

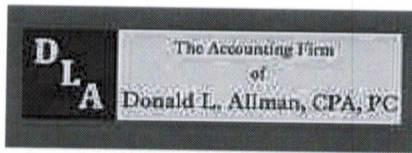
CITY OF JARRELL, TEXAS
Annual Financial Report

For the Year Ended
September 30, 2020

Donald, L. Allman, CPA, PC
Certified Public Accountant
Georgetown, Texas

CITY OF JARRELL, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020
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CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Honorable Mayor and City Council Members
City of Jarrell, Texas
161 Town Center Blvd
Jarrell, Texas 76537

Honorable Mayor and City Council Members:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jarrell, Texas, (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, and each major fund of the City of Jarrell, Texas, 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 6-11 and 40-41 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 Jarrell, Texas' basic financial statements. The accompanying combining schedules of non-major governmental funds as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of non-major governmental funds as listed in the table of contents 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 schedules of non-major governmental funds as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2020, on our consideration of the City's internal control over financial reporting and 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 with the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.



Donald L. Allman, CPA, PC

March 31, 2020
Georgetown, Texas

CITY OF JARRELL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Jarrell's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the City of Jarrell's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the year ended September 30, 2020, the City of Jarrell increased its net position by \$3,147,510 for government-wide financial reporting. The General Fund had a net position increase of \$1,082,316, and the Proprietary Fund had a net position increase of \$2,065,194.
- For the year ended September 30, 2020, the City of Jarrell increased its net position by \$1,039,580 for Governmental Funds accounting. Governmental funds accounting is the General Fund on more of a cash basis of reporting with fixed assets expensed rather than capitalized and depreciated.
- The City of Jarrell reported total revenues of \$7,828,726 for the 2020 fiscal year, a \$1,942,620 increase over the prior year. Total expenses for the City of Jarrell for fiscal year 2020 were \$4,681,216, an increase of \$1,148,392 over the prior year.

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 types of statements that present different views of the City of Jarrell.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Jarrell's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City of Jarrell'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.

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.

Government-wide Statements

The government-wide statements report information about the City of Jarrell 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 of Jarrell's net position and how they have changed. Net position – the difference between the City of Jarrell's assets and liabilities – are one way to measure the City of Jarrell's financial health or position. Over time, increases or decreases in the City of Jarrell's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City of Jarrell include the *governmental activities* and *business-type activities*. *Governmental activities* are activities supported primarily by taxes and user charges. Most of the City of Jarrell's basic services are included here, such as public safety, highways and streets, parks and recreation, planning, economic development, and general administration. *Business-type activities* are activities undertaken by the City that are operated much like a private business.

FINANCIAL ANALYSIS OF THE CITY OF JARRELL AS A WHOLE

Our analysis here focuses on the net position (Table I) and changes in net position (Table II) of the City's governmental and business-type activities.

Table I
Net Position - Governmental and Business-Type Activities

	Governmental Activities			Business-Type Activities		
	2020	2019	Change	2020	2019	Change
Assets						
Current & other Assets	\$ 4,598,740	\$ 3,629,999	\$ 968,741	\$ 35,064,622	\$ 35,624,771	\$ (560,149)
Capital Assets	2,161,958	2,152,492	9,466	26,391,140	25,439,931	951,209
Total Assets	\$ 6,760,698	\$ 5,782,491	\$ 978,207	\$ 61,455,762	\$ 61,064,702	\$ 391,060
Liabilities:						
Current Liabilities	\$ 120,797	\$ 199,906	\$ (79,109)	\$ 1,508,302	\$ 1,752,436	\$ 75,051
Long-term liabilities	343,790	368,790	(25,000)	47,550,000	48,980,000	(1,430,000)
Total Liabilities	\$ 464,587	\$ 568,696	\$ (104,109)	\$ 49,058,302	\$ 50,732,436	\$ (1,354,949)
Net Position						
Invested in Capital						
Assets, net of Debt	1,793,168	1,758,702	34,466	5,008,404	3,964,931	1,043,473
Restricted	1,395,207	1,295,705	99,502	2,206,406	2,297,471	(91,065)
Unrestricted	3,107,736	2,159,388	948,348	5,182,650	4,069,864	1,112,786
Total Net Position	\$ 6,296,111	\$ 5,213,795	\$ 1,082,316	\$ 12,397,460	\$ 10,332,266	\$ 2,065,194

Table II
Statement of Activities - Governmental and Business-Type Activities

	Governmental Activities			Business-Type Activities		
	2020	2019	Change	2020	2019	Change
Revenues:						
Program Revenues:						
Charges for services	\$ 208,366	\$ 220,205	\$ (11,839)	\$ 3,939,951	\$ 2,414,731	\$ 1,525,220
Operating grants & contributions	-	215,850	(215,850)	-	-	-
General Revenues:						
Property taxes	946,924	769,843	177,081	-	-	-
Sales taxes	2,446,538	1,969,928	476,610	-	-	-
Franchise taxes	155,411	106,996	48,415	-	-	-
Grants & contributions not restricted	-	-	-	-	-	-
Investment earnings	21,785	2,419	19,366	8,396	3,629	4,767
Other	101,355	182,485	(81,130)	-	-	-
Total Revenues	<u>3,880,379</u>	<u>3,467,726</u>	<u>412,653</u>	<u>3,948,347</u>	<u>2,418,360</u>	<u>1,529,987</u>
Expenses:						
General government	1,476,822	1,233,741	243,081	-	-	-
Public safety	175,374	155,320	20,054	-	-	-
Highways & streets	226,607	182,573	44,034	-	-	-
Parks and recreation	56,850	29,171	27,679	-	-	-
Economic development	463,651	143,985	319,666	-	-	-
Water/wastewater	-	-	-	1,518,853	1,479,734	39,119
Debt service-interest	10,588	11,265	(677)	752,471	297,035	455,436
Debt service - fees	-	-	-	-	-	-
Total Expenses	<u>2,409,892</u>	<u>1,756,055</u>	<u>653,837</u>	<u>2,271,324</u>	<u>1,776,769</u>	<u>494,555</u>
Increase in net position before Other Financing Sources (Uses)	<u>1,470,487</u>	<u>1,711,671</u>	<u>(241,184)</u>	<u>1,677,023</u>	<u>641,591</u>	<u>1,035,432</u>
Other Financing Sources (Uses)						
Bond proceeds	-	-	-	-	-	-
Transfers in (out)	<u>(388,171)</u>	<u>(621,817)</u>	<u>233,646</u>	<u>388,171</u>	<u>621,817</u>	<u>(233,646)</u>
Total Other Financing Sources (Uses)	<u>(388,171)</u>	<u>(621,817)</u>	<u>233,646</u>	<u>388,171</u>	<u>621,817</u>	<u>(233,646)</u>
Change in net position Beginning net position	<u>1,082,316</u> <u>5,213,795</u>	<u>1,089,854</u> <u>4,123,941</u>	<u>(7,538)</u> <u>1,089,854</u>	<u>2,065,194</u> <u>10,332,266</u>	<u>1,263,408</u> <u>9,068,858</u>	<u>801,786</u> <u>1,263,408</u>
Ending Net Position	<u>\$ 6,296,111</u>	<u>\$ 5,213,795</u>	<u>\$ 1,082,316</u>	<u>\$ 12,397,460</u>	<u>\$ 10,332,266</u>	<u>\$ 2,065,194</u>

