

AGENDA

Notice is hereby given that a Called Meeting of the Governing Body of the City of Teague will be held on **JULY 5, 2022 at 6:00 P.M.** The meeting will be held in the **COUNCIL ROOM, LOCATED AT TEAGUE CITY HALL 105 SOUTH 4th AVENUE TEAGUE, TEXAS 75860.** PURSUANT TO SECTION 551.127 OF THE TEXAS GOVERNMENT CODE, MEMBERS OF THE CITY COUNCIL MAY BE PARTICIPATING REMOTELY IN COMPLIANCE WITH THE TEXAS OPEN MEETINGS ACT, All Agenda items are subject to action. *The Board of Aldermen reserves the right to meet in executive closed session on any Agenda items listed below, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney); 551.072 (Deliberation and Real Property); 551.073 (Deliberations about Gifts and Donations); 551.074 (Personnel Matters); 551.076 (Deliberations about Security Devices) and 551.087 (Economic Development).*

- 1. CALL TO ORDER AND ANNOUNCE QUORUM IS PRESENT:**
- 2. INVOCATION:**
- 3. PLEDGE TO THE FLAG:**
- 4. ROLL CALL:**
- 5. VISITORS/CITIZENS COMMENTS:** *This is an opportunity for the public to address the Council on any matter included on the agenda, except public hearings. Comments related to public hearings will be heard when the specific hearing begins. Public comments are limited to three (3) minutes per speaker, unless the speaker requires the assistance of a translator, in which case the speaker is limited to six (6) minutes, in accordance with applicable law. To address the Council, speakers must complete a Speaker Form and provide it to the City Secretary prior to the start of the meeting. Each speaker shall approach the podium and state his/her name and street address before speaking. Speakers shall address the Council with civility that is conducive to appropriate public discussion. The public cannot speak from the gallery but only from the podium. Per the Texas Open Meetings Act, the Council is not permitted to take action on or discuss any item not listed on the agenda. The Council may: (1) make a statement of fact regarding the item; (2) make a recitation of existing policy; or (3) propose the item be placed on a future agenda, in accordance with Council procedures.*
- 6. NEW BUSINESS:**
 - a. Discussion and possible action on receiving and accepting the 2020-2021 Fiscal Year Audit.
 - b. Discussion and possible action on the Teague Economic Development Corporation's 2019-2020 Fiscal Year Audit and receiving update on the 2020-2021 Fiscal Year Audit.
 - c. Discussion and possible action on approving the upcoming Budget Workshop Meeting Dates.
 - d. Discussion and possible action on approving Ordinance 2022-07-05, an ordinance amending Ordinance 2021-09-02 the City's Budget for Fiscal Year 2021-2022.

7. OLD BUSINESS:

- a. Discussion and possible action on appointing the Teague Municipal Judge.
- b. Discussion and possible action on modifying current permitting and inspection requirements as prescribed by City of Teague Code of Ordinances.
- c. Discussion and possible action on modifying the billings procedures and fees for commercial water, residential and commercial sewer.
- d. Discussion and possible action regarding the City of Teague Fee Schedule.

8. EXECUTIVE SESSION – In accordance with Texas Government Code, Section 551.001, et seq., the Board of Aldermen will recess into Executive Session (closed meeting) to discuss the following:

- a. § 551.087: Deliberation regarding economic development negotiations re: Project 6-22

9. RECONVENE INTO OPEN SESSION - In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matters discussed in Executive Session.

10. ANNOUNCEMENTS:

11. ADJOURN:

CERTIFICATION

I, Theresa Bell, City Secretary of the governing body of the City of Teague, Texas, Do **HEREBY CERTIFY** that the above notice of the meeting of the governing body of the City of Teague, Texas is a true and correct copy of said notice posted at the City of Teague, Texas in a place convenient and readily accessible to the Public at all time.

Witness my hand and seal of the City of Teague and posted on this 1st day of July 2022, at Yon and will remain posted continuously for at least 72 hours preceding scheduled time of the meeting.



Theresa Bell
 Theresa Bell, CPM, TRMC
 City Administrator/Secretary

Any person interested in attending the meeting with special communication or accommodations needs to contact City Hall 48 hours prior to the meeting at 254-739-2547 to make arrangements.
 "The City of Teague is an equal opportunity provider and employer."

FOLLOWING ARE INSTRUCTIONS TO VIEW THE MEETING BY LIVE BROADCAST OR LISTEN BY TELEPHONE:

- The meeting can be joined by teleconference using the link below. You may also call in and listen to the audio by telephone using the toll-free number below.

Please join the meeting from your computer, tablet, or smartphone.

City of Teague is inviting you to a scheduled Zoom meeting.

Topic: July 5, 2022 Meeting of the Board of Aldermen

Time: Jul 5, 2022 06:00 PM Central Time (US and Canada)

Join Zoom Meeting

https://us02web.zoom.us/j/81249990240?pwd=ZdgKUK1ZooO-q5ZcPQH4MGh-gVu_eJ.1

Meeting ID: 812 4999 0240

Passcode: 609680

One tap mobile

+13462487799,,81249990240#,,,,*609680# US (Houston)

+12532158782,,81249990240#,,,,*609680# US (Tacoma)

Dial by your location

+1 346 248 7799 US (Houston)

+1 253 215 8782 US (Tacoma)

+1 669 444 9171 US

+1 669 900 9128 US (San Jose)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 646 558 8656 US (New York)

+1 646 931 3860 US

Meeting ID: 812 4999 0240

Passcode: 609680

Find your local number: <https://us02web.zoom.us/u/kbteSf5izw>

** The complete Agenda packet is located on the City of Teague website at:

www.cityofteaguetx.com

Click on "GOVERNMENT"

Click on "Agendas"

Click on "2022"

Click on the Agenda for the current meeting date.

Agenda Item

6. NEW BUSINESS

- a. Discussion and possible action on receiving and accepting the 2020-2021 Fiscal Year Audit.

DRAFT

CITY OF TEAGUE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

City of Teague
Annual Financial Report
For the Year Ended September 30, 2021

TABLE OF CONTENTS

	Page	Exhibit
FINANCIAL SECTION		
Independent Auditor's Report.....	1	
Management's Discussion and Analysis (Required Supplementary Information)	4	
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position.....	10	A-1
Statement of Net Activities.....	11	A-2
Fund Financial Statements:		
Balance Sheet – Governmental Funds.....	12	A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	13	A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances – Governmental Funds.....	14	A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	15	A-6
Statement of Net Position – Proprietary Funds.....	16	A-7
Statement of Revenues, Expenses, and Changes in		
Fund Net Position – Proprietary Funds.....	17	A-8
Statement of Cash Flows – Proprietary Funds	18	A-9
Notes to the Financial Statements.....	19	
Required Supplementary Information		
Budgetary Comparison Schedules:		
General Fund.....	38	B-1
Schedule of the City's Proportionate Share of the		
Net Pension Liability – Texas Municipal Retirement System.....	39	B-2
Schedule of City's Contributions – Texas Municipal Retirement System.....	40	B-3
Schedule of Funding Progress.....	41	
Notes to Required Supplementary Information.....	42	
Combining Statements and Budgetary Comparison Schedules as Supplementary Information:		
Combining Balance Sheet – All Nonmajor Governmental Funds.....	44	C-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances – All Nonmajor Governmental Funds.....	45	C-2
Special Revenue Funds:		
Combining Balance Sheet – Nonmajor Special Revenues Funds.....	46	C-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances – Nonmajor Special Revenue Funds.....	47	C-4

City of Teague
Annual Financial Report
For the Year Ended September 30, 2021

TABLE OF CONTENTS

Debt Service Funds:

Budgetary Comparison Schedule:

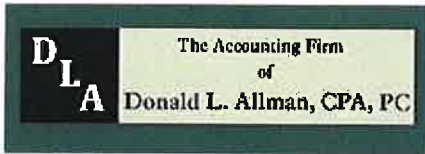
Debt Service Fund.....	48	C-5
------------------------	----	-----

OTHER SUPPLEMENTARY INFORMATION SECTION

Report on Internal Control over Financial Reporting and on Compliance and

Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	49-50
--	-------

DRAFT



Donald L. Allman, CPA, PC
4749 Williams Dr., Ste. 322
Georgetown, Texas 78633
Email: dallman@donallmancpa.com

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the City Council
City of Teague
105 South 4th Street
Teague, Texas 75860

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Teague, 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 Teague, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Teague, 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 the management's discussion and analysis on pages 4-10, schedule of changes in net pension liability and related ratios on page 31, schedule of pension expense and deferred outflows and inflows on page 32, schedule of changes in total OPEB liability and related ratios on page 33 & 34, and budgetary comparative information on page 37, schedule of share of net pension liability for the next ten years on page 38, schedule of contributions on page 39, and related notes on page 40, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statement are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022, on our consideration of the City of Teague, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Teague, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Teague, Texas' internal control over financial reporting and compliance.

Respectfully submitted,

Donald L. Allman, CPA, PC

Georgetown, Texas
June 29, 2022

The City of Teague



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of City of Teague's annual financial report presents our discussion and analysis of the City's financial performance during the year ended September 30, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

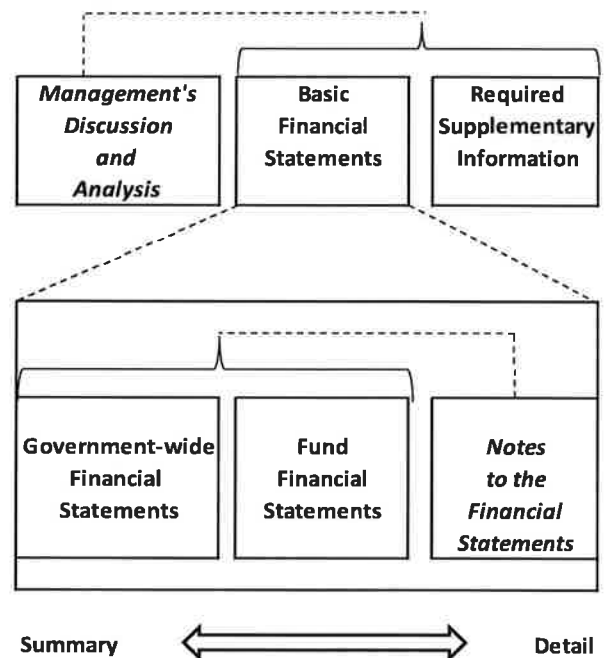
- The City's total combined net position on government-wide financial statements for both the General Fund and Proprietary Fund was \$7,588,118 at September 30, 2021.
- During the year, the City reported a net position increase of \$1,217,736 in government-wide financial statements, the General Fund had an increase of \$301,105 and the Proprietary Fund had an increase of \$916,631.
- The City reported a net position increase of \$259,110 before transfers on a governmental funds basis in the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide* financial statements that provide both *long-term* and short-term information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.
- *Business Activities* statements provide information about for-profit activities. Proprietary fund statements are considered business activities.

Figure A-1, Required Components of the City's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the City's net position and how it has changed. Net position – the difference between the City's assets and liabilities – is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *Governmental and Business-type activities*. Most of the City's basic services are included here, such as public safety, sanitation, culture and recreation, street maintenance, water and sewer and general administration. Property taxes, charges for services, and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds* – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds* – The City provides water and sewer services to its citizens and charges fees to pay for this service. These activities are accounted for on the accrual basis of accounting.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's combined net position was \$ 7.6 million at September 30, 2021. (See Table A-1).

