Civic Center	<u>10,888</u>
 Total	 <u>\$ 146,339</u>
Business-type activities:	
Water, sewer, garbage, and landfill	<u>\$ 454,407</u>
 Total	 <u>\$ 454,407</u>

E. Interfund Balances and Activity

Transfers to and from other funds at September 30, 2019 consisted of the following:

1. Due To and From Other Funds

There were no outstanding interfund receivables or payables at September 30, 2019.

2. Transfers To and From Other Funds

The following transfers to and from other funds were made during the year ended September 30, 2019.

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>	<u>Purpose</u>
Municipal Golf Course	General Fund	\$ 7,443	Operational assistance
Civic Center	General Fund	12,973	Operational assistance
General Fund	Enterprise Fund	15,890	Operational assistance

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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, 2019, are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 8,393	\$ 1,329	\$ -	\$ 9,722	\$ -
Capital lease payable	-	59,163	-	59,163	13,133
Note payable	50,717	-	(16,458)	34,259	16,917
Total	<u>\$ 59,110</u>	<u>\$ 60,492</u>	<u>\$ (16,458)</u>	<u>\$ 103,144</u>	<u>\$ 30,050</u>
Business-type activities:					
Compensated absences	\$ 6,632	\$ 1,285	\$ -	\$ 7,917	\$ -
Capital leases payable	828,309	744,617	(273,215)	1,299,711	356,102
Total	<u>\$ 834,941</u>	<u>\$ 745,902</u>	<u>\$ (273,215)</u>	<u>\$ 1,307,628</u>	<u>\$ 356,102</u>

2. Debt Service Requirements

Debt service requirements on the note payable at September 30, 2019, are as follows:

	Governmental Activities		
	Principal	Interest	Total
2020	\$ 16,917	\$ 978	\$ 17,895
2021	17,342	553	17,895
Totals	<u>\$ 34,259</u>	<u>\$ 1,531</u>	<u>\$ 35,790</u>

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3. 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 9/30/2019	Carrying Value of Equipment
<u>Governmental Activities</u>						
2018 Ford Explorer	4.16%	10/25/2018	10/25/2021	\$ 23,069	\$ 23,069	\$ 30,456
2019 Ford Explorer	4.40%	6/24/2019	6/24/2022	36,094	36,094	38,475
					<u>\$ 59,163</u>	<u>\$ 68,931</u>
<u>Business-type Activities</u>						
2014 CAT Motor Grader	2.55%	4/28/2015	5/15/2020	\$ 262,003	\$ 199,191	\$ 131,002
2015 CAT Dozer	2.85%	6/28/2016	6/15/2021	360,250	240,497	216,150
2008 Scraper	2.85%	9/30/2016	6/15/2021	187,109	115,407	58,259
2018 Backhoe	3.85%	11/20/2018	11/20/2023	100,405	100,405	79,196
2019 Compactor	4.50%	3/7/2019	3/7/2026	451,295	451,295	377,252
2020 Mack Truck	4.25%	6/14/2019	6/14/2024	192,916	192,916	182,333
					<u>\$ 1,299,711</u>	<u>\$ 1,044,192</u>

The commitments under capital leases provide for minimum future lease payments as of September 30, 2019 as follows:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	\$ 15,734	\$ 401,961
2021	15,734	354,389
2022	33,734	150,410
2023	-	109,723
2024	-	214,075
Thereafter	-	235,737
Total future minimum lease payments	65,202	1,466,295
Less: amount representing interest	(6,039)	(166,584)
Total future minimum lease payments	<u>\$ 59,163</u>	<u>\$ 1,299,711</u>

The City's current year payments for debt service included interest of \$1,437 in governmental activities and \$23,410 in business-type activities.

G. Defined Benefit Pension Plans

1. Plan Description

The City of Haskell participates as one of 887 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

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Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

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:

	<u>Plan Year 2017</u>	<u>Plan Year 2018</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, 2018 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	16
Active employees	<u>18</u>
Total	<u>44</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 2017 and 2018, respectively. The city's contributions to TMRS for the year ended September 30, 2019, 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, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**CITY OF HASKELL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

*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	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return (Arithmetic)</b>
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
<b>Total</b>	<b>100.0%</b>	

**CITY OF HASKELL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

*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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2017	\$ 1,291,564	\$ 1,844,417	\$ (552,853)
Changes for the year:			
Service cost	62,998	-	62,998
Interest	85,708	-	85,708
Change of benefit terms	-	-	-
Difference between expected and actual experience	(83,572)	-	(83,572)
Changes of assumptions	-	-	-
Contributions – employer	-	667	(667)
Contributions – employee	-	50,456	(50,456)
Net investment income	-	(55,213)	55,213
Benefit payments, including refunds of employee contributions	(106,638)	(106,638)	-
Administrative expense	-	(1,068)	1,068
Other changes	-	(56)	56
Net changes	<u>(41,504)</u>	<u>(111,852)</u>	<u>70,348</u>
Balance at 12/31/2018	<u>\$ 1,250,060</u>	<u>\$ 1,732,565</u>	<u>\$ (482,505)</u>

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

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

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase In Discount Rate (7.75%)
City's net pension liability	<u>\$ (327,410)</u>	<u>\$ (482,505)</u>	<u>\$ (610,766)</u>

*Pension Plan Fiduciary Net Position*

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

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

For the year ended September 30, 2019, the city recognized pension income of \$1,959.