Governmental Activities

The City of Jarrell's primary revenue sources are sales, franchise, and property taxes. These revenue sources made up approximately 91% of governmental fund revenues for fiscal year 2019/2020. Other significant revenue sources were charges for water and wastewater services.

The City of Jarrell's various departmental expenditures totaled \$ 2,409,892 for the year ended September 30, 2020. The majority of the costs for the City's governmental activities were related to street maintenance and to other general governmental costs.

Business-Type Activities

During Fiscal Year 2010, the City established a Water/Wastewater Fund, a proprietary fund, to account for the revenue and expenses related to providing water/wastewater services to customers connected to the newly completed sewer system. Fiscal Year 2020 represents the eighth full year of operations for this fund. Revenues for water and wastewater services increased 20% during the year as new customers continued to connect to the system.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year end, the City of Jarrell had invested \$2,161,958 in a broad range of capital assets for its governmental activities, including land, equipment and buildings (see Table III below). This amount is net of accumulated depreciation and represents an increase of approximately \$ 9,466 over the prior year. The change during the year primarily reflects improvements made to streets and roads and depreciation expense on assets placed in service. Business-type activities had invested \$26,391,140 in land and water/wastewater system infrastructure, net of accumulated depreciation. The increase of \$951,209 reflects expenditures made for water system improvements of \$1,619,818 less depreciation of \$668,609.

Table III
Summary of Capital Assets
Governmental Activities

	Governmental Activities		
	2020	2019	Change
Land	297,883	297,883	-
Infrastructure	970,447	886,094	84,353
Buildings & improvements	1,415,593	1,415,593	-
Machinery & equipment	336,600	273,547	63,053
Totals at historical cost	3,020,523	2,873,117	147,406
Less accumulated depreciation	(858,565)	(720,625)	(137,940)
Capital assets, net of depreciation	\$ 2,161,958	\$ 2,152,492	\$ 9,466

Table III
Summary of Capital Assets
Business-Type Activities

	Business-Type Activities		
	2020	2019	Change
Land	\$ 366,149	\$ 199,067	\$ 167,082
Construction in Progress	-	-	-
Infrastructure	30,404,822	28,952,086	1,452,736
Totals at historical cost	30,770,971	29,151,153	1,619,818
Less accumulated depreciation	(4,379,831)	(3,711,222)	(668,609)
Capital assets, net of depreciation	\$ 26,391,140	\$ 25,439,931	\$ 951,209

Long Term Debt

Long-term debt at year end for governmental activities consisted of maintenance tax notes and compensated absences totaling \$ 368,790. Business-type activities long-term debt consisted of bonds and notes payable totaling \$48,930,000 which are related to the construction of the City's water/wastewater treatments. A new 29 million in bonds was added during fiscal year 2019. A summary of long-term debt is as follows:

Table IV
Summary of Long-Term Debt
Governmental Activities

	Governmental Activities		
	2020	2019	Change
Maintenance Tax Notes	\$ 360,000	\$ 385,000	\$ (25,000)
Compensated Absences	8,790	8,790	-
Totals	\$ 368,790	\$ 393,790	\$ (25,000)

Table IV
Summary of Long-Term Debt
Business-Type Activities

	Business-Type Activities		
	2020	2019	Change
Maintenance Tax Notes	\$ 17,685,000	\$ 18,935,000	\$ (1,250,000)
Notes Payable	31,245,000	31,540,000	(295,000)
Totals	\$ 48,930,000	\$ 50,475,000	\$ (1,545,000)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Jarrell has adopted an overall expenditure budget for FY2019/2020 totaling \$6,854,849. Property tax rates for FY 2019/2020 per \$100 property valuation are \$0.0495 for maintenance

. and operations and \$0.335167 for interest and sinking for a total rate of \$0.4195 per \$100 property valuation.

CONTACTING THE CITY OF JARRELL'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 of Jarrell's finances and to demonstrate the City of Jarrell's accountability for the money it receives. If you have questions about this report or need additional financial information contact the City of Jarrell's City Secretary, Dianne Peace at 512-746-4593.

GOVERNMENT-WIDE STATEMENTS

CITY OF JARRELL, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 478,461	\$ 30,639,703	\$31,118,164
Investments-Current	2,354,701	1,742,625	4,097,326
Receivables (net of allowance for uncollectibles)	370,371	475,888	846,259
Restricted Cash	1,395,207	2,206,406	3,601,613
Capital Assets:			
Land	297,883	366,149	664,032
Infrastructure, net	545,538	26,024,991	26,570,529
Buildings & Improvements, net	1,196,189	-	1,196,189
Machinery and Equipment, net	122,348	-	122,348
Total Assets	<u>\$ 6,760,698</u>	<u>\$ 61,455,762</u>	<u>\$68,216,460</u>
LIABILITIES			
Accounts Payable	\$ 78,102	\$ 37,277	\$ 115,379
Customer Deposits Payable	-	47,584	47,584
Accrued expenses	17,695	-	17,695
Deferred Revenues	-	43,441	43,441
Noncurrent Liabilities:			
Due Within One Year	25,000	1,380,000	1,405,000
Due in More Than One Year	343,790	47,550,000	47,893,790
Total Liabilities	<u>464,587</u>	<u>49,058,302</u>	<u>49,522,889</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,793,168	5,008,404	6,801,572
Restricted for:			
Restricted for Debt Service	34,900	2,206,406	2,241,306
Restricted for Economic Development	310,846	-	310,846
Restricted for Streets Improvements	798,397	-	798,397
Restricted for Capital Projects	251,064	-	251,064
Unrestricted	3,107,736	5,182,650	8,290,386
Total Net Position	<u>\$ 6,296,111</u>	<u>\$ 12,397,460</u>	<u>\$18,693,571</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JARRELL, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT A-2