Table A-1
City of Teague's Net Position
(In million dollars)

	2021	2020	Total Percentage Change 2020-2019
Current assets:			
Cash and cash equivalents	3,284,199	2,408,799	36%
Investments	1,596,099	1,639,138	-3%
Other receivables	411,874	445,704	-8%
Due from other funds	-	-	
Prepaid expenses	11,842	-	
Net Pension asset	327,135	215,759	
Total current assets:	<u>5,631,149</u>	<u>4,709,400</u>	20%
Noncurrent assets:			
Land, furniture and equipment	15,245,345	14,194,949	7%
Less accumulated depreciation	(10,834,122)	(10,447,346)	4%
Other assets	0	0	0%
Total noncurrent assets	<u>4,411,223</u>	<u>3,747,603</u>	18%
Total Assets	<u>10,042,372</u>	<u>8,457,003</u>	19%
Deferred Outflows	<u>17,283</u>	<u>61,510</u>	-72%
Current liabilities:			
Accounts payable and accrued liabilities	116,263	82,884	40%
Consumer deposits	81,833	85,931	-5%
Due to other funds	-	-	
Deferred revenue	-	-	
Total current liabilities	<u>198,096</u>	<u>168,815</u>	17%
Long-term liabilities:			
Vacation & Sick Leave payable	53,431	53,431	
Noncurrent liabilities due in one year	149,926	109,715	37%
Noncurrent liabilities due more than 1 yr	1,488,924	1,278,217	16%
Total Liabilities	<u>1,890,377</u>	<u>1,610,178</u>	17%
Deferred Inflows	<u>581,160</u>	<u>537,953</u>	8%
Net Position:			
Net Investment in capital assets	2,897,128	2,464,764	18%
Restricted	200,917	156,141	29%
Unrestricted	4,490,073	3,749,477	20%
Total Net Position	<u>7,588,118</u>	<u>6,370,382</u>	19%

The City has restricted net position of \$200,917 that represents next year's payment from debt service of \$200,917 and \$0 for law enforcement. The \$4,490,073 of unrestricted net position represents resources available to fund the programs of the City next year.

Changes in net position. The City's total revenues were \$4,763,153. A significant portion, 31 percent, of the City's revenue comes from taxes, while 40 percent relates to charges for services.

The total cost of all programs and services was \$3,545,417; 34 percent of these costs are for governmental activities.

Governmental Activities

- Property tax revenues decreased \$263,504 to \$889,218.

Table A-2
City of Teague's Changes in Net Position
(In million dollars)

	2021	2020	Total Percentage Change
	2021-2020		
Program Revenues:			
Charges for Services-General Fund	139,900	160,834	-24.10%
Charges for services-Water Sewer Fund	1,761,771	1,929,424	13.80%
General Revenues			
Property Taxes	889,218	1,152,722	19.49%
Sales Taxes	568,721	601,155	3.62%
Franchise fees	315,828	245,283	36.27%
Grants and Contributions	735,933	558,432	1055.72%
Investment Earnings	43,367	81,553	11.51%
Other revenues	308,415	170,855	-3.17%
Total Revenues	<u>4,763,153</u>	<u>4,900,258</u>	24.69%
General Government	563,825	855,400	33.63%
Public Safety	746,127	805,567	21.82%
Highways and Streets	228,262	221,977	-21.04%
Culture and Recreation	214,145	91,525	-24.92%
Library	126,833	139,533	16.43%
Economic Development	163,280	150,342	-7.99%
Water and Sewer	1,502,945	1,694,299	4.79%
Total Expenses	<u>3,545,417</u>	<u>3,958,643</u>	10.63%
Excess (Deficiency) Before Other Resources, Uses and Transfers:			
Other Resources (Uses)	-	-	
Transfers In (Out)	-	-	
Increase (Decrease) in Net Position	<u>1,217,736</u>	<u>941,615</u>	167.75%

Table A-3 presents the cost of each of the City's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of *all governmental activities* this year was \$ 2.0 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$900 thousand.
- Some of the cost was paid by those who directly benefited from the programs \$.2 million.

Table A-3
Net Cost of Selected City Functions
(In million dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2021	2020		2021	2020	
General Government	563,825	855,400	-34%	489,554	817,600	-40%
Public Safety	746,127	805,567	-7%	630,201	717,933	-12%
Highways and Streets	228,262	221,977	3%	217,888	211,467	3%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$ 2.3 million, while the previous year it was \$ 3 million. Revenues from business-type activities totaled \$ 2.5 million, while the previous year it was \$ 1.9 million.

General fund Budgetary Highlights

Over the course of the year, the City revised its budget. Even with these adjustments, actual expenditures were \$39,367 below final budget amounts.

Also, resources available were \$591,819 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the City had invested \$15,245,345, in a broad range of capital assets, including land, infrastructure, equipment, buildings, and vehicles. (See Table A-4) This amount represents an increase (including additions and deductions) over last year of \$663,620.

Table A-4
City's Capital Assets
(In million dollars)

	Total Cost of Services		Total Percentage Change 2021-2020
	2021	2020	
Land	418,258	177,927	135%
Water & Sewer System	9,401,896	8,774,793	7%
Infrastructure	648,325	588,348	10%
Buildings and Improvements	316,998	316,998	0%
Equipment	2,900,047	2,807,047	3%
Vehicles	1,559,821	1,529,836	2%
Totals at historical cost	15,245,345	14,194,949	7%
Total accumulated depreciation	(10,834,122)	(10,447,346)	-4%
Net capital assets	4,411,223	3,747,603	18%

Long Term Debt

At year-end, the City had \$1.514 million in bonds, leases and notes outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
City's Long-Term Debt
(In million dollars)

	2021	2020	Total Percentage Change 2021-2020
Bonds payable	723,000	751,000	-4%
Notes payable & leases	642,524	346,125	86%
Loans payable	148,571	185,714	-20%
Less deferred amount On refundings	-	-	
Total bonds & notes payable	1,514,095	1,282,839	18%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's budgetary general fund balance is not expected to substantially change during fiscal year 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Teague at 105 4th Ave., Teague, TX 75860 or 254-739-2547.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Cash and Cash Equivalents	\$ 559,009	\$ 2,523,527	\$ 3,082,536	\$ 470,881
Investments	217,416	1,378,683	1,596,099	-
Receivables (net of allowances for uncollectibles)	278,919	132,955	411,874	-
Internal Balances	-	-	-	-
Restricted Assets:				
Cash	57,181	144,482	201,663	-
Net Pension Asset	219,180	107,955	327,135	-
Other Assets-Investment Land	-	-	-	231,141
Prepaid Insurance	-	11,842	11,842	-
Capital Assets (net of accumulated depreciation):				
Land	107,452	310,806	418,258	-
Buildings, Equipment and System, net	752,039	3,240,926	3,992,965	198,440
Total Assets	<u>2,191,196</u>	<u>7,851,176</u>	<u>10,042,372</u>	<u>900,462</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow Related to Pensions	(13,965)	(6,866)	(20,831)	-
Deferred Outflow Related to OPEB	25,535	12,579	38,114	-
Total Deferred Outflow of Resources	<u>11,570</u>	<u>5,713</u>	<u>17,283</u>	<u>-</u>
LIABILITIES:				
Accounts Payable and Other Current Liabilities	56,414	59,849	116,263	-
Accrued Interest Payable	-	-	-	-
Noncurrent Liabilities -				
Consumer Deposits	-	81,833	81,833	-
Accrued Vacation & Sick Leave payable	47,424	6,007	53,431	-
Net Pension Liability	-	-	-	-
Net OPEB Liability	83,586	41,169	124,755	-
Due within one year	46,106	103,820	149,926	-
Due in more than one year	255,447	1,108,722	1,364,169	-
Total Liabilities	<u>488,977</u>	<u>1,401,400</u>	<u>1,890,377</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow Related to Pensions	389,377	191,783	581,160	-
Total Deferred Inflows of Resources	<u>389,377</u>	<u>191,783</u>	<u>581,160</u>	<u>-</u>
NET POSITION:				
Net Investment in Capital Assets	557,938	2,339,190	2,897,128	429,581
Restricted For:				
Debt Service	56,482	144,482	200,964	-
Special Revenue Funds	(47)	-	(47)	-
Unrestricted	710,039	3,780,034	4,490,073	470,881
Total Net Position	<u>\$ 1,324,412</u>	<u>\$ 6,263,706</u>	<u>\$ 7,588,118</u>	<u>\$ 900,462</u>

The accompanying notes are an integral part of this statement.

CITY OF TEAGUE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT A-2

Functions/Programs	Program Revenues			Net (Expense) Revenue and changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	\$ 508,742	\$ 74,271	\$ 190,047	\$ -	\$ (244,424)	\$ -	\$ (244,424)
Public Safety & Court	746,127	53,402	62,524	-	(630,201)	-	(630,201)
Airport & Streets	228,262	10,374	-	-	(217,888)	-	(217,888)
Culture & Recreation	214,145	1,853	-	-	(212,292)	-	(212,292)
Economic Development	163,280	-	-	-	(163,280)	-	(163,280)
Library Services	126,833	-	18,331	-	(108,502)	-	(108,502)
Interest and Fiscal Charges	55,083	-	-	-	(11,910)	(43,173)	(55,083)
Total Governmental Activities	2,042,472	139,900	270,902	-	(1,588,497)	(43,173)	(1,631,670)
Business-type Activities:							
Water & Sewer	1,502,945	1,761,771	-	465,031	-	723,857	723,857
Total Business-type Activities	1,502,945	1,761,771	-	465,031	-	723,857	723,857
Total Primary Government	3,545,417	1,901,671	270,902	465,031	(1,588,497)	680,684	(907,813)
COMPONENT UNIT:							
Economic Development Corporation	\$ 117,552	\$ 1,533	\$ -	\$ -	\$ -	\$ -	\$ (116,019)
General Revenues							
Property Taxes					889,218	-	889,218
Sales Taxes					568,721	-	568,721
Franchise Taxes					315,828	-	315,828
Alcoholic Beverage Taxes					2,551	-	2,551
Taxes, Hotel-Motel					115	-	115
Investment Earnings					43,367	-	43,367
Intergovernmental Revenue/Miscellaneous Transfers					69,802	235,947	305,749
Total General Revenues and Transfers					1,889,602	235,947	2,125,549
Change in Net Position					301,105	916,631	1,217,736
Net Position - Beginning					1,023,307	5,347,075	6,370,382
Prior Period Adjustments					-	-	-
Net Position - Ending					\$ 1,324,412	\$ 6,263,706	\$ 7,588,118
							\$ 900,462

The accompanying notes are an integral part of this statement.

CITY OF TEAGUE
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

EXHIBIT A-3

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Assets:			
Cash and Cash Equivalents	\$ 833,653	\$ (47)	\$ 833,606
Receivables (net of allowances for uncollectibles)	278,919	-	278,919
Total Assets	<u>\$ 1,112,572</u>	<u>\$ (47)</u>	<u>\$ 1,112,525</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 56,414	\$ -	\$ 56,414
Due to Other Funds	-	-	-
Total Liabilities	<u>56,414</u>	<u>-</u>	<u>56,414</u>
Deferred Inflows of Resources			
Unavailable Revenue- <i>Property</i> Taxes	169,593	-	169,593
Total Deferred Inflows of Resources	<u>169,593</u>	<u>-</u>	<u>169,593</u>
Fund Balances:			
Restricted Fund Balances:			
Restricted for Law Enforcement	-	(47)	(47)
Unassigned	886,565	-	886,565
Total Fund Balance	<u>886,565</u>	<u>(47)</u>	<u>886,518</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,112,572</u>	<u>\$ (47)</u>	<u>\$ 1,112,525</u>

The accompanying notes are an integral part of this statement

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

EXHIBIT A-4

Total fund balances - governmental funds balance sheet	\$ 886,518
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Accrued Vacation & Sick Leave payable not recognized in governmental funds	(47,424)
Net Pension Asset is not recognized in governmental funds	219,180
Capital assets used in governmental activities are not reported in the funds:	859,491
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	169,593
Payables for notes which are not due in the current period are not reported in the funds.	(301,553)
Recognition of the City's proportionate share of the net OPEB liability is not reported in the funds.	(83,586)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(389,377)
Deferred Outflows of Resources for OPEB is not reported in governmental funds	25,535
Deferred Resource Outflows related to the pension plan are not reported in the funds.	(13,965)
Net position of governmental activities - Statement of Net Position	<u>\$ 1,324,412</u>

The accompanying notes are an integral part of this statement.