**CITY OF HASKELL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ 56,882
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	96,230	-
Contributions subsequent to the measurement date	386	-
	<hr/>	<hr/>
Total	<u>\$ 96,616</u>	<u>\$ 56,882</u>

\$386 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending December 31,</b>	
2019	\$ 15,484
2020	(7,462)
2021	(4,617)
2022	35,943
2023	-
Thereafter	-
	<hr/>
Total	<u>\$ 39,348</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 SBDF, 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 SBDF 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, 2019**

At the December 31, 2018 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	1
Active employees	<u>18</u>
Total	<u>27</u>

3. Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs*

The total OPEB liability in the December 31, 2018, 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 10.50%, including inflation
Discount rate	3.71%
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, 2018.

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

*Changes in the Total OPEB Liability*

Total OPEB Liability - beginning of year	\$ 54,445
Changes for the year:	
Service Cost	1,658
Interest on Total OPEB Liability	1,821
Changes of benefit terms	-
Differences between expected and actual experience	(13,794)
Changes in assumptions or other inputs	(2,651)
Benefit payments	(505)
Net changes	<u>(13,471)</u>
Total OPEB Liability – end of year	<u>\$ 40,974</u>



**CITY OF HASKELL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

*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 (2.71 percent) or 1-percentage-point higher (4.71% percent) than the current discount rate:

	<b>1% Decrease In Discount Rate (2.71%)</b>	<b>Discount Rate (3.71%)</b>	<b>1% Increase In Discount Rate (4.71%)</b>
City's total OPEB liability	<u>\$ 48,168</u>	<u>\$ 40,974</u>	<u>\$ 35,333</u>
4. 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 1,350.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ 11,460
Changes in actuarial assumptions	355	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	<u>1,048</u>	<u>-</u>
Total	<u>\$ 1,403</u>	<u>\$ 11,460</u>

\$1,048 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ending December 31,</b>	
2019	\$ (2,129)
2020	(2,129)
2021	(2,129)
2022	(2,188)
2023	(2,530)
Thereafter	<u>-</u>
Total	<u>\$ (11,105)</u>

**CITY OF HASKELL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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 \$382,998 reported as landfill closure and postclosure care liability at September 30, 2019 represents the cumulative amount reported to date based on the use of 94 percent of the estimated capacity of the landfill. The remaining estimated life is 3 years. 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 2019. 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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 552,000	\$ 552,000	\$ 538,845	\$ (13,155)
Sales and use tax	425,000	425,000	515,804	90,804
Franchise tax	120,000	120,000	121,379	1,379
Other taxes	-	-	73,064	73,064
Charges for services	31,600	31,600	22,634	(8,966)
Fees and fines	22,000	22,000	18,324	(3,676)
Investment earnings	650	650	852	202
Grants	-	-	-	-
Other revenue	137,713	137,713	98,283	(39,430)
Total revenues	<u>1,288,963</u>	<u>1,288,963</u>	<u>1,389,185</u>	<u>100,222</u>
Expenditures:				
General government	561,284	561,284	547,537	13,747
Judicial	35,106	35,106	21,760	13,346
Police	364,024	364,024	426,645	(62,621)
Fire protection	77,986	77,986	79,322	(1,336)
Highways	242,166	242,166	304,695	(62,529)
Parks	154,221	154,221	121,273	32,948
Total expenditures	<u>1,434,787</u>	<u>1,434,787</u>	<u>1,501,232</u>	<u>(66,445)</u>
Proceeds from issuances			59,163	
Transfers	-	-	(4,526)	(4,526)
Net change in fund balance	<u>\$ (145,824)</u>	<u>\$ (145,824)</u>	(57,410)	<u>\$ 29,251</u>
Fund balance, beginning			758,522	
Fund balance, ending			<u>\$ 701,112</u>	

**CITY OF HASKELL, TEXAS**  
*NOTES TO THE BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2019*

**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 were no amendments to the budget during the year ended September 30, 2019.