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions		Primary Government Business-Type Activities	Total
Primary Government:						
GOVERNMENTAL ACTIVITIES:						
General Government	\$ 1,476,822	\$ 208,366	\$ -	\$ (1,268,456)	\$ -	\$ (1,268,456)
Public Safety	175,374	-	-	(175,374)	-	(175,374)
Highways and Streets	226,607	-	-	(226,607)	-	(226,607)
Parks and Recreation	56,850	-	-	(56,850)	-	(56,850)
Economic Development	463,651	-	-	(463,651)	-	(463,651)
Interest	763,059	-	-	(10,588)	(752,471)	(763,059)
Fees	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Governmental Activities:	3,162,363	208,366	-	(2,201,526)	(752,471)	(2,953,997)
BUSINESS-TYPE ACTIVITIES:						
Water/Wastewater Fund	1,518,853	3,939,951	-	-	2,421,098	2,421,098
Total Business-Type Activities:	1,518,853	3,939,951	-	-	2,421,098	2,421,098
Total Primary Government	\$ 4,681,216	\$ 4,148,317	\$ -	\$ (2,201,526)	\$ 1,668,627	\$ (532,899)
	General Revenues:					
	Taxes:					
	Property Taxes, Levied for General Purposes			180,616	-	180,616
	Property Taxes, Levied for Debt Service			766,308	-	766,308
	Sales Taxes			2,446,538	-	2,446,538
	Franchise Taxes			155,411	-	155,411
	Miscellaneous Revenue			101,355	-	101,355
	Investment Earnings			21,785	8,396	30,181
	Transfers In/(Out)			(388,171)	388,171	-
	Total General Revenues			3,283,842	396,567	3,680,409
	Change in Net Position			1,082,316	2,065,194	3,147,510
	Net Position - Beginning			5,213,795	10,332,266	15,546,061
	Net Position			\$ 6,296,111	\$ 12,397,460	\$ 18,693,571

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FUND FINANCIAL STATEMENTS

**CITY OF JARRELL, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	807,919	34,900	281,960	748,889	1,873,668
Investments-Current	2,015,015	-	-	339,736	2,354,751
Taxes Receivable	4,027	16,108	-	-	20,135
Sales Tax Receivable	179,378	-	-	32,899	212,277
Accounts Receivable	139,330	-	-	-	139,330
Allowance for Uncollectible Accounts	(1,371)	-	-	-	(1,371)
Due from Other Funds	-	-	-	-	-
Total Assets	\$ 3,144,298	\$ 51,008	\$ 281,960	\$ 1,121,524	\$ 4,598,790
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts Payable	34,505	-	31,316	12,281	78,102
Wages and Payroll taxes Payable	17,695	-	-	-	17,695
Due to Other Funds	-	-	-	-	-
Deferred Revenues	4,027	16,108	-	-	20,135
Total Liabilities	56,227	16,108	31,316	12,281	115,932
Fund Balances:					
Restricted for:					
Capital Projects	-	-	250,644	-	250,644
Economic Development	-	-	-	310,846	310,846
Streets Improvements	-	-	-	798,397	798,397
Debt Service	-	34,900	-	-	34,900
Unassigned					
Reported in the General Fund	3,088,071	-	-	-	3,088,071
Total Fund Balances	3,088,071	34,900	250,644	1,109,243	4,482,858
Total Liabilities & Fund Balances	\$ 3,144,298	\$ 51,008	\$ 281,960	\$ 1,121,524	\$ 4,598,790

The notes to the Financial Statements are an integral of this statement.

CITY OF JARRELL, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds	\$ 4,482,858
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of recording the beginning of the year value of \$1,380,353 for capital assets and \$302,194 for accumulated depreciation to the Statement of Net Position was an increase in net position.	2,152,492
Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in net position.	147,406
Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Position is a decrease in net position.	(137,940)
Long-term debt issued by governmental activities is not a current financial liability and therefore not reported in governmental funds. The net effect of recording the beginning of the year value for all long-term debt outstanding is a decrease in net position.	(368,790)
Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Position. The net effect of reducing long-term debt is an increase in net position.	-
Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of activities in the year levied. The net effect of this difference in property tax revenue recognition is a decrease in net position.	20,135
Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Net Position or Statement of Activities resulted in an increase (decrease) in net positions.	-
	(50)
Net Position of Governmental Activities	<u>\$ 6,296,111</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JARRELL, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
REVENUES					
8					
Property Taxes	\$ 200,751	\$ 766,308	\$ -	\$ -	\$ 967,059
General Sales and Use Taxes	1,839,316	-	-	607,222	2,446,538
Franchise Tax	155,411	-	-	-	155,411
Licenses and Permits	142,931	-	-	-	142,931
Intergovernmental Rev. & Grants	-	-	-	-	-
Fines and Court Costs	65,435	-	-	-	65,435
Investment Earnings	-	3,720	-	3,050	6,770
Other Revenue	49,071	52,284	-	-	101,355
Total Revenues	<u>2,452,915</u>	<u>822,312</u>	<u>-</u>	<u>610,272</u>	<u>3,885,499</u>
EXPENDITURES					
Current:					
General Government	1,420,854	-	14,262	-	1,435,116
Public Safety	141,061	-	-	-	141,061
Highways and Streets	4,607	-	-	189,495	194,102
Parks and Recreation	40,854	-	-	-	40,854
Conservation and Development					
Economic Development	-	-	-	463,651	463,651
Debt Service:					
Principal	-	25,000	-	-	25,000
Interest	-	10,558	-	-	10,558
Fees	-	-	-	-	-
Capital Outlay:					
Capital Outlay	147,406	-	-	-	147,406
Total Expenditures	<u>1,754,782</u>	<u>35,558</u>	<u>14,262</u>	<u>653,146</u>	<u>2,457,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>698,133</u>	<u>786,754</u>	<u>(14,262)</u>	<u>(42,874)</u>	<u>1,427,751</u>
OTHER FINANCING SOURCES (USES)					
Bond Proceeds	-	-	-	-	-
Transfers in	182,552	-	1,418,507	-	1,601,059
Transfers Out (Use)	-	(771,789)	(1,132,549)	(84,892)	(1,989,230)
Total Other Financing Sources (Uses)	<u>182,552</u>	<u>(771,789)</u>	<u>285,958</u>	<u>(84,892)</u>	<u>(388,171)</u>
Net Change in Fund Balances	880,685	14,965	271,696	(127,766)	1,039,580
Fund Balances - Beginning	<u>2,207,386</u>	<u>19,935</u>	<u>(21,052)</u>	<u>1,237,009</u>	<u>3,443,278</u>
Fund Balances-Ending	<u>\$3,088,071</u>	<u>\$ 34,900</u>	<u>\$ 250,644</u>	<u>\$ 1,109,243</u>	<u>\$ 4,482,858</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JARRELL, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Total Net Change in Fund Balances - Governmental Funds	\$ 1,039,580
Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in the change in net position.	147,406
Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Position is a decrease in the change in net positions.	(137,940)
Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Position. The net effect of reducing long-term debt is an increase in the change in net position.	25,000
Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The net effect of this difference in property tax revenue recognition is an increase (decrease) in the change in net position.	20,135
Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Net Position or Statement of activities resulted in an increase (decrease) in the change in net position.	(11,865)
Change in Net Position of Governmental Activities	<u>\$ 1,082,316</u>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF JARRELL, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020**