CITY OF TEAGUE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT A-5

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue:			
Taxes:			
General Property Taxes	\$ 916,022	\$ -	\$ 916,022
General Sales and Use Taxes	568,721	-	568,721
Franchise Taxes	315,828	-	315,828
Alcoholic Beverages	2,551	-	2,551
Taxes, Hotel-Motel	115	-	115
License and Permits	17,353	-	17,353
Intergovernmental & Miscellaneous	69,802	-	69,802
Charges for Services	41,099	4,089	45,188
Fines	50,069	-	50,069
Rents	27,290	-	27,290
Investment Earnings	43,367	-	43,367
Miscellaneous	-	-	-
Contributions and Donations & Grants	270,902	-	270,902
Total Revenues	2,323,119	4,089	2,327,208
Expenditures:			
Current:			
General Government	472,764	11,465	484,229
Public Safety	670,113	-	670,113
Highway & Streets	210,715	-	210,715
Culture & Recreation	203,469	-	203,469
Economic Development	163,280	-	163,280
Library Services	126,833	-	126,833
Debt Service:			-
Principal	44,572	-	44,572
Interest and Fiscal Charges	11,910	-	11,910
Capital Outlay:			-
Equipment	152,977	-	152,977
Total Expenditures	2,056,633	11,465	2,068,098
Excess (Deficiency) of Revenues Over (Under) Expenditures	266,486	(7,376)	259,110
Other Financing Sources (Uses):			
Transfers in-Note Proceeds	-	-	-
Transfers	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	266,486	(7,376)	259,110
Fund Balances - Beginning	620,079	7,329	627,408
Fund Balances - Ending	\$ 886,565	\$ (47)	\$ 886,518

The accompanying notes are an integral part of this statement.

CITY OF TEAGUE

EXHIBIT A-6

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

Net change in fund balances - total governmental funds

Amounts reported for governmental activities in the statement of Activities ("SOA") are different because:	\$ 259,110
Capital outlays are not reported as expenses in the SOA.	152,977
The depreciation of capital assets used in governmental activities is not reported in the funds.	(127,096)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	26,804
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	-
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	44,572
Changes in Net Pension Liability/Pension Assets, Deferred Outflows of Resources and Deferred Inflows of Resources are not included in governmental funds.	(7,838)
Accrued Vacation & Sick Leave expense not included in governmental funds	(47,424)
Change in net position of governmental activities - Statement of Activities	<u>\$ 301,105</u>

DRAFT

The accompanying notes are an integral part of this statement.

CITY OF TEAGUE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

EXHIBIT A-7

	Enterprise Fund <u>Water and Sewer Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 2,523,527
Investments	1,378,683
Receivables (net of allowances for uncollectibles)	132,955
Due from other funds	-
Total Current Assets	<u>\$ 4,035,165</u>
Prepaid Insurance	11,842
Noncurrent Assets:	
Restricted Cash, Cash Equivalents and Investments -	
Cash	144,482
Net Pension Asset	107,955
Capital Assets:	
Land	310,806
Property, Plant and Equipment-Net	3,240,926
Total Noncurrent Assets	<u>3,816,011</u>
Total Assets	<u>7,851,176</u>
Deferred Outflows of Resources	5,713
LIABILITIES:	
Current Liabilities:	
Accounts payable	59,849
Consumer deposits	81,833
Accrued interest payable	-
Total Current Liabilities	<u>141,682</u>
Current Liabilities Payable from Restricted Assets-	
General Obligation Bonds Payable	103,820
Total Current Liabilities Payable	<u>103,820</u>
From Restricted Assets	103,820
Vacation & Sick Leave payable	6,007
Net Pension Liability	-
Net OPEB Liability	41,169
Noncurrent Liabilities Payable from Restricted Assets	
General Obligation Bonds Payable	1,108,722
Total Noncurrent Liabilities	<u>1,108,722</u>
Total Liabilities	<u>1,401,400</u>
Deferred Inflows of Resources	191,783
NET POSITION:	
Net Investment in Capital Assets	2,339,190
Restricted For:	
Debt Service	144,482
Unrestricted	3,780,034
Total Net Position	<u>\$ 6,263,706</u>

The accompanying notes are an integral part of this statement.

CITY OF TEAGUE**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021****EXHIBIT A-8**

	Enterprise Fund <u>Water and Sewer Fund</u>
OPERATING REVENUES:	
Water	\$ 878,043
Sewer	625,866
Sanitation	257,862
Total Operating Revenues	<u>1,761,771</u>
OPERATING EXPENSES:	
Personnel Services	503,534
Other Services & Charges	206,966
Supplies & Materials	312,954
Depreciation	259,679
Sanitation	219,812
Total Operating Expenses	<u>1,502,945</u>
Operating Income	<u>258,826</u>
NON-OPERATING REVENUES (EXPENSES):	
Intergovernmental & miscellaneous Revenue	235,947
Grant revenues	465,031
Interest Revenue	-
Interest Expense & Fees	(43,173)
Total Non-operating Revenues (Expenses)	<u>657,805</u>
Income Before Transfers	916,631
Transfers In	-
Change in Net Position	<u>916,631</u>
Total Net Position - Beginning	5,347,075
Total Net Position - Ending	<u>\$ 6,263,706</u>

The accompanying notes are an integral part of this statement.

CITY OF TEAGUE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT A-9

	Enterprise Fund <u>Water and Sewer Fund</u>
Cash Flows from Operating Activities	
<i>Cash Received from Customers</i>	\$ 1,982,383
<i>Cash Payments to Employees for Services</i>	(503,534)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(956,190)
Net Cash Provided (Used) by Operating Activities	<u>553,528</u>
Cash Flows from Non-capital Financing Activities:	
<i>Intergovernmental Revenue</i>	235,947
<i>Grant proceeds</i>	465,031
Net Cash Provided (Used) by Non-capital Financing Activities	<u>700,978</u>
Cash Flows from Capital and Related Financing Activities	
Capital assets purchased	(897,419)
<i>Principal Paid</i>	(100,324)
<i>Interest Paid</i>	(43,173)
Loan proceeds	258,600
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(782,316)</u>
Cash Flows from Investing Activities:	
<i>Decrease in investments</i>	260,455
<i>Decrease in restricted cash</i>	52,152
<i>Interest and Dividends on Investments</i>	-
Net Cash Provided (Used) for Investing Activities	<u>312,607</u>
Net Increase (Decrease) in Cash and Cash Equivalents	784,797
Cash and Cash Equivalents at Beginning of Year	1,738,730
Cash and Cash Equivalents at End of Year	<u>\$ 2,523,527</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	258,826
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
<i>Depreciation</i>	259,679
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	12,882
<i>Increase (Decrease) in Accounts Payable</i>	26,239
<i>Increase (Decrease) in Accrued Expenses</i>	-
<i>Increase (Decrease) in Consumer Deposits</i>	(4,098)
Total Adjustments	<u>294,702</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 553,528</u>

The accompanying notes are an integral part of this statement.

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

A. Summary of Significant Accounting Policies

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

1. 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 include whether:

- the organization is legally separate (can sue and be sued in its name)
- 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 and there is fiscal dependency by the organization on the City.
- the exclusion of the organization would result in misleading or incomplete financial statements

Based on these criteria, the City has one component unit, The Economic Development Corporation of Teague. Their financial statements can be obtained at P.O. Box 376, Teague, Texas 75860. Additionally, the City is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, 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 different 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, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as 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 TEAGUE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The City reports the following major enterprise funds.

Water, and Sewer Fund. This is the City's primary enterprise operating fund and accounts for all expenditures and resources of the enterprise fund.

b. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using 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.

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 does not consider revenues collected after its year-end to be available in the current period. 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.

3. 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.

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds 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.

c. Inventories and Prepaid Items

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

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

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed 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.

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>
Infrastructure	30
Buildings	40
Building Improvements	40
Vehicles	7
Office Equipment	5
Computer Equipment	5

e. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There is an allowance for uncollectible accounts receivable of \$2,377 included in the total.

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

f. 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 or deductions from TMRS' 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.

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

g. 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 "Transfer" 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.

h. Compensated Absences

On retirement or death of certain employees, the City pays an accrued vacation leave in a lump case payment to such employee or his/her estate. Accrued sick leave payment is recorded as used.

i. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenditures, expenses, and other disclosure. Accordingly, actual results could differ from those estimates.

j. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the City Council. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City Council or by an official or body to which the City Council delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

k. **Deferred Outflows and Inflows of Resources**

In addition to assets, the statements of financial position (the government-wide statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

B. Compliance and Accountability

1. **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:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. **Deficit Fund Balance of Fund Net Position of Individual Funds**

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

CITY OF TEAGUE
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.

Cash Deposits:

At September 30, 2021, the carrying amount of the City’s deposits (cash, certificates of deposit, and interest bearing savings accounts included in temporary investments) was \$3,082,536 and the bank balance was \$3,082,536. The City’s cash deposits at September 30, 2021 and during the year ended 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.

Investments:

The City is required by Government code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity’s funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

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 general purpose 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.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The City’s investments at September 30, 2021 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Texpool	N/A	<u>\$1,596,099</u>
Total Investments		<u>\$1,596,099</u>

Analysis of Specific Deposit and Investment Risks:

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.

At September 30, 2021, the City’s investments, other than those which are obligations of or guaranteed by the U.S. Government, have no credit risk.

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

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.

A year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk 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.

Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA- or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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

Note D. Receivables

Receivables at September 30, 2021, consist of the following:

Property Taxes	\$169,593	Accounts Receivable Utility Customers	\$132,955
Franchise Fees	52,981		
Sales Tax	45,001		
Accounts Receivable	<u>11,344</u>		
	\$278,919		

Note E. Property Taxes

Sec. 4. CITIES AND TOWNS WITH POPULATION OF 5,000 OR LESS: CHARTERED BY GENERAL LAW; TAXES; FINES, FORFEITURES, AND PENALTIES. Cities and towns having a population of five thousand or less may be chartered alone by general law. They may levy, assess and collect such taxes as may be authorized by law, but no tax for any purpose shall ever be lawful for any one year which shall exceed one and one-half per cent of the taxable property of such city; and all taxes shall be collectible only in current money, and all licenses and occupation taxes levied, and all fines, forfeitures and penalties accruing to said cities and towns shall be collectible only in current money.

The City is permitted, by Article XI, Section 5 of the State of Texas Constitution and the City Charter, to levy property taxes up to \$1.50 per \$100 of assessed valuation for general governmental services. Within the \$1.50 maximum levy, there is no legal limit upon the amount of property taxes which can be levied for debt service. Property taxes attach as an enforceable lien on property as of February 1. Taxes are levied on October 1 and are payable by January 31. After which time they become delinquent, and penalties and interest may be assessed by the City.

Property taxes are collected and remitted to the city by the Freestone County Tax Assessor-Collector. The Freestone County Appraisal District appraises property values for the City. Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Code. Current taxes become delinquent on February 1 following the tax year. The City's Ad Valorem Tax Rate for 2020 was \$0.759663 per \$100.00 assessed valuation. The adjusted original tax roll was \$776,201 on total taxable assessed value of \$102,177,018.

Property taxes as of September 30, 2021, are as follows:

Current Taxes Receivable \$35,351, Delinquent Taxes Receivable \$134,242 Total \$169,593.