**CITY OF HASKELL, TEXAS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**DECEMBER 31, 2018**

**EXHIBIT B-2**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Total Pension Liability</b>					
Service cost	\$ 42,157	\$ 41,354	\$ 56,224	\$ 63,810	\$ 63,810
Interest (on the Total Pension Liability)	79,599	76,457	77,819	81,343	81,343
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(75,665)	(6,124)	(5,685)	10,739	10,739
Change of assumptions	-	31,804	-	-	-
Benefit payments, including refunds of employee contributions	<u>(85,474)</u>	<u>(95,686)</u>	<u>(84,891)</u>	<u>(75,005)</u>	<u>(75,005)</u>
<b>Net Change in Total Pension Liability</b>	(39,383)	47,805	43,467	80,887	80,887
<b>Total Pension Liability - Beginning</b>	<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>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 1,119,405</u>	<u>\$ 1,167,210</u>	<u>\$ 1,210,677</u>	<u>\$ 1,291,564</u>	<u>\$ 1,372,451</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 91	\$ (26)	\$ 251	\$ (3)	\$ (3)
Contributions - Employee	38,660	35,694	43,297	51,999	51,999
Net investment income	91,109	2,414	106,544	227,354	227,354
Benefit payments, including refunds of employee contributions	(85,474)	(95,686)	(84,891)	(75,005)	(75,005)
Administrative expenses	(952)	(1,471)	(1,204)	(1,178)	(1,178)
Other	<u>(78)</u>	<u>(72)</u>	<u>(65)</u>	<u>(60)</u>	<u>(60)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	43,356	(59,147)	63,932	203,107	203,107
<b>Plan Fiduciary Net Position - Beginning</b>	<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>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 1,636,524</u>	<u>\$ 1,577,378</u>	<u>\$ 1,641,310</u>	<u>\$ 1,844,417</u>	<u>\$ 2,047,524</u>
<b>Net Pension Asset - Ending (a) - (b)</b>	\$ (517,119)	\$ (410,168)	\$ (430,633)	\$ (552,853)	\$ (675,073)
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	146.20%	135.14%	135.57%	142.80%	149.19%
<b>Covered Employee Payroll</b>	552,279	509,918	618,523	742,841	742,841
<b>Net Pension Asset as a Percentage of Covered Employee Payroll</b>	-93.63%	-80.44%	-69.62%	-74.42%	-90.88%

**CITY OF HASKELL, TEXAS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SCHEDULE OF CONTRIBUTIONS**  
**SEPTEMBER 30, 2019**

**EXHIBIT B-3**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contribution	-	-	-	-	-
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 552,279	\$ 509,918	\$ 618,523	\$ 742,841	\$ 720,800
Contributions as a percentage of covered employee payroll	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	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% 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 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

Notes There were no benefit changes during the year.

**CITY OF HASKELL, TEXAS**

**EXHIBIT B-4**

TEXAS MUNICIPAL RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

DECEMBER 31, 2018

	<u>2017</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 1,486	\$ 1,658
Interest	1,827	1,821
Changes of benefit terms	-	-
Difference between expected and actual experience	-	(13,794)
Changes of assumptions	3,865	(2,651)
Benefit payments	(669)	(505)
	<hr/>	<hr/>
<b>Net Change in Total OPEB Liability</b>	6,509	(13,471)
<b>Total OPEB Liability - Beginning</b>	<hr/> 47,936	<hr/> 54,445
<b>Total OPEB Liability - Ending (a)</b>	<hr/> <u>\$ 54,445</u>	<hr/> <u>\$ 40,974</u>
<b>Covered Employee Payroll</b>	742,841	720,800
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	7.33%	5.68%

**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, 2019**

**EXHIBIT C-1**

	Special Revenue Funds			Total
	Airport Fund	Municipal Golf Course	Civic Center	
Assets:				
Cash	\$ 78,469	\$ 38,192	\$ 5,666	\$ 122,327
Total assets	<u>\$ 78,469</u>	<u>\$ 38,192</u>	<u>\$ 5,666</u>	<u>\$ 122,327</u>
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Customer deposits	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Unassigned	78,469	38,192	5,666	122,327
Total fund balances	<u>78,469</u>	<u>38,192</u>	<u>5,666</u>	<u>122,327</u>
Total liabilities and fund balances	<u>\$ 78,469</u>	<u>\$ 38,192</u>	<u>\$ 5,666</u>	<u>\$ 122,327</u>

**CITY OF HASKELL, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT C-2**

	Special Revenue Funds			Total
	Airport Fund	Municipal Golf Course	Civic Center	
<b>Revenues:</b>				
Charges for services	\$ 71,619	\$ 83,211	\$ -	\$ 154,830
Investment earnings	-	29	-	29
Rents and royalties	-	-	12,742	12,742
Contributions and donations	-	-	-	-
Other revenue	-	293	-	293
<b>Total revenues</b>	<b>71,619</b>	<b>83,533</b>	<b>12,742</b>	<b>167,894</b>
<b>Expenditures:</b>				
Airport	54,830	-	-	54,830
Golf course	-	114,006	-	114,006
Civic center	-	-	24,852	24,852
Capital Outlay	-	-	4,300	4,300
<b>Total expenditures</b>	<b>54,830</b>	<b>114,006</b>	<b>29,152</b>	<b>197,988</b>
Excess (deficiency) of revenues over (under) expenditures before transfers	16,789	(30,473)	(16,410)	(30,094)
Transfers	-	7,443	12,973	20,416
Excess (deficiency) of revenues over (under) expenditures before transfers	16,789	(23,030)	(3,437)	(9,678)
Fund balance, beginning of the year	61,680	61,222	9,103	132,005
<b>Fund balance, ending</b>	<b>\$ 78,469</b>	<b>\$ 38,192</b>	<b>\$ 5,666</b>	<b>\$ 122,327</b>