	Water Wastewater Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 30,639,703
Investments - Current	1,742,625
Restricted Cash	2,206,406
Accounts Receivable	475,888
Total Current Assets	<u>35,064,622</u>
Noncurrent Assets	
Capital Assets:	
Land Purchase and Improvements	366,149
Construction In Progress	-
Utilities Infrastructure	30,404,822
Accumulated Depreciation -Utilities Infrastructure	(4,379,831)
Total Noncurrent Assets	<u>26,391,140</u>
Total Assets	<u>\$ 61,455,762</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	37,277
Customer Deposits Payable	47,584
Accrued Interest Payable	-
Deferred Revenue	43,441
Total Current Liabilities	<u>128,302</u>
Noncurrent Liabilities:	
Due within One Year	1,380,000
Due in More Than One Year	47,550,000
Total Noncurrent Liabilities	<u>48,930,000</u>
Total Liabilities	<u>49,058,302</u>
NET POSITION	
Net Investment in Capital Assets	5,008,404
Restricted for:	
Capital Projects & Debt Service	2,206,406
Unrestricted	5,182,650
Total Net Position	<u>\$ 12,397,460</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF JARRELL, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Water/ Wastewater Fund
OPERATING REVENUES:	
Charges for Services	\$ 3,939,951
Total Operating Revenues	<u>3,939,951</u>
OPERATING EXPENSES:	
Purchased Professional & Technical Services	494,622
Other Operating Costs	355,622
Depreciation Expense	<u>668,609</u>
Total Operating Expenses	<u>1,518,853</u>
Operating Income (Loss)	<u>2,421,098</u>
NON-OPERATING REVENUE (EXPENSES):	
Transfers In	388,171
Investment Earnings	8,396
Grant Income	-
Interest Expense - Non-Operating	<u>(752,471)</u>
Total Non-Operating Revenue (Expenses)	<u>(355,904)</u>
Change in Net Position	2,065,194
Total Net Position - October 1 (Beginning)	<u>10,332,266</u>
Total Net Position - September 30 (Ending)	<u><u>\$12,397,460</u></u>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF JARRELL, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Water/ Wastewater Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 3,890,647
Cash Payments for Purchased Professional & Technical Services	(494,622)
Cash Payments for Other Operating	(818,805)
Net Cash Provided by Operating Activities	<u>2,577,220</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Acquisition of Capital Assets	(1,619,818)
Interest Expense	(752,471)
Change in Long-Term Debt	(1,545,000)
Operating Transfers In (Out)	388,171
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(3,529,118)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest income	8,396
Reduction of Investments	(1,213,618)
Net Cash Provided by (Used for) Investing Activities	<u>(1,205,222)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,157,120)
Cash and Cash Equivalents at Beginning of the Year:	<u>35,003,229</u>
Cash and Cash Equivalents at End of the Year:	<u><u>\$ 32,846,109</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income:	\$ 2,421,098
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	668,609
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(383,353)
Increase (decrease) in Accounts Payable	(141,344)
Increase (decrease) in Other Liabilities	10,534
Increase (decrease) in Due to Other Funds/Deferred revenue	1,676
Net Cash Provided by Operating Activities	<u><u>\$ 2,577,220</u></u>

The notes to the Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Jarrell, Texas (the "City") is a general law municipal corporation organized and existing under the provisions of the Constitution of the State of Texas. The City operates under a Mayor and City council ("Council") form of government and provides the following services: public safety, highways and streets, parks and recreation, planning, economic development, wastewater and general administrative services.

The accompanying financial statements include one component unit: the Jarrell Economic Development Corporation ("4A"). Fulfillment of their corporate purposes is all to be done and accomplished on behalf of the City and for its benefit.

4A is a non-profit corporation whose purpose is to conduct all matters for any and all lawful purposes for which a corporation may be organized under Section 4A of the Development Corporation Act of 1979.

4A is a component unit of the City because the City appoints the Board of Directors of 4A and can remove appointed members of the Board at will.

The component unit is accounted for as special revenue blended component unit of the City.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City's and EDC's activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by taxes and permits, licenses and donations. Business-type activities include operations that rely to a significant extent on fees and charges for support.

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

All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and proprietary funds are not eliminated and appear on the government-wide Statement of Net Position, the Governmental Fund Balance Sheet, and Proprietary Fund Statement of Net Position as due to/due from other.

The fund statements provide reports on the financial condition and results of operations for three fund categories; governmental funds, proprietary funds, and fiduciary funds, although the City currently has no fiduciary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's ongoing operations. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

**CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable. However, debt service expenditures as well as expenditures related to compensated absences, are recorded only when payment is due.

Sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING

The City reports the following major governmental funds:

- **General Fund** – The General Fund is the City’s primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.
- **Debt Service Fund** – The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.
- **Capital Projects Fund** – The Capital Projects Fund is used to account for the City’s capital projects, including the construction of the City’s water/wastewater collection and treatment system.

The City reports the following major proprietary/enterprise fund:

- **Water/Wastewater Fund** – The City accounts for water and wastewater services provided to customers in the Water/Wastewater Fund.

E. OTHER ACCOUNTING POLICIES

Accrued Compensated Absences – The City has recorded the value of earned but unused compensated absences (vacation and comp time) from its governmental fund activities by employees as an accrued liability in the Statement of NET Position. The annual budgets of the operating funds provide funding for these benefits as they become payable and costs are expenses as the liability is liquidated. There was a balance of \$ 8,790 in accrued compensated absences at September 30, 2019 related to the City’s governmental fund activities. There was no compensated absences liability for proprietary fund activities at September 30, 2019.