Note F. Capital Assets

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 107,452	\$ -	\$ -	\$ 107,452
Total capital assets not being depreciated	<u>107,452</u>	<u>-</u>	<u>-</u>	<u>107,452</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	588,348	59,977	-	648,325
Buildings and improvements	316,998	-	-	316,998
Equipment	1,840,417	93,000	-	1,933,417
Vehicles	1,257,818	-	-	1,257,818
Total capital assets being depreciated	<u>4,003,581</u>	<u>152,977</u>	<u>-</u>	<u>4,156,558</u>
Less accumulated depreciation for:				
Infrastructure	(227,166)	(23,085)	-	(250,251)
Buildings and improvements	(172,212)	(7,309)	-	(179,521)
Equipment	(1,620,227)	(81,453)	-	(1,701,680)
Vehicles	(1,257,818)	(15,249)	-	(1,273,067)
Total accumulated depreciation	<u>(3,277,423)</u>	<u>(127,096)</u>	<u>-</u>	<u>(3,404,519)</u>
Total capital assets being depreciated, net	<u>726,158</u>	<u>25,881</u>	<u>-</u>	<u>752,039</u>
Governmental activities capital assets, net	<u>\$ 833,610</u>	<u>\$ 25,881</u>	<u>\$ -</u>	<u>\$ 859,491</u>
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	70,475	240,331	-	310,806
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>70,475</u>	<u>240,331</u>	<u>-</u>	<u>310,806</u>
<i>Capital assets being depreciated:</i>				
Water & Sewer System	8,774,793	627,103	-	9,401,896
Equipment	966,630	-	-	966,630
Vehicles	272,018	29,985	-	302,003
Total capital assets being depreciated	<u>10,013,441</u>	<u>657,088</u>	<u>-</u>	<u>10,670,529</u>
Less accumulated depreciation for:				
Water & Sewer System	(6,205,960)	(211,122)	-	(6,417,082)
Equipment	(735,776)	(17,982)	-	(753,758)
Vehicles	(228,187)	(30,576)	-	(258,763)
Total accumulated depreciation	<u>(7,169,923)</u>	<u>(259,680)</u>	<u>-</u>	<u>(7,429,603)</u>
Total capital assets being depreciated, net	<u>2,843,518</u>	<u>397,408</u>	<u>-</u>	<u>3,240,926</u>
Business-type activities capital assets, net	<u>\$ 2,913,993</u>	<u>\$ 637,739</u>	<u>\$ -</u>	<u>\$ 3,551,732</u>
Depreciation was charged to functions as follows:				
General Government	\$ 22,859			
Public Safety	76,014			
Highways and Streets	17,547			
Library Services	-			
Culture and Recreation	10,676			
Economic Development	-			
	<u>\$ 127,096</u>			

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

F. Interfund Balances and Activity

1. Due To and From Other Funds

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

<u>Due to Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Water & Sewer Fund	General Fund	\$ -	Short-term loans
		\$ -	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

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

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Other Governmental Funds	Water & Sewer Fund	\$ -	Supplement other funds sources
		\$ -	

G. Long-Term Obligations

1. Long-Term Obligation Activity

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
Notes	346,125	-	(44,572)	301,553	46,1
Total governmental activities:	\$ 346,125	\$ -	\$ (44,572)	\$ 301,553	\$ 46,1

Leases-Governmental

The city issued a note for \$ 471,172 during the year ended September 30, 2018 at the rate of 3.441% repayable in yearly payments of \$56,842 maturing in 2027. This note paid off a lease on an existing fire truck in the amount of \$155,052 and purchased an additional fire truck for \$ 316,090 .

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Business-type activities:</u>					
Southside Bank loan	376,152		(35,181)	340,971	36,6
Northline Loan	185,714	-	(37,143)	148,571	37,1
General obligation bonds	\$ 751,000	\$ -	\$ (28,000)	\$ 723,000	\$ 30,0
Total business-type activities	\$ 1,312,866	\$ -	\$ (100,324)	\$ 1,212,542	\$ 103,8

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

Bonds

\$1,855,000, 2005 Combination General Obligation Refunding Bonds, due in annual installments ranging from \$170,057 to \$168,506 at rates of 3.0% to 4.25%, maturing January 1, 2020. The balance at September 30, 2021 is \$0.

\$535,000, 2009 Certificates of Obligation, due in annual installments ranging from \$10,000 to \$29,000 at rates of 3.625%, maturing January 15, 2039. The balance at September 30, 2021 is \$370,000.

\$465,000, 2009 Certificates of Obligation, due in annual installments, ranging from \$9,000 to \$25,000 at rates of 3.625%, maturing January 15, 2039. The balance at September 30, 2021 is \$340,000.

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2021, are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	46,106	10,376	56,482
2023	47,692	8,790	56,482
2024	49,334	5,451	54,785
2025	51,031	3,695	54,726
2026	52,787	1,879	54,666
Thereafter	54,603	-	54,603
Totals	<u>\$ 301,553</u>	<u>\$ 92,681</u>	<u>\$ 394,234</u>

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	103,820	40,662	144,482
2023	105,378	38,017	143,395
2024	109,003	35,304	144,307
2025	110,697	30,891	141,588
2026	77,320	29,524	106,844
2027-2028	163,242	49,713	212,955
2029-2033	249,082	77,337	326,419
2034-2038	240,000	36,318	276,318
2039-2043	54,000	1,957	55,957
Totals	<u>\$ 1,212,542</u>	<u>\$ 339,723</u>	<u>\$ 1,552,265</u>

H. 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. During fiscal year 2018, the City obtained 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 above 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.

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

I. Pension Plan

1. **Plan Description** The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title B, 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' 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.tms.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.

Employees covered by benefit terms:

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	23
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>22</u>
Total covered employees	81

3. **Contributions**

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

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.94% and 12.76% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$120,382 and were equal to the required contributions.

4. **Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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 TEAGUE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	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 male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2019, valuation were based on the results of actuarial investigation 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. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2016 valuation.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

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

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.

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2019	\$ 3,049,474	\$ 3,265,233	\$ (215,759)
Changes for the year			
Service cost	151,722	-	151,722
Interest	205,697	-	205,697
Change of benefit terms	-	-	-
Difference between expected and actual experience	(35,301)	-	(35,301)
Changes of assumptions	-	-	-
Contributions - employer	-	120,382	(120,382)
Contributions - employee	-	67,304	(67,304)
Net investment income	-	247,474	(247,474)
Benefit payments, including refunds of employee contributions	(155,954)	(155,954)	-
Administrative expense	-	(1,604)	1,604
Other changes	-	(62)	62
Net changes	166,164	277,540	(111,376)
Balance at 12/31/2020	\$ 3,215,638	\$ 3,542,773	\$ (327,135)

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	Discount Rate	1% Increase in Discount Rate
	5.75%	6.75%	7.75%
City's net pension liability	\$ 141,707	\$ (327,135)	\$ (702,198)
Pension Plan Fiduciary Net Position		3,542,773	

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.

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

For the year ended September 30, 2021, the City recognized pension expense of \$(15,176).

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

CITY OF TEAGUE		
SCHEDULE OF PENSION EXPENSE		
SEPTEMBER 30, 2021		
1.	Total Service Cost	151,722
2.	Interest on the Total Pension Liability	205,697
3.	Changes in Current Period Benefits	-
4.	Employee Contributions	(67,304)
5.	Projected earnings on Plan Investments	(220,403)
6.	Administrative Expense	1,604
7.	Other Changes in Fiduciary Net Position	63
8.	Recognition of Current Year Outflow (Inflow) of Resources-Liab	(20,644)
9.	Recognition of Current Year Outflow (Inflow) of Resources-Assets	(5,414)
10.	Amortization of Prior Year Outflows (Inflows) of Resources-Liab	(31,764)
11.	Amortization of Prior Year Outflows (Inflows) of Resources-Assets	(28,733)
12.	Total Pension Expense (Income)	(15,176)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ (14,657)
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	(21,656)
Contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ (36,313)</u>

Year ended Dec. 31:		
2021	\$	(48,805)
2022	\$	2,880
2023	\$	(54,345)
2024	\$	(5,414)
2025	\$	-
Thereafter	\$	-
		(105,684)

\$(20,831) 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Net Other Post Employment Benefits Liability.

Actuarial Assumptions

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>22</u>
Total covered employees	43

Actuarial assumptions were developed from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. These assumptions were adopted in 2015 and first used in the December 31, 2015 valuation.

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

The Mortality Experience Investigation Study covering 2009 through 2011 is used as the basis for the post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs). Mortality Rates for service employees uses the RP2000 Combined 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 with scale BB to account for future mortality improvements subject to the 3% floor.

Inflation	2.50% per year
Overall payroll growth	3.50 to 10.5% per year including inflation
Discount rate	3.31%

Changes in the Net Other Post Employment Benefits Liability

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at 12/31/19	\$105,093
Changes for the year	
Service Cost	3,077
Interest on Total OPEB liability	2,915
Changes of benefit terms	0
Differences between expected and actual experience	(432)
Changes in assumption or other inputs	15,352
Benefit payments	(1,250)
Net changes	19,662
Total OPEB Liability – 12/31/20	\$124,755
Total OPEB Liability as a Percentage of Covered Payroll	12.98%
Covered Payroll	\$961,483
Sensitivity of the Total OPEB Liability to Changes in the Discount Rate	

The following presents the total OPEB liability of the City, calculated using the current discount rate of 3.31% 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 (2.31%) or -1 percentage point higher (4.31%) than the current rate. Because the SDBF is considered an unfunded trust, the relevant discount rate to calculate the total OPEB liability is based on the Fidelity Index's 20 year Municipal GO AA Index.

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

1% Decrease in		1% Increase in	
	Discount Rate (2.31%)	Discount Rate (3.31%)	Discount Rate (4.31%)
Total OPEB liability	\$150,317	\$124,755	\$104,961

CITY OF TEAGUE			
SCHEDULE OF OPEB EXPENSE			
SEPTEMBER 30, 2021			
1.	Total Service Cost		3,077
2.	Interest on the Total OPEB Liability		2,915
3.	Changes in Benefit terms		-
4.	Employer administrative costs		-
5.	Recognition of deferred outflows/inflows of resources		
6.	Difference between expected and actual experience		(5,504)
7.	Changes in assumptions or other inputs		8,408
8.	Total OPEB Expense		8,896

DRAFT

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ (311)
Changes in assumptions and other inputs	11,064	-
Contributions subsequent to the measurement date	<u>N/A</u>	<u>City to provide</u>
 Total	 <u>\$ 11,064</u>	 <u>\$ (311)</u>

Year ended Dec. 31:

2021	\$ 2,898
2022	\$ 5,983
2023	\$ 2,419
2024	\$ -
2025	\$ -
Thereafter	\$ -
	11,300

Other Information

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. In order to determine the retiree portion of the City's Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation:

Total covered payroll * retiree Portion of SDB Contribution (Rate)

J. Health Care Coverage

During the year ended September 30, 2021, employees of the City were covered by a health insurance plan (the Plan). The city paid premiums of \$475 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the City and the third-party administrator is renewable October 1, 2018, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Texas Municipal League are available for the year ended December 31, 2021, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

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

K. 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 collectability 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 cities of Teague and Fairfield are pleased to announce that after a lengthy mediation with a former Texas Supreme Court Justice, that all claims and counter claims are being dismissed against each other. Teague is being released of liability on the TCEQ water and wastewater permits. The cities look forward to a stronger working relationship with each other.