Deposits and Investments – State statutes authorize the City to invest in U.S. Treasury and agency securities, commercial paper, money market mutual funds, bankers’ acceptances, repurchase agreements, and government investment pools. The City’s local investment policy allows the City to invest in obligations of the United States government, certificates of deposit, certain mutual funds, and certain statewide investment pools. Investments for the City are reported at fair value. Investments at September 30, 2019 all consisted of certificates of deposit at local banks. All investments are considered to be Level 2 investments.

Receivables and Payables – All outstanding balances between funds are reported as “due to/from other funds.” All accounts receivable are shown net of an allowance for uncollectibles.

Inventories – The City generally does not report inventories of supplies such as consumable maintenance and operating items due to the value of these items on hand at any given date being deemed immaterial to the financial statements.

Property Taxes - Property taxes are levied by October 1st on the assessed value listed as of the prior January 1st for all real and business personal property in conformity with the Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES (Continued)

Property Taxes (Continued) – Property tax revenues are considered available when they become due or past due and receivable within the current period.

Capital Assets – Capital assets which include leasehold improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 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 City chose not to report the initial capitalization of general infrastructure assets retroactive to October 1, 2003, as permitted by GASB Statement No. 34, *Basic Financial Statements for State and Local Governments* for smaller governments. The City reports acquired or constructed general infrastructure assets in the Statement of Net Position subsequent to October 1, 2003 in the period they acquire or construct those assets.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Improvements other than Buildings	2-20
Equipment	7-10
Infrastructure	5-40
Vehicles	5

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the fund financial statements, governmental fund types recognize proceeds and repayments during the current period. The face amount of debt issued is reported as other financing sources. Principal and interest payments are reported as expenditures.

Fund Equity – In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance are recorded to denote required usage of fund balance amounts as determined by the City Council. Assignments of fund balance are made by the City Council or the City Manager and reflect planned usages of fund balance amounts.

Recently Issued and Adopted Accounting Pronouncements – GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources; Deferred Inflows or Resources, and Net Position*, provides guidance for reporting the financial statement elements of deferred outflows of resources, deferred inflows or resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: easements, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. GASB Statement No. 63 became effective for fiscal years beginning after December 15, 2011 and was implemented in fiscal year 2013.

CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES (Continued)

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows or resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for fiscal years beginning after December 15, 2012 and was implemented in fiscal year 2013.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

II. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy requires that deposits with banks be insured by the Federal Deposit Insurance Corporation ("FDIC") or fully collateralized as required by the Public Funds Investment Act. At September 30, 2019, the City's deposits with financial institutions were entirely covered by FDIC insurance or pledged collateral held by the agent bank in the City's name.

Interest Rate Risk – To limit the City's exposure to interest rate risk, the City's investment policy limits the maximum allowable stated maturities as follows:

Certificates of Deposit	90 days
No-load Money Market Mutual Funds	90 days
United States Treasury Securities	3 years

Also, the maximum weighted average maturity for the portfolio as a whole cannot exceed 365 days.

Credit Risk – The City's general investments policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to see reasonable income, preserve capital, and, in general, avoid speculative investments. Further, the City's investment policy limits authorized investments to the following: (a) direct obligations of the United States government, (b) mutual funds offered by the City's depository bank rated no lower than MA or at an equivalent rating by at least one nationally recognized rating service, and (c) statewide investment pools rated no lower than MA or MA-m or at an equivalent rating by at least one nationally recognized rating service.

CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

III. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables as of September 30, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	Property Taxes (net)	Sales Taxes (net)	Customer Receivables (net)	Accounts Receivable (net)	Total Receivables
Governmental Activities:					
General Fund	\$ 4,027	\$ 179,378	\$ -	\$ 137,959	\$ 321,364
Debt Service Fund	16,108	-	-	-	16,108
Capital Projects Fund	-	-	-	-	-
Non-Major Governmental Funds	-	32,899	-	-	32,899
Total	<u>\$ 20,135</u>	<u>\$ 212,277</u>	<u>\$ -</u>	<u>\$ 137,959</u>	<u>\$ 370,371</u>
Proprietary Activities:					
Water/Wastewater Fund	\$ -	\$ -	\$ 475,888	\$ -	\$ 475,888
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,888</u>	<u>\$ -</u>	<u>\$ 475,888</u>

Payables as of September 30, 2020 consisted of the following:

	Accounts Payable	Salaries Payable	Accrued Interest Payable	Deferred Revenues	Other Payables	Total Payables
Governmental Activities:						
General Fund	\$ 34,505	\$ 17,695	\$ -	\$ 4,027	\$ -	\$ 56,227
Debt Service Fund	-	-	-	16,108	-	16,108
Capital Projects Fund	31,316	-	-	-	-	31,316
Non-Major Governmental Funds	12,281	-	-	-	-	12,281
Total	<u>\$ 78,102</u>	<u>\$ 17,695</u>	<u>\$ -</u>	<u>\$ 20,135</u>	<u>\$ -</u>	<u>\$ 115,932</u>
Proprietary Activities:						
Water/Wastewater Fund	\$ 37,277	\$ -	\$ -	\$ -	\$ 47,584	\$ 84,861
Total	<u>\$ 37,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,584</u>	<u>\$ 84,861</u>

CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

IV. INTERFUND TRANSFERS

Operating transfers are transactions of cash or other assets between funds that are intended to be permanent, or not repaid, and serve the financing needs of the receiving fund. During the year, several interfund transfers were made. A summary of transfer activity for the year is shown below:

Fund	Due From	Due To
General Fund		
Sales Tax Street Fund	\$ -	\$ -
Economic Development Fund - 4A	-	-
Total General Fund	-	-
Sales Tax Street Fund		
General Fund	-	-
Total Sales Tax Street Fund	-	-
Economic Development Fund - 4A		
General Fund	-	-
Total Economic Development Fund - 4A	-	-
Grand Totals	\$ -	\$ -
	Transfer In	Transfer
Fund	From	Out To
General Fund		
Sales Tax Street Fund	\$ 1,793	\$ -
Economic Development Fund - 4A	-	86,685
Capital Projects Fund	50,547	1,418,507
Total General Fund	52,340	1,505,192
Debt Service Fund		
General Fund	182,552	-
Water/Wastewater Fund	550,000	388,171
Total Debt Service Fund	732,552	388,171
Capital Projects Fund		
General Fund	1,418,507	1,132,549
Total Capital Projects Fund	1,418,507	1,132,549
	Transfer In	Transfer
Fund	From	Out To
Economic Development Fund - 4A		
General Fund	-	84,892
Total Economic Development Fund - 4A	-	84,892
Water/Wastewater Fund		
General Fund	388,171	-
Debt Service Fund	86,685	700,000
Capital Projects Fund	1,132,549	-
Total Water/Wastewater Fund	1,607,405	700,000
Grand Totals	\$ 3,810,804	\$ 3,810,804

**CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

V. 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. The City's Ad Valorem Tax Rate for 2020 \$0.084333 for maintenance & operations per \$100.00 assessed valuation and \$0.335167 for interest & sinking per \$100.00 assessed valuation. The adjusted original tax roll was \$753,370 on total taxable assessed value of \$195,855,008.