DRAFT

Required Supplementary Information

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

CITY OF TEAGUE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
General Property Taxes	\$ 818,000	\$ 818,000	\$ 916,022	\$ 98,022
General Sales and Use Taxes	520,000	520,000	568,721	48,721
Franchise Taxes	185,000	185,000	315,828	130,828
Alcoholic Beverages	2,000	2,000	2,551	551
Taxes, Hotel-Motel	200	200	115	(85)
License and Permits	35,100	35,100	17,353	(17,747)
Intergovernmental	-	-	69,802	69,802
Charges for Services	32,800	32,800	41,099	8,299
Fines	63,700	63,700	50,069	(13,631)
Rents	-	-	27,290	27,290
Investment Earnings	54,500	54,500	43,367	(11,133)
Miscellaneous	3,500	3,500	-	(3,500)
Contributions and Donations	16,500	16,500	270,902	254,402
Total Revenues	<u>1,731,300</u>	<u>1,731,300</u>	<u>2,323,119</u>	<u>591,819</u>
Expenditures:				
Current:				
General Government	578,000	578,000	480,093	97,907
Public Safety	822,119	822,119	670,113	152,006
Highways & Streets	354,000	354,000	210,715	143,285
Culture & Recreation	225,000	225,000	203,469	21,531
Economic Development	-	-	163,280	(163,280)
Library Services	116,881	116,881	126,833	(9,952)
Principal	-	-	44,572	(44,572)
Interest and Fiscal Charges	-	-	11,910	(11,910)
Equipment	-	-	152,977	(152,977)
Total Expenditures	<u>2,096,000</u>	<u>2,096,000</u>	<u>2,063,962</u>	<u>32,038</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(364,700)</u>	<u>(364,700)</u>	<u>259,157</u>	<u>623,857</u>
Other Financing Sources (Uses):				
Transfers in	364,700	364,700	-	(364,700)
Total Other Financing Sources (Uses)	<u>364,700</u>	<u>364,700</u>	<u>-</u>	<u>(364,700)</u>
Net Change in Fund Balances	-	-	259,157	259,157
Prior Period Adjustment			-	
Fund Balances - Beginning	627,408	62,740	627,408	564,668
Fund Balances - Ending	<u>\$ 627,408</u>	<u>\$ 62,740</u>	<u>\$ 886,565</u>	<u>\$ 823,825</u>

EXHIBIT B-2

**CITY OF TEAGUE
 SCHEDULE OF THE CITY'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2012	2011	2010	2009
City's proportion of the net pension liability (asset)	-10.17%	-7.08%	3.79%	15.79%	13.25%	8.47%	-	-	-	-
City's proportionate share of the net pension liability (asset)	\$ (327,135)	\$ (215,759)	\$ 110,991	\$ 412,325	\$ 377,349	\$ 231,873	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the City	3,215,638	3,049,474	2,927,950	2,611,656	2,471,733	2,504,283	-	-	-	-
Total	\$ 2,888,503	\$ 2,833,715	\$ 3,038,941	\$ 3,023,981	\$ 2,849,082	\$ 2,736,156	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 961,483	\$ 802,439	\$ 869,899	\$ 933,988	\$ 853,857	\$ -	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-34.02%	-26.89%	12.76%	27.16%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	110.17%	107.08%	102.41%	86.77%	91.53%	-	-	-	-	-

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

**CITY OF TEAGUE
 SCHEDULE OF CITY CONTRIBUTIONS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS***

EXHIBIT B-3

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2011	2010	2009
Contractually required contribution	\$ 187,686	\$ 170,074	\$ 155,545	\$ 168,498	\$ 114,145	\$ 120,863	\$ 109,804	-	-	-
Contributions in relation to the contractually required contribution	(187,686)	(170,074)	(155,545)	(168,498)	(114,145)	(120,863)	(109,804)	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 961,483	\$ 875,320	\$ 802,439	\$ 869,899	\$ 893,060	\$ 853,857	\$ 853,857	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	19.52%	19.43%	19.38%	19.37%	12.78%	14.15%	12.86%	-	-	-

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

CITY OF TEAGUE
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2021
(UNAUDITED)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets a</u>	<u>Actuarial Accrued Liability (AAL) b</u>	<u>Funded Ratio (c)=(a/b)</u>	<u>Unfunded (Over funded) AAL (UAAL) (d)=(b-a)</u>	<u>Covered Payroll e</u>	<u>UAAL as a Percentage of Covered Payroll (d)/(e)</u>
12/31/15	2,813,561	2,868,202	98.09%	54,641	878,877	6.22%
12/31/16	2,657,523	3,023,981	87.88%	366,458	892,597	41.06%
12/31/17	2,521,800	2,849,082	88.51%	327,282	908,258	36.03%
12/31/18	2,816,959	2,927,950	96.21%	110,991	869,899	12.76%
12/31/19	3,265,223	3,049,474	107.08%	(215,749)	875,320	(24.65)%
12/31/20	3,542,773	3,215,638	110.17%	(327,135)	961,483	(34.02)%

DRAFT

CITY OF TEAGUE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Budget

The official budget was prepared for adoption for the General Fund, and the Debt Service Fund. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to September 30 of the preceding 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.
- b. A meeting of the Council is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Council.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Council. Amendments are presented to the Board at its regular meetings.

Each amendment must have Council approval. Such amendments are made before the fact, are reflected in the official minutes of the Council and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Council. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

There were changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

*Combining Statements
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

DRAFT

CITY OF TEAGUE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

EXHIBIT C-1

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Assets:			
Cash and Cash Equivalents	\$ (47)	\$ -	\$ (47)
Receivables (net of allowances for uncollectibles)	-	-	-
Total Assets	<u>\$ (47)</u>	<u>\$ -</u>	<u>\$ (47)</u>
 LIABILITIES AND FUND BALANCES:			
Liabilities:			
Deferred Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balances:			
Restricted Fund Balances:			
Restricted for debt service		-	-
Restricted for Law enforcement	<u>(47)</u>	<u>-</u>	<u>(47)</u>
Total Fund Balance	<u>(47)</u>	<u>-</u>	<u>(47)</u>
 Total Liabilities and Fund Balance	<u>\$ (47)</u>	<u>\$ -</u>	<u>\$ (47)</u>

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

EXHIBIT C-2

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit 5-A)
	<u> </u>	<u> </u>	<u> </u>
Revenue:			
Taxes:			
General Property Taxes	\$ -	\$ -	\$ -
Other revenues	4,089		4,089
Total Revenues:	<u>\$ 4,089</u>	<u>\$ -</u>	<u>\$ 4,089</u>
Expenditures:			
Current:			
Debt Service Principal		-	-
Debt Service Interest		-	-
General Government	11,465	-	11,465
Public Safety	-	-	-
Total Expenditures	<u>11,465</u>	<u>-</u>	<u>11,465</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,376)</u>	<u>-</u>	<u>(7,376)</u>
Other Financing Sources (Uses):			
Transfers (Out)/In	<u>-</u>	<u>(42,810)</u>	<u>(42,810)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(42,810)</u>	<u>(42,810)</u>
Net Change in Fund Balances	(7,376)	(42,810)	(50,186)
Fund Balances - Beginning	<u>\$ 9,937</u>	<u>\$ 42,810</u>	<u>\$ 52,747</u>
Fund Balances - Ending	<u>\$ 2,561</u>	<u>\$ -</u>	<u>\$ 2,561</u>

CITY OF TEAGUE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2021

EXHIBIT C-3

	<u>Police Forfeiture Fund</u>	<u>Christmas in the Park Fund</u>	<u>Court House Security Fund</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit C-1)</u>
ASSETS				
Assets:				
Cash and Cash Equivalents	\$ 101	\$ 2,026	\$ (1,428)	\$ 699
Total Assets	<u>\$ 101</u>	<u>\$ 2,026</u>	<u>\$ (1,428)</u>	<u>\$ 699</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable		746		746
Fund Balances:				
Restricted Fund Balances:				
Restricted for Special Revenue Funds	\$ 101	\$ 1,280	\$ (1,428)	\$ (47)
Total Fund Balance	<u>101</u>	<u>1,280</u>	<u>(1,428)</u>	<u>(47)</u>
 Total Liabilities and Fund Balance	 <u>\$ 101</u>	 <u>\$ 2,026</u>	 <u>\$ (1,428)</u>	 <u>\$ 699</u>

CITY OF TEAGUE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT C-4

	Police Forfeiture Fund	Christmas in the Park Fund	Court House Security Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:				
Fines	\$ -	\$ 2,262	\$ 1,827	\$ 4,089
Total Revenues	<u>-</u>	<u>2,262</u>	<u>1,827</u>	<u>4,089</u>
Expenditures:				
Current:				
General Government	-	1,560	9,905	11,465
Public Safety	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,560</u>	<u>9,905</u>	<u>11,465</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>702</u>	<u>(8,078)</u>	<u>(7,376)</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balances	 <u>-</u>	 <u>702</u>	 <u>(8,078)</u>	 <u>(7,376)</u>
 Fund Balances - Beginning	 101	 578	 6,650	 7,329
Fund Balances - Ending	<u>\$ 101</u>	<u>\$ 1,280</u>	<u>\$ (1,428)</u>	<u>\$ (47)</u>

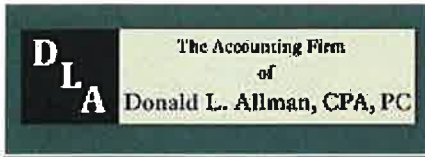
CITY OF TEAGUE
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT C-5

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Taxes:			
General Property Taxes	\$ 168,500	\$ -	\$ (168,500)
Total Revenues	<u>168,500</u>	<u>-</u>	<u>(168,500)</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>168,500</u>	<u>-</u>	<u>(168,500)</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(168,500)</u>	<u>-</u>	<u>168,500</u>
Total Other Financing Sources (Uses)	<u>(168,500)</u>	<u>-</u>	<u>168,500</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.



Donald L Allman, CPA, PC
4749 Williams Dr., Ste. 322
Georgetown, Texas 78633
Email: dallman@donallmancpa.com

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditors' Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

City Council
City of Teague
105 South 4th Street
Teague, Texas 75860

Members of the City Council
City of Teague, Texas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Teague, 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 Teague, Texas' basic financial statements, and have issued our report thereon dated June 29, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Donald L. Allman, CPA, PC

Georgetown, Texas
June 29, 2022

DRAFT

Agenda Item

6. NEW BUSINESS

- b. Discussion and possible action on the Teague Economic Development Corporation's 2019-2020 Fiscal Year Audit and receiving update on the 2020-2021 Fiscal Year Audit.

TEAGUE ECONOMIC DEVELOPMENT CORPORATION

TEAGUE, TEXAS

BASIC FINANCIAL STATEMENTS

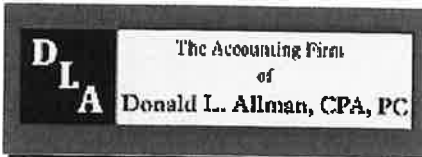
AND SUPPLEMENTAL SCHEDULES

AND INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-5
Governmental Wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet – Governmental Funds	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes In Fund Balance of Governmental Funds	10
Reconciliation of the Governmental Funds Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	11
Notes to the Financial Statements	12-15
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	17
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	18



Donald L Allman, CPA, PC
4749 Williams Drive, Suite 322
Georgetown, Texas 78633

CERTIFIED PUBLIC ACCOUNTANT

**Report on Financial Statements Issued in Accordance with
Government Auditing Standards or in a Single Audit**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Teague Economic Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Teague Economic Development Corporation as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Teague Economic Development Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-5 and 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Teague Economic Development Corporation's basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the Teague Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Teague Economic Development Corporation's internal control over financial reporting and compliance.

Donald L. Allman, CPA, PC



Georgetown, TX
June 27, 2022

Management's Discussion and Analysis

As management we offer readers of the Teague Economic Development Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended September 30, 2020. Please read it in conjunction with the financial statements and accompanying notes.

Overview of the Financial Statements

The annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Corporation is a self supporting entity and uses a governmental fund to report operations.

The governmental fund statements tell how general services were financed in the short term as well as what remains for future spending.

The government-wide financial statements provide both long-term and short-term information about the Corporation's overall financial status. The government-wide statements are presented in a manner similar to a private business, such as a real estate development, investment banking, commercial lending, construction management and private consulting. The statement of net position includes all the Corporation's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Financial Highlights

- The assets of the Corporation exceed its liabilities at the close of the most recent fiscal year by \$900,462.
- As of the close of the current fiscal year, the Corporation reported an increase in net position of \$32,241 on the Governmental Activities Funds basis.

The following table provides a summary of the Corporation's Statement of Net Position:

	2020	2019
Current assets	\$ 470,881	\$ 521,710
Capital assets, net	429,581	357,632
TOTAL ASSETS	900,462	879,342
Current liabilities	-	1,121
Long-term liabilities	-	-
TOTAL LIABILITIES	-	1,121
Net Position:		
Net Investment in Capital Assets	429,581	357,632
Restricted	-	-
Unrestricted	470,881	521,710
TOTAL NET POSITION	\$ 900,462	\$ 879,342

Government-Wide Financial Analysis

The following table provides a summary of the Corporation's Changes in Net Position.