Property taxes as of September 30, 2020, are as follows:

	General Fund
Current Taxes Receivable	<u>\$8,135</u>
Delinquent & Rollback Taxes Receivable	<u>\$12,000</u>
	<u><u>\$20,135</u></u>

CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

VI. FIXED ASSETS

Capital asset activity for the City of Jarrell for the year ended September 30, 2020, was as follows:

	<u>Balance</u> <u>9/30/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2020</u>
GOVERNMENTAL ACTIVITIES:				
Capital assets, not depreciated:				
Land	\$ 297,883	\$ -	\$ -	\$ 297,883
Total capital assets, not depreciated	<u>297,883</u>	<u>-</u>	<u>-</u>	<u>297,883</u>
Capital assets, depreciated:				
Infrastructure	886,094	84,353	-	970,447
Buildings and improvements	1,415,593	-	-	1,415,593
Vehicles and equipment	273,547	63,053	-	336,600
Total capital assets, depreciated	<u>2,575,234</u>	<u>147,406</u>	<u>-</u>	<u>2,722,640</u>
Less accumulated depreciation:				
Infrastructure	361,266	63,643	-	424,909
Buildings and improvements	181,483	37,921	-	219,404
Vehicles and equipment	177,876	36,376	-	214,252
Total accumulated depreciation	<u>720,625</u>	<u>137,940</u>	<u>-</u>	<u>858,565</u>
Total capital assets, depreciated, net	<u>1,854,609</u>	<u>9,466</u>	<u>-</u>	<u>1,864,075</u>
Total capital assets, net	<u>\$ 2,152,492</u>	<u>\$ 9,466</u>	<u>\$ -</u>	<u>\$ 2,161,958</u>

CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

VI. FIXED ASSETS (Continued)

	<u>Balance 9/30/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 9/30/2020</u>
PROPRIETARY ACTIVITIES:				
Capital assets, not depreciated:				
Land	\$ 366,149	\$ 167,082	\$ -	\$ 533,231
Total capital assets, not depreciated	<u>366,149</u>	<u>167,082</u>	<u>-</u>	<u>533,231</u>
Capital assets, depreciated:				
Construction in Progress	-	-	-	-
Infrastructure	28,952,086	1,452,736	-	30,404,822
Total capital assets, depreciated	<u>28,952,086</u>	<u>1,452,736</u>	<u>-</u>	<u>30,404,822</u>
Less accumulated depreciation:				
Infrastructure	3,711,222	668,609	-	4,379,831
Total accumulated depreciation	<u>3,711,222</u>	<u>668,609</u>	<u>-</u>	<u>4,379,831</u>
Total capital assets depreciated, net	<u>25,240,864</u>	<u>784,127</u>	<u>-</u>	<u>26,024,991</u>
Total capital assets, net	<u>\$ 25,607,013</u>	<u>\$ 951,209</u>	<u>\$ -</u>	<u>\$ 26,558,222</u>

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

<u>Function</u>	<u>Allocated Depreciation</u>
General Government	\$ 41,706
Public Safety	34,313
Highways & Streets	45,925
Parks & Recreation	15,996
Total	<u>\$ 137,940</u>

CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

VII. LONG-TERM DEBT

The Tax & Revenue Certificates of Obligation, Series 2006, originally issued for \$7,895,000, are due in annual installments of \$50,000 to \$675,000 through August 2026 with a 0.0% interest rate. Funds received with this issue are being utilized for the ongoing construction of the City's wastewater collection and treatment system.

The Tax & Revenue Refunding Bonds, Series 2008, originally issued for \$330,000 with interest at 5.15%, were issued to payoff certain outstanding obligations of the City scheduled to mature during fiscal years 2008 through 2012. This issue was repaid in 2016.

The Tax & Revenue Certificates of Obligation, Series 2008, originally issued for \$1,520,000, are due in installments ranging from \$5,000 to \$95,000 annually through August 2038 with a 0.0% interest rate. Funds received for these certificates of obligation were received entirely from the Texas Water Development Board to provide additional funds for constructing a new City sewer system and sewer system improvements.

The Tax & Revenue Refunding Bonds, Series 2011, originally issued for \$1,015,000, are due in installments ranging from \$25,000 to \$205,000 annually through August 2020 with an interest rate of 4.2%. These bonds were issued to payoff certain outstanding obligations of the City scheduled to mature during fiscal years 2011 through 2020.

The Limited Tax Notes, Series 2012, were issued during 2013 at \$500,000 with interest of 2.75%. Repayment of this note is scheduled to occur with principal payments of \$10,000 to \$30,000 annually each August through 2032. The purpose of this note was to obtain funds to construct the new city hall.

The City entered into a contract with the Lone Star Regional Water Authority (LSRWA) in which LSRWA agreed to issue bonds and use the proceeds to acquire, by purchase and construction, certain water storage and distribution facilities and transfer those facilities, once completed, to the City. In exchange, the City agreed to reimburse LSRWA for all costs related to the issuance of the bonds and be responsible for making all required debt service payments on the bonds. The City has pledged its ad valorem taxes and surplus revenues of the system to secure its obligation to make the agreed payments. The agreement with the LSRWA specified that LSRWA's only source of funds to pay the principal and interest on the bonds is from payments to be made by the City to LSRWA under this contract. LSRWA issued \$2,985,000 in Contract Revenue Bonds during 2015 under the terms of this contract. These Series 2015 bonds carry a fixed interest rate of 2% to 5% and are payable on February 15 and August 15 each year with the final bonds maturing August 15, 2035. Bonds maturing on or after August 15, 2026, are subject to redemption at the option of the Authority prior to their maturity dates in whole, or from time to time, in part, on August 15, 2025, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15, 2035 are subject to mandatory sinking fund redemption.