	2020	2019
Revenues:		
Sales tax	\$ 150,342	\$ 155,774
Interest income	1,324	1,775
Rental income	1,500	1,693
Net Loss on Investment account	(3,406)	
Restitution	33	19
TOTAL REVENUES	<u>149,793</u>	<u>159,261</u>
Expenses:		
Website services, expenses	630	79
Meals & entertainment	37	1,001
Legal, Audit & Professional fees	15,009	7,442
Rent	2,500	6,000
Building maintenance	3,534	535
Insurance	-	1,040
Copier	23	1,976
Office expenses	10,862	4,391
Planning & Development	2,250	4,584
Payroll expenses	4,754	21,195
Projects Raymond Property	76,079	-
Dues	100	100
Telephone & internet	1,774	-
Building Façade improvements	-	23,231
TOTAL EXPENSES	<u>117,552</u>	<u>71,574</u>
CHANGE IN NET POSITION	32,241	87,687
Beginning net position	<u>879,342</u>	<u>767,452</u>
Prior year adjustment	(11,121)	24,203
ENDING NET POSITION	<u>\$ 900,462</u>	<u>879,342</u>

Operating Activities. Operating activities increased the Corporation's net position by \$32,241.

Capital Assets.

	2020	2019
Land	\$ 231,141	\$ 231,141
Building	198,440	187,632
TOTAL	<u>\$ 429,581</u>	<u>\$ 418,773</u>

Long-Term Debt. The Corporation has no outstanding debt at year end.

Requests for Information

This financial report is designed to provide a general overview of the Corporation for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Teague Economic Development Corporation, 411 Main Street, Teague, TX 75860.

TEAGUE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current assets:	
Cash & cash equivalents	\$ 470,881
Sales Tax Receivable	-
Total current assets	470,881
Non-Current Assets	
Capital assets	
Land	231,141
Buildings & Improvements	198,440
Total non-current assets	429,581
TOTAL ASSETS	\$ 900,462
LIABILITIES	
Current:	
Accounts payable	\$ -
Payroll liabilities	-
TOTAL CURRENT	-
TOTAL LONG-TERM	-
TOTAL LIABILITIES	-
NET POSITION	
Net Investment in Capital Assets	429,581
Restricted	-
Unrestricted	470,881
TOTAL NET POSITION	900,462

The accompanying notes are an integral part of the financial statements

TEAGUE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

	GOVERNMENTAL ACTIVITIES
Revenues:	
Sales tax	\$ 150,342
Net Loss on investment account	(3,406)
Interest income	1,324
Rental income	1,500
Restitution	33
TOTAL REVENUES	149,793
Expenditures:	
Website services, expenses	630
Meals & Entertainment	37
Dues	100
Legal, Audit & Professional fees	15,009
Office expenses	10,885
Planning & Development	2,250
Payroll expenses	4,754
Rent	2,500
Projects Raymond Property	76,079
Building Maintenance	3,534
Building Façade Improvements	-
Telephone & internet	1,774
TOTAL EXPENSES	117,552
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	32,241
Change in net position	32,241
Net position beginning of fiscal year	879,342
Prior Period Adjustment	(11,121)
Net Position end of fiscal year	\$ 900,462

The accompanying notes are an integral part of the financial statements

TEAGUE ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Total Governmental Funds
Assets:		
Cash and Cash Equivalents	\$ 470,881	\$ 470,881
Sales Tax Receivable	-	-
Total Assets	\$ 470,881	470,881
Liabilities and Fund Balances		
Liabilities:		
payroll liabilities	\$ -	-
Unearned Revenue	-	-
Total Liabilities	\$ -	\$ -
Fund Balances:		
Nonspendable		
Restricted for Debt Service	-	\$ -
Restricted for Construction	-	-
Unassigned	470,881	470,881
Total Fund Balances	\$ 470,881	470,881
Total Liabilities and Fund Balances	\$ 470,881	470,881

The accompanying notes are an integral part of the financial statements

TEAGUE ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds	\$	470,881
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	\$	429,581
Some long-term liabilities are not due and payable in the current period and therefore are not reported in these funds.		-
	\$	-
Net Position of Governmental Activities	<u>\$</u>	<u>900,462</u>

The accompanying notes are an integral part of the financial statements.

TEAGUE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Total Governmental Funds
<u>Revenues</u>		
Taxes:		
Sales Taxes	\$ 151,463	\$ 151,463
Grant Income	-	-
Net Loss on Investment account	(3,406)	(3,406)
Rental income	1,500	1,500
Investment Earnings	1,324	1,324
Restitution	33	33
Total Revenues	\$ 150,914	\$ 150,914
<u>Expenditures</u>		
Current:		
Website services, expenses	630	630
Meals & Entertainment	37	37
Dues	100	100
Office expenses	10,885	10,885
Payroll expenses	4,754	4,754
Planning & Development	2,250	2,250
Rent	2,500	2,500
Building maintenance	3,534	3,534
Legal, Audit & Professional fees	15,009	15,009
Telephone & internet	1,774	1,774
Projects Raymond Property	76,079	76,079
Capital Outlay	71,949	71,949
Total Expenditures	\$ 189,501	\$ 189,501
Other Financing Sources:		
	-	-
Prior Period Adjustment	(11,121)	(11,121)
Net Changes in Fund Balances	\$ (38,587)	\$ (38,587)
Fund Balances - Beginning	\$ 520,589	\$ 520,589
Fund Balances - Ending	\$ 470,881	\$ 470,881

The accompanying notes are an integral part of the financial statements.

TEAGUE ECONOMIC DEVELOPMENT CORPORATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 SEPTEMBER 30, 2020

Total Net Change in Fund Balances - Governmental Funds	\$	(38,587)
Current year capital outlays are expenditures in the fund financial but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of the current year capital outlays is to increase net assets.		71,949
Depreciation & Amortization is not recognized as an expense in governmental funds since it does not require resources of current funds. The net effect of the current year depreciation & amortization is to decrease net assets.		-
Principal payments on bonds are not outflows for governmental activities		-
Miscellaneous adjustments between government wide & govt. funds		(11,121)
Sales tax revenues received on cash basis vs. accrual basis		10,000
		-
		-
Change in Net Position of Governmental Activities	\$	32,241

The accompanying notes are an integral part of the financial statements.

TEAGUE ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTANT POLICIES

The accounting policies of the Teague Economic Development Corporation “the Corporation” conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

A. Reporting Entity

The CEDC Articles of Incorporation were approved by the Teague city council on July 2, 2007 and filed with the Secretary of State on July 5, 2007. An election was held in the regular election of May 12, 2007 to change the ½ cent sales tax for economic development from a Type A to a Type B corporation. The proposition passed in that vote. The Teague EDC is a type B sales tax corporation formed under the economic development act.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Corporation uses only governmental funds to report their operations and are engaged in a single program. For this reason, the Corporation has combined their fund financial statements and their government-wide financial statements by providing a columnar (line-by-line) reconciliation on the face of the financial statements.

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The following governmental fund is reported:

The *general fund* is the primary operating. It accounts for all financial resources.

C. Capital Assets

Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Corporation as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the Corporation are depreciated using the straight line method over the following estimated useful lives:

ASSETS	YEARS
Buildings and improvements	20-50
Computers, furniture and equipment	5-10

TEAGUE ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
 September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Budgetary Data

The Board adopts an “appropriated budget” for the General Fund, The Corporation is required to present the adopted and final amended budgeted revenues and expenditures. The Corporation compares the final amended budget to actual revenues and expenditures.

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

1. Prior to September 30, the Corporation Board of Directors prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget.
3. Prior to September 30, the budget is legally enacted through passage of a resolution by the Teague Economic Development Corporation, Texas. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The Corporation had no budget amendments during the year.
4. Budgeted amounts are as amended by the Board and City Council. All budget appropriations lapse at year end.

E. Subsequent Events

Management has evaluated subsequent events through December 30, 2019, the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Corporation is authorized to invest in securities that are listed in Texas House Bill 2459, *Public Funds Investment Act of 1995*.

The Corporations deposits were fully insured or collateralized at September 30. At year end, the carrying amount of deposits in the Corporation operating account was \$470,880.

All investments held at September 30, are insured or registered, or held by the Corporation or its agent in the Corporations name (Category1).

The Corporation’s investments as of September 30, are:

	CARRY AMOUNT	MARKET VALUE
Prosperity Bank	\$ 174,252	\$ 174,252
Wells Fargo	79,962	79,962
Freestone credit union	14,518	14,518
Citizens State Bank	202,148	202,148
	\$ 470,880	\$ 470,880

TEAGUE ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
 September 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS – CONTINUED

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

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

NOTE 3 – CAPITAL ASSET ACTIVITY

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

	PRIMARY GOVERNMENT			
	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Governmental Activities:				
Buildings & Improvements	\$ 187,632	\$ 10,808	\$ -	\$ 198,440
Land	170,000	61,141	-	231,141
TOTAL ASSETS	357,632	71,949	-	429,581
Accumulated depreciation	-	-	-	-
TOTAL	\$ 357,632	\$ 71,949	\$ -	\$ 429,581

NOTE 4 – LONG-TERM DEBT

Teague EDC has no long term debt at September 30, 2020.

TEAGUE ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
September 30, 2020

NOTE 5 – CONCENTRATION OF RISK

The Corporation is dependent on sales taxes collected in the Teague Economic Development Corporation, Texas. Therefore, the Corporation is subject to any significant changes in the economic environment to the City.

NOTE 6 – SUBSEQUENT EVENTS

No subsequent events that would have a material effect on the financial statements were noted as of June 27, 2022.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

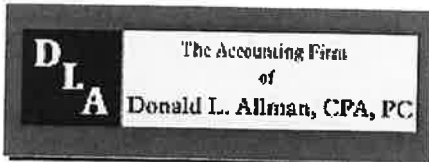
A prior period adjustment resulting in an \$(11,121) change to the net position results from removing a \$10,000 receivable from Teague Economic Development Corporation's books because it is not collectible within 60 days of the fiscal year end and is doubtful it will be collected. A \$1,121 adjustment is made to reconcile the cash balances per bank statements and reconciliations for fiscal years ended 9/30/19 and 9/30/20.

REQUIRED SUPPLEMENTARY INFORMATION

TEAGUE ECONOMIC DEVELOPMENT CORPORATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended September 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:				
Sales Tax	\$ 145,000	\$ 145,000	\$ 151,463	\$ 6,463
Loss on Investment account	-	-	(3,406)	(3,406)
Interest income	2,100	2,100	1,324	(776)
Lease & building use income	-	-	1,500	1,500
Restitution	2,000	2,000	33	(1,967)
TOTAL REVENUES	<u>149,100</u>	<u>149,100</u>	<u>150,914</u>	<u>1,814</u>
Expenditures:				
Website services, expenses	1,500	1,500	630	870
Phone & internet services	10,000	10,000	1,774	8,226
Dues	100	100	100	-
Office expenses	3,200	3,200	2,282	918
computer printer	2,000	2,000	-	2,000
rent	6,000	6,000	2,500	3,500
Insurance	10,000	10,000	-	10,000
Water/electricity	10,000	10,000	2,554	7,446
Office furniture,decor	50,000	50,000	6,049	43,951
Projects Raymond Property	372,255	372,255	78,329	293,926
Building maintenance	3,000	3,000	3,534	534
Legal & professional	16,000	16,000	15,009	991
Salary	50,000	50,000	4,754	45,246
Payroll expenses	12,000	12,000	-	(12,000)
Building Façade improvements	3,000	3,000	-	3,000
Meals & Entertainment	7,000	7,000	37	6,963
Capital expense	-	-	71,949	(71,949)
TOTAL EXPENDITURES	<u>556,055</u>	<u>556,055</u>	<u>189,501</u>	<u>343,622</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER	(406,955)	(406,955)	(38,587)	345,436
Prior Period Adjustment	-	-	(11,121)	-
CHANGE IN NET POSITION	(406,955)	(406,955)	(49,708)	345,436
Fund balance beginning of year	520,589	520,589	520,589	-
FUND BALANCE END OF YEAR	<u>\$ 113,634</u>	<u>\$ 113,634</u>	<u>\$ 470,881</u>	<u>\$ 345,436</u>

The accompanying notes are an integral part of the financial statements.



Donald L Allman, CPA, PC
4749 Williams Drive, Ste. 322
Georgetown, Texas 78633

CERTIFIED PUBLIC ACCOUNTANT

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

To the Board of Directors
Teague Economic Development Corporation, TX

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Teague Economic Development Corporation, TX, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Teague Economic Development Corporation, TX's basic financial statements, and have issued our report thereon dated June 27, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Donald L. Allman, CPA, PC

Georgetown, TX
June 27, 2022

Agenda Item

6. NEW BUSINESS

- c. Discussion and possible action on approving the upcoming Budget Workshop Meeting Dates.

Agenda Item

6. NEW BUSINESS

- d. Discussion and possible action on approving Ordinance 2022-07-05, an ordinance amending Ordinance 2021-09-02 the City's Budget for Fiscal Year 2021-2022.

Replacement of 2 5-ton A/C units at the Community Center

ORDINANCE BUDGET AMENDMENT NO. 2022-07-05

AN ORDINANCE OF THE CITY OF TEAGUE, TEXAS (“CITY”), AMENDING ORDINANCE NO. 2021-09-02 THE CITY’S BUDGET FOR FISCAL YEAR 2021-2022; PROVIDING FOR ALLOCATION OF FUNDS FROM THE FUND RESERVE; PROVIDING FOR ESTABLISHMENT OF ADDITIONAL FUNDS; REVISING THE CHART OF ACCOUNTS; FINDING MUNICIPAL PURPOSES; AUTHORIZING EXPENDITURES; PROVIDING FOR A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to Section 102.010 the Texas Local Government Code (“LGC”), Chapter 102 of the LGC does not prevent the city’s governing body (“Board of Aldermen”) from making changes in the budget for municipal purposes; and

WHEREAS, pursuant to Texas Local Government Code Section 51.001, the City has general authority to adopt an ordinance or police regulation that is for the good government, peace or order of the City and is necessary or proper for carrying out a power granted by law to the City; and

WHEREAS, by Ordinance No. 2021-09-02 the Board of Aldermen of the City of Teague, Texas, adopted its budget for the 2021-2022 Fiscal Year; and

WHEREAS, by Ordinance No. 2022-02-15, 2022-05-16-A, and 2022-06-20 the Board of Aldermen of the City of Teague, Texas, amended its budget for the 2021-2022 Fiscal Year; and

WHEREAS, the Board of Aldermen finds it necessary and proper to amend the 2021-2022 Fiscal Year Budget Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF TEAGUE, TEXAS AS FOLLOWS:

1. AMENDMENT

The Board of Aldermen amends Ordinance No. 2021-09-02, the budget for Fiscal Year 2021-2022, for the following Chart of Account Number and amounts:

Expenditures

- 03-43-5701 – Community Center – Repair & Maint: Bldg - \$17,500.00

2. CUMULATIVE CLAUSE

This Ordinance shall be cumulative of all provisions of ordinances of the City of Teague, Texas, except where the provisions of this Ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

3. SEVERABILITY CLAUSE

That if any section, subsection, paragraph, clause, phrase, or provision of this Ordinance shall be adjudged invalid or held unconstitutional, the same shall not affect the validity of this Ordinance as a whole or provision thereof, other than the part so decided to be invalid or unconstitutional.

4. SAVINGS CLAUSE

That all previous budget ordinances shall remain in full force and effect, save and except as amended by this Ordinance.

5. ENGROSSMENT & ENROLLMENT

The City Secretary of the City of Teague is hereby directed to engross and enroll this Ordinance by copying the caption, publication clause, and effective date clause in the minutes of the Board of Aldermen of the City of Teague and by filing this Ordinance in the ordinance records of the City.

6. EFFECTIVE DATE

The necessity for making and approving a budget for the fiscal year, as required by the laws of the State of Texas, requires that this Ordinance shall take effect immediately from and after its passage, as the law in such case provides.

7. PROPER NOTICE & MEETING

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, and Chapter 551.

PASSED, APPROVED AND ADOPTED this, the 5th day of July 2022, by a vote of ___ (*ayes*) to ___ (*nays*) to ___ (*abstentions*) of the Board of Aldermen of Teague, Texas.

CITY OF TEAGUE:

by: _____
David Huffman, Mayor

ATTEST:

Theresa Bell, CPM, TRMC
City Administrator / Secretary

Agenda Item

7. OLD BUSINESS

- a. Discussion and possible action on appointing the Teague Municipal Judge.

Agenda Item

7. OLD BUSINESS

- b. Discussion and possible action on modifying current permitting and inspection requirements as prescribed by City of Teague Code of Ordinances.

City of Teague Permitting July 2022

Permit Type	Ordinance	Established	Fees	Requirements	Inspectors if Required
Burn Permit	5.500	2/11/2008	\$0.00	Application, Plan & Map submittal for review	Fire Chief / Fire Marshal
New Business	4.400	2/13/79	\$50.00	Application	N/A
Vendor	4.400	2/13/79	\$25/day or \$200/yr	Application	N/A
Mobile Food Truck	4.400	2/13/79	\$25/day or \$200/yr	Application & Copy of State Health Department License	State of Texas Health Department
Solicitors	4.400	2/13/79	\$25/day	Application	N/A
	4.500	In 1999			
Carnival	4.100	4/1/79	\$500/day	Application	N/A
Garage Sale	4.704	5/12/03	\$0.00	Application	N/A
Sell of Alcohol	4.900		\$0.00	State Application submission to City Secretary for Signature	N/A
New Electrical Licensing	3.207	11/9/65	\$50.00	Application, Copy of license and Insurance	N/A
Demolition	3.303	4/14/03	Residential \$50 Commercial \$100	Residential-Application & Commercial Application and Submittal of Asbestos Testing	Commercial Only- Asbestos Testing Submission to the State of Texas Health Department
Manufactured Home	3.500	10/1/01	\$500.00	Application, Proof of ownership or long term lease of land, Title or Application for Statement of Ownership and Location, Property Layout and Floor Plan	Contractor Bureau Veritas (Electrical, CSI, Egress)
Moving a Building	3.100	11/25/63	22'-26' \$200	Application	N/A
	3.303	4/14/03	Under 22' \$100		
Offsite Building Only	3.303	4/14/03	\$.10/sq ft Minimum \$50.00	Application	N/A
Fire Inspection			Single Family \$150.00 Multi Family \$200.00 Commercial \$250.00	Usually a specialty request by customer - Application and any plans necessary	Local Fire Inspector
Construction Under \$10K with no Electrical or Plumbing	3.303	4/14/03	\$0.00	Application	N/A
Construction Under \$10K with Electrical and/or Plumbing	3.303	4/14/03	\$100/trade	Application and Applicable non-engineered plans of electrical and plumbing	Electrical and/or Plumbing Only - Contractor Bureau Veritas Atmos requires a plumbing inspection on gas lines if they have been dormant for too long

Residential Remodel / Addition Construction Over \$10K These may include, electrical, plumbing, mechanical, pool	3.303	4/14/03	\$100 Base + \$100/trade	Residential Remodel: Application and applicable supporting documentation (site plans, residential energy code compliance report, foundation plans, house (remodel/addition) plans)	Contractor Bureau Veritas
Residential New	3.303	4/14/03	0-1,500 S.F. \$785.00 1,501-10,000 S.F. \$785.00 for first 1,500 S.F. + \$0.35/additional S.F.	Application, Plot Plans, Energy Reports, Stamped Engineered Foundation Letters & Plans, Sets of House Plans and Sets Engineered Wind Bracing Plans	Contractor Bureau Veritas
Construction Over \$10K These may include, electrical, plumbing, mechanical, pool	3.400	4/25/72			
Commercial New and remodel/additions	3.303	4/14/03	See Chart Below	Application and Applicable Plans	Contractor Bureau Veritas
Construction	3.303	4/14/03	See Chart Below	Application, 3 Sets of Plans, Texas Dept of Licensing and Regulation Architectural Barriers if over \$50,000, Energy Report, If remodel or demo will need Asbestos Report or declaration	Contractor Bureau Veritas

Commercial and Multi-Family Construction Plan Review & Inspections

Square Footage (S.F.)	Fee
\$1 to \$ 10,000	\$126.92
\$10,001 to \$25,000	\$179.44 for the first \$10,000 plus \$13.86 for each additional \$1,000
\$25,001 to \$50,000	\$387.34 for the first \$50,000 plus \$10.00 for each additional \$1,000
\$50,001 to \$100,000	\$637.34 for the first \$100,000 plus \$6.93 for each additional \$1,000
\$100,001 to \$500,000	\$983.84 for the first \$500,000 plus \$5.25 for each additional \$1,000
\$500,001 to \$1,000,000	\$3,203.84 for the first \$1,000,000 plus \$4.70 for each additional \$1,000
\$1,000,001 and up	\$5,553.84 for the first \$1,000,001 plus \$3.12 for each additional \$1,000

Contractor Bureau Veritas is a nationwide company, the inspector comes from Axtel, TX and our Regional Manager comes from McGregor, TX

We charge actual inspection cost to the customer and there are no reinspection fees if customer fails initial inspection

City if Teague collects the fees upfront and the Contractor collects fees from the City at the close of the project permit

Agenda Item

7. OLD BUSINESS

- c. Discussion and possible action on modifying the billings procedures and fees for commercial water, residential and commercial sewer.

**Proposed Modifications to Sewer Fees and Billing Procedures
Residential and Commercial Accounts**

Usage	Proposed Charge
0-2000	\$25.00
2001-4000	\$30.00
4001-6000	\$35.00
6001-8000	\$40.00
8001-10,000	\$50.00
10,001-12,000	\$60.00
12,001-14,000	\$70.00
14,001-16,000	\$80.00
16,001+	\$25 Base Rate for first 2,000 usage plus \$4.08 / 1,000 gallons for 2,001+ usage
Residential Unit Based Billing	\$30/each Unit

Agenda Item

7. OLD BUSINESS

- d. Discussion and possible action regarding the City of Teague Fee Schedule.

City of Teague Fee Schedule

Utility & Billing Fees

Utility Deposit Owner	\$100.00	Residential Water Tap Fees	
Utility Deposit Renter	\$150.00	3/4"	\$500.00
Utility Connection Fee	\$25.00	1"	\$600.00
Utility Reconnection Fee	\$40.00	2"	\$1,000.00
	\$25.00 / first 2,000		Actual Cost at Time
Base Water Rate in City Residential	gallons	4" or Larger	of Service
Water rates per 1,000 gallons over 2,000			
gallons in City Residential	\$5.08	Commercial Water Tap Fees	
	\$30.00 / first 2,000	3/4"	\$600.00
Base Water Rate in City Commercial	gallons	1"	\$700.00
Water rates per 1,000 gallons over 2,000		2"	\$1,100.00
gallons in City Commercial	\$5.08		Actual Cost at Time
	\$45.00 / first 2,000	4" or Larger	of Service
Base Water Rate out of City Residential	gallons		
Water rates per 1,000 gallons over 2,000		Customer Requested Water Meter	
gallons out of City Residential	\$7.12	Replacement	
	\$50.00 / first 2,000	5/8" X 3/4"	\$200.00
Base Water Rate out of City Commercial	gallons	3/4" X 3/4"	\$250.00
Water rates per 1,000 gallons over 2,000		1"	\$275.00
gallons out of City Commercial	\$7.12		Actual Cost at Time
		2" or larger	of Service
Water Purification fee per 1,000 gallons	\$0.04		
Temporary Utility Accounts per 1,000		Residential Sewer Tap Fees	
gallons	\$30.00	4"	\$525.00
	\$25.00 / first 2,000	6"	\$675.00
Base Sewer Rate in City Residential	gallons		Actual Cost at Time
Sewer rates per 1,000 gallons over 2,000		8" or Larger	of Service
gallons in City Residential	\$4.10	Commercial Sewer Tap Fees	
Base Sewer Rate in City Commercial	\$30.00 / first 2,000 gal,	4"	\$635.00
Sewer rates per 1,000 gallons over		6"	\$775.00
2,000 gallons in City Commercial	\$4.10		
	\$25.00 / first 2,000	8" or Larger	Actual Cost at Time
Base Sewer Rate out of City Residential	gallons		of Service
Sewer rates per 1,000 gallons over		Installation of Sewer Cleanout	
2,000 gallons out of City Residential	\$4.10	4"	\$250.00
Base Sewer Rate out of City	\$30.00 / first 2,000		
Commercial	gallons	Residential Garbage	\$13.75
Sewer rates per 1,000 gallons over		Commercial Garbage	\$14.50
2,000 gallons out of City Commercial	\$4.10	Each Additional Poly Cart	\$6.00
Customer Broken Water Meter or	Actual Cost at Time of		
Accessories	Service		
Customer Requested Meter Testing	\$50.00 Meters 1" & Below		
	\$100.00 Meters > 1"		
Customer Requested 2 or more times			
for the Water Meter to be Reread	\$10.00		
Volunteer Fire Depart Monthly Fee	\$1.00		