Combination Tax & Surplus Water and Wastewater Revenue Certificates of Obligation, Series 2017, were issued June 20, 2017 for \$12,000,000, and are due in installments ranging from \$400,000 to \$595,000 annually due on August 1st from 2018 through 2042. The interest rate is 1.87%. The purpose of this bond is to improve the water & wastewater system.

Combination Tax & Surplus Water and Wastewater Revenue Certificates of Obligation, Series 2018, were issued June 20, 2019 for \$2,000,500, and are due in installments ranging from \$127,162 to \$131,563 semi-annually due on February & August 1st from 2020 through 2043. The interest rate is 5% to 3.75%. The purpose of this bond is to improve the water & wastewater system.

CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

Long-term debt for governmental activities for the year ended September 30, 2020 is as follows:

Governmental Activities	Interest Rate Payable	Original Issue Amount	Interest Current Year	Amounts Outstanding 9/30/2019	Additions	Deletions	Balance 9/30/2020	Due In One Year
Notes Payable:								
Limited Tax Notes, Series 2012	2.75%	\$ 500,000	\$ 12,513	\$ 385,000	\$ -	\$ (25,000)	\$ 360,000	\$ 25,000
Total Notes Payable			12,513	385,000	-	(25,000)	360,000	25,000
Other:								
Compensated Absences			-	8,790	-	-	8,790	-
Total Other			-	8,790	-	-	8,790	-
Total Long-Term Debt			\$ 12,513	\$ 393,790	\$ -	\$ (25,000)	\$ 368,790	\$ 25,000
Proprietary Activities	Interest Rate Payable	Original Issue Amount	Interest Current Year	Amounts Outstanding 9/30/2019	Additions	Deletions	Balance 9/30/2020	Due In One Year
Bonds Payable:								
Tax & Revenue Cert. of Oblig. Srs. 2006	0.00%	\$ 7,895,000	\$ -	\$ 4,345,000	\$ -	\$ (550,000)	\$ 3,795,000	\$ 575,000
Tax & Revenue Cert. of Oblig., Srs. 2008	0.00%	1,520,000	-	1,245,000	-	(30,000)	1,215,000	30,000
Tax & Revenue Ref Bonds, Srs. 2011	4.20%	1,015,000	-	205,000	-	(205,000)	-	-
Combination Tax & Surplus W & WW '17	2.00%	12,000,000	-	11,175,000	-	(420,000)	10,755,000	425,000
Combination Tax & Revenue Series 2018		2,000,500	-	1,965,000	-	(45,000)	1,920,000	50,000
Total Bonds Payable			-	16,970,000	-	(1,250,000)	17,685,000	1,080,000
Other Long-Term Debt:								
Note Payable to Lone Star RWA	2% ⁶ -5%	2,985,000	-	2,540,000	-	(125,000)	2,415,000	130,000
Note Payable to Lone Star RWA	2% ⁶ -5%	18,350,000	-	18,350,000	-	-	18,350,000	-
Note Payable to Lone Star RWA	2% ⁶ -5%	3,760,000	-	3,760,000	-	-	3,760,000	-
Note Payable to Lone Star RWA	2% ⁶ -5%	4,590,000	-	4,470,000	-	(120,000)	4,350,000	120,000
Note Payable to Lone Star RWA	2% ⁶ -5%	940,000	-	920,000	-	(20,000)	900,000	20,000
Note Payable to Lone Star RWA	2% ⁶ -5%	1,285,000	-	1,285,000	-	(25,000)	1,260,000	25,000
Note Payable to Lone Star RWA	2% ⁶ -5%	215,000	-	215,000	-	(5,000)	210,000	5,000
Total Other Long-Term Debt:			-	31,540,000	-	(295,000)	31,245,000	300,000
Total Long-Term Debt			\$ -	\$ 48,510,000	\$ -	\$ (1,545,000)	\$ 48,930,000	\$ 1,380,000

CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

Future debt service requirements for governmental activities are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2021	25,000	9,900	34,900
2022	25,000	9,213	34,213
2023	25,000	8,525	33,525
2024	30,000	7,838	37,838
2025	30,000	7,012	37,012
2026-2027	60,000	11,550	71,550
2028-2032	165,000	14,026	179,026
2033-2036	-	-	-
Total	\$ 360,000	\$ 68,064	\$ 428,064

Future debt service requirements for proprietary activities are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2021	1,080,000	264,068	1,344,068
2022	1,105,000	260,122	1,365,122
2023	1,135,000	255,412	1,390,412
2024	1,165,000	257,482	1,422,482
2025	1,225,000	250,166	1,475,166
2026-2027	1,760,000	454,669	2,214,669
2028-2032	3,105,000	974,817	4,079,817
2033-2037	3,490,000	662,032	4,152,032
2038-2043	3,620,000	284,097	3,904,097
Total	\$ 17,685,000	\$ 3,662,865	\$ 21,347,865

Year Ended September 30,	Principal	Interest	Total Requirements
2021	300,000	562,338	862,338
2022	310,000	647,265	957,265
2023	315,000	777,402	1,092,402
2024	330,000	907,005	1,237,005
2025	380,000	1,091,249	1,471,249
2026-2027	645,000	2,402,873	3,047,873
2028-2032	1,905,000	5,260,909	7,165,909
2033-2037	4,055,000	5,183,256	9,238,256
2038-2043	7,875,000	3,911,161	11,786,161
2044-2050	15,130,000	2,516,544	17,646,544
Total	\$ 31,245,000	\$ 23,260,002	\$ 54,505,002

VIII.COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, or expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is currently party to a regional effort with neighboring water systems for the delivery of an additional water supply to be provided from a combination of groundwater and surface water sources through the Lone Star Regional Water Authority, a regional water authority created in the 2011 session of the Texas legislature which can facilitate financing of the regional water supply efforts by the City and other political subdivisions in northern Williamson and southern Bell Counties.

**CITY OF JARRELL, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

In that regard, the City has entered into a Water Facilities Acquisition, Construction and Financing Contract with the Authority as of September 1, 2015. Under this contract, the Authority has agreed to construct water transmission facilities to deliver treated water from the Brazos River Authority's (BRA) East Williamson County Regional Water Transmission System to the City and other participating water systems. The Authority has finalized an agreement for financing of this project with the State Water Implementation Revenue Fund for Texas which is administered by the Texas Water Development Board (TWDB). The Authority has begun this project and completion is expected in 2018. The City will be obligated to make its pro-rata share of minimum payments necessary to allow the Authority to make all required debt service payments to TWDB and all required payments to BRA for water purchases.