City of Teague Fee Schedule

Animal Control

Collection Center In City Residential Only

<p>Impoundment Fee-Unrestrained Dog or Cat</p> <p>First Offense</p> <p>Each subsequent offense</p> <p>Impoundment Fee--Livestock</p>	<p>Each 2-Axle Trailer Pass \$25.00</p> <p>2 Free Single Axle or Regular Size Vehicle Pass per Billing Cycle \$0.00</p> <p>Each Single Axle Trailer or Regular Size Vehicle Exceeding Customer's 2 Free Billing Cycle Passes \$10.00</p> <p>2 Free Brush Passes per Billing Cycle \$0.00</p> <p>Each Brush Pass Exceeding Customer's 2 Free Billing Cycle Passes \$10.00</p>
<p>\$65.00 plus fees assessed by contract shelter</p> <p>\$75.00 plus fees assessed by contract shelter</p> <p>Actual Cost</p>	

WRECKER FEES

<u>STANDARD / SERVICES</u>	<u>MAXIMUM FEE</u>
Motorcycle Tow	\$100
Standard Tow (up to 10,000 lbs GVW)	\$150
Medium Tow (single vehicle, combination or trailer 10,000 lbs or more but less than 25,000 lbs)	\$200 + \$150 per hour (or portion thereof) after first hour on scene, not including tow time to destination
Heavy Tow (single vehicle, combination or trailer weighing more than 25,000 lbs)	\$300 + \$150 per hour (or portion thereof) after first hour on scene, not including tow time to destination (\$918 total maximum)
Submerged/Partially Submerged Vehicle (any type)	Standard Tow: \$200 Medium Tow: \$250 + \$150 per hour after first hour (or portion thereof) on scene, not including tow time to destination Heavy Tow: \$350 + \$150 per hour (or portion thereof) after first hour on scene, not including tow time to destination
Trailer, Light or Medium (no vehicle)	\$75
Vehicle + Trailer (light and medium)	\$200
Boat or other item (with or without trailer)	\$75
<u>SPECIAL SERVICES</u>	
Dolly fee	\$45 + Standard Tow
Ditch or Sand Pull	\$65 + Standard Tow
Rollover	\$85 + Standard Tow
Shift Transmission Under Car	\$20 + Standard Tow
Remove Drive Shaft	\$30 + Standard Tow
Replace Tire (standard vehicle or trailer)	\$15 + Standard Tow
Winching	\$50 + Standard Tow, if over 50' length and only if a normal hook up is not possible because of conditions or location of vehicle.
<u>EXTRA FEES</u>	
No Keys	\$35 + Standard Tow*
Extra Cost (All Accidents)	\$35 + Standard Tow*
Storage Fee	\$20 per day or portion of day for vehicles under 25 feet; \$35 per day or portion of day for vehicles over 25 feet (per statute)

City of Teague Fee Schedule

RENTAL FEES

8th Avenue City Park	
RV Full Hookup Rental	\$35.00 per night
RV Full Water & Electrical Only	\$30.00 per night
Small Pavilion 0-4 hours	\$20.00
Small Pavilion All Day	\$30.00
Large Pavilion 0-4 hours	\$50.00
Large Pavilion All Day	\$75.00
Boy Scout House Deposit Rental	\$100.00
Boy Scout House 0-4 Hours	\$75.00
Boy Scout House All Day	\$125.00
Small Pavilion & Boy Scout House 0-4 Hours	\$85.00 + Boy Scout House Deposit
Small Pavilion & Boy Scout House All Day	\$140.00 + Boy Scout House Deposit
Large Pavilion & Boy Scout House 0-4 Hours	\$100.00 + Boy Scout House Deposit
Large Pavilion & Boy Scout House All Day	\$175.00 + Boy Scout House Deposit
Both Pavilions & Boy Scout House 0-4 Hours	\$150.00 + Boy Scout House Deposit
Both Pavilions & Boy Scout House All Day	\$200.00 + Boy Scout House Deposit

Booker T. Washington Park

Pavilion 0-4 hours	\$50.00
Pavilion All Day	\$75.00

Community Center

Deposit	\$250.00
0-6 Hours	\$175.00
12 Hours	\$275.00

Airport

Hanger Rental 6 Months	\$660.00
Hanger Rental 12 Months	\$1,200.00
Tie Down Daily Rental	\$20.00

Records Request

Police Incident/Accident Report	\$6.00
Standard Paper Copy	\$0.10 per page
Oversize Paper Copy	\$0.50 per page
Specialty Paper	Actual Cost
CD	\$1.00
DVD	\$3.00
Labor charge for locating, compiling, manipulating data, and reproducing public information for request involving more than fifty pages and/or requiring retrieval from off-site storage, and/or redacting confidential information pursuant to a mandatory exception of the Act which also qualifies for the labor charge pursuant to Texas Government Code, 552.261(a)(1) or (2).	\$15.00 per hour
Labor charge for programming if a request required the services of a programmer in order to execute an existing program or to create a new program so that requested information may be accessed and copied. If the City does not have in-house accordance with 552.261 (b) of the Texas Government Code. capabilities, it shall comply with requests in programming.	\$28.50 per hour
Overhead charges may be included for requests over 50 pages or if the production qualifies pursuant to Texas Government Code 552.261(a)(1) or (2).	20% of labor charge
Postage, shipping and supplies.	Actual Cost
<i>Public Information charges are established by the Texas Administrative Code, Title 1, Part 3, Chapter 70, Rule 70.3. City fees are subject to change in accordance with the Texas Administrative Code.</i>	

City of Teague Fee Schedule

Permits & Inspections

<table style="width: 100%; border-collapse: collapse;"> <tr> <td>Solicitor Permit</td> <td style="text-align: right;">\$25.00 per day</td> </tr> <tr> <td>Vendor Permit</td> <td style="text-align: right;">\$25.00 per day</td> </tr> <tr> <td>New Business Permit</td> <td style="text-align: right;">\$50.00</td> </tr> <tr> <td>New Licensing Permit</td> <td style="text-align: right;">\$50.00</td> </tr> <tr> <td>Carnivals, Circuses & Tent Shows</td> <td style="text-align: right;">\$500.00 per day</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Residential Demolition Permit</td> <td style="text-align: right;">\$50.00</td> </tr> <tr> <td>Commercial Demolition Permit</td> <td style="text-align: right;">\$100.00</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Moving of Building / Structure on Public Streets</td> <td></td> </tr> <tr> <td>22'-26' in height</td> <td style="text-align: right;">\$200.00</td> </tr> <tr> <td>Under 22' in height</td> <td style="text-align: right;">\$100.00</td> </tr> <tr> <td>Offsite Built Accessory Building (Shell Only)</td> <td style="text-align: right;">\$0.10 per square foot, Minimum of \$50.00</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Fire Inspection</td> <td></td> </tr> <tr> <td>Single Family Residential</td> <td style="text-align: right;">\$150.00</td> </tr> <tr> <td>Multi-Family Residential</td> <td style="text-align: right;">\$200.00</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">\$250.00</td> </tr> </table>	Solicitor Permit	\$25.00 per day	Vendor Permit	\$25.00 per day	New Business Permit	\$50.00	New Licensing Permit	\$50.00	Carnivals, Circuses & Tent Shows	\$500.00 per day			Residential Demolition Permit	\$50.00	Commercial Demolition Permit	\$100.00			Moving of Building / Structure on Public Streets		22'-26' in height	\$200.00	Under 22' in height	\$100.00	Offsite Built Accessory Building (Shell Only)	\$0.10 per square foot, Minimum of \$50.00			Fire Inspection		Single Family Residential	\$150.00	Multi-Family Residential	\$200.00	Commercial	\$250.00	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Manufactured Home Permit</td> <td style="width: 50%; text-align: right;">\$500.00</td> </tr> <tr> <td colspan="2">New or Used - Obtained from HUD</td> </tr> <tr> <td colspan="2">Manufactured Home Dealer; or</td> </tr> <tr> <td colspan="2">Non-dealer obtained Manufactured Home with an approved and passed HUD-Code Compliance Inspection performed within the prior 90-days of application)</td> </tr> </table>	Manufactured Home Permit	\$500.00	New or Used - Obtained from HUD		Manufactured Home Dealer; or		Non-dealer obtained Manufactured Home with an approved and passed HUD-Code Compliance Inspection performed within the prior 90-days of application)	
Solicitor Permit	\$25.00 per day																																												
Vendor Permit	\$25.00 per day																																												
New Business Permit	\$50.00																																												
New Licensing Permit	\$50.00																																												
Carnivals, Circuses & Tent Shows	\$500.00 per day																																												
Residential Demolition Permit	\$50.00																																												
Commercial Demolition Permit	\$100.00																																												
Moving of Building / Structure on Public Streets																																													
22'-26' in height	\$200.00																																												
Under 22' in height	\$100.00																																												
Offsite Built Accessory Building (Shell Only)	\$0.10 per square foot, Minimum of \$50.00																																												
Fire Inspection																																													
Single Family Residential	\$150.00																																												
Multi-Family Residential	\$200.00																																												
Commercial	\$250.00																																												
Manufactured Home Permit	\$500.00																																												
New or Used - Obtained from HUD																																													
Manufactured Home Dealer; or																																													
Non-dealer obtained Manufactured Home with an approved and passed HUD-Code Compliance Inspection performed within the prior 90-days of application)																																													

Building Permit Construction Inspection

New Residential Construction

Square Footage (S.F.)	Fee
0 – 1,500 S.F.	\$785.00
1,501 – 10,000 S.F.	\$785.00 for the first 1,500 S.F. plus \$0.35 for each additional S.F. to and including 10,000 S.F.
Over 10,000 S.F.	\$3,760.00 for the first 10,000 S.F. plus \$0.15 for each additional S.F. over 10,000 S.F.

Alteration/Addition for Residential Construction

Trade Permits	Fee
Building, Mechanical, Electrical, Plumbing, Fuel Gas and similar	\$100.00 base plus \$100 per trade
Other project types not listed above	\$160.00 per trade

Commercial and Multi-Family Construction Plan Review & Inspections

Square Footage (S.F.)	Fee
\$1 to \$10,000	\$126.92
\$10,001 to \$25,000	\$179.44 for the first \$10,000 plus \$13.86 for each additional \$1,000
\$25,001 to \$50,000	\$387.34 for the first \$50,000 plus \$10.00 for each additional \$1,000
\$50,001 to \$100,000	\$637.34 for the first \$100,000 plus \$6.93 for each additional \$1,000
\$100,001 to \$500,000	\$983.84 for the first \$500,000 plus \$5.25 for each additional \$1,000
\$500,001 to \$1,000,000	\$3,203.84 for the first \$1,000,000 plus \$4.70 for each additional \$1,000
\$1,000,001 and up	\$5,553.84 for the first \$1,000,001 plus \$3.12 for each additional \$1,000

Agenda Item

8. EXECUTIVE SESSION

- a. §551.087: Deliberation regarding economic development negotiations re: Project 6-22