IX. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission, injuries to employees; and natural disasters. The City has joined together with governments in the State of Texas to form the Texas Municipal League Intergovernmental Risk Pool (the 'Pool'), a public entity risk pool currently operating as a common risk management insurance program for liability, property and workers' compensation coverages. The City pays a quarterly contribution to the pool for its insurance coverage. The agreement for formation of the Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits. The Pool has published its own financial report, which can be obtained by writing the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754-5128.

X. RELATED PARTY TRANSACTIONS

The City subcontracts various construction services to TJ Bradshaw Construction, a company owned by a member of the City Council. For the year ended September 30, 2020, payments totaling \$93,806 were made by the City to TJ Bradshaw Construction. As of September 30, 2020, there were no amounts due to or from TJ Bradshaw Construction.

As described in Note VII, the City has entered into a contract with the Lone Star Regional Water Authority to purchase certain water storage and distribution facilities. As part of this contract, the City has agreed to purchase from LSRWA a water tower and certain improvements constructed by Jarrell Town Center, Ltd., a company owned by a member of the City Council, for \$1,649,946 upon completion.

XI. LITIGATION

As of September 30, 2020, the City was not a party to any litigation that would have a material effect on these financial statements.

XII. SUBSEQUENT EVENTS

The City has evaluated subsequent events as of March 31, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JARRELL, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts (Original)	Budgeted Amounts (Final)	Actual Amounts (GAAP Basis)	Variance With Final Budget
REVENUES				
Grant income	-	-	-	-
Property Taxes	175,000	\$ 193,191	\$ 200,751	\$ 7,560
General Sales and Use Taxes	1,600,000	1,988,238	1,839,316	(148,922)
Franchise Tax	54,000	59,411	155,411	96,000
Licenses and Permits	115,000	115,420	142,931	27,511
Charges for Services	6,000	6,000	-	(6,000)
Fines and Court Costs	26,100	26,100	65,435	39,335
Other Revenue	120,263	92,492	49,071	(43,421)
Total Revenues	<u>2,096,363</u>	<u>2,480,852</u>	<u>2,452,915</u>	<u>(27,937)</u>
EXPENDITURES				
Current:				
General Government	1,237,512	1,160,477	1,420,854	(260,377)
Public Safety	115,225	115,225	141,061	(25,836)
Public works streets	150,000	150,000	4,607	145,393
Parks and Recreation	7,500	7,500	40,854	(33,354)
Capital Outlay	178,850	430,850	147,406	(283,444)
Total Expenditures	<u>1,689,087</u>	<u>1,864,052</u>	<u>1,754,782</u>	<u>109,270</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>407,276</u>	<u>616,800</u>	<u>698,133</u>	<u>(81,333)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	368,000	182,552	(185,448)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>368,000</u>	<u>182,552</u>	<u>(185,448)</u>
Net Change in Fund Balances	407,276	984,800	880,685	(104,115)
Fund Balances - Beginning	<u>2,120,405</u>	<u>2,207,386</u>	<u>2,207,386</u>	<u>-</u>
Fund Balances - Ending	<u>2,527,681</u>	<u>\$ 3,192,186</u>	<u>\$ 3,088,071</u>	<u>\$ (104,115)</u>

See Notes to Required Supplementary Information.

CITY OF JARRELL, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts (Original)	Budgeted Amounts (Final)	Actual Amounts (GAAP Basis)	Variance With Final Budget
REVENUES				
Access fees	2,150,000	1,502,268	1,656,532	154,264
Tap fees	70,000	\$ 70,000	\$ 101,372	\$ 31,372
Water and Wastewater fees	1,244,700	1,679,599	1,774,432	94,833
Billing fees	227,000	227,000	273,304	46,304
interest income	2,000	2,000	8,396	6,396
Debt service taxes	1,961,500	2,116,116	-	(2,116,116)
2018 bonds	-	-	-	-
Other Revenue	-	39,541	133,948	94,407
Total Revenues	<u>5,655,200</u>	<u>5,636,524</u>	<u>3,947,984</u>	<u>(1,842,804)</u>
EXPENDITURES				
Current:				
Sewer expense	624,220	797,004	309,319	487,685
Water expense	624,220	770,327	540,562	229,765
Depreciation	750,000	750,000	668,609	(81,391)
Sewer Expansion	-	713,865		(713,865)
Debt Service expenses	1,957,801	1,959,601	752,471	1,207,130
Total Expenditures	<u>3,956,241</u>	<u>4,990,797</u>	<u>2,270,961</u>	<u>2,719,836</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,698,959</u>	<u>645,727</u>	<u>1,677,023</u>	<u>(1,031,296)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	388,171	388,171
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>388,171</u>	<u>388,171</u>
Net Change in Fund Balances	1,698,959	645,727	2,065,194	1,419,467
Fund Balances - Beginning	<u>2,120,405</u>	<u>-</u>	<u>10,332,266</u>	<u>10,332,266</u>
Fund Balances - Ending	<u>3,819,364</u>	<u>\$ 645,727</u>	<u>\$ 12,397,460</u>	<u>\$11,751,733</u>

CITY OF JARRELL, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

- Prior to the beginning of each fiscal year, the Mayor submits to the City Council a proposed budget for the fiscal year beginning on the following October 1st. The operating budget includes proposed expenditures and the means of financing those expenditures.
- Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
- The budget is legally enacted by the City Council. Budgetary control is maintained at the fund level.
- Budget revisions are made during the year.

An annual budget in accordance with generally accepted accounting principles is adopted for the general fund. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the individual fund level. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.

OTHER INFORMATION

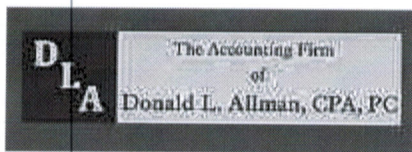
**CITY OF JARRELL, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Economic Development Corp (4A)	Sales Tax Street Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 214,196	\$ 534,693	\$ 748,889
Investments - Current	87,943	251,793	339,736
Sales Tax Receivable	19,960	12,939	32,899
Due from Other Funds	-	-	-
Total Assets	<u>\$ 322,099</u>	<u>\$ 799,425</u>	<u>\$ 1,121,524</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 11,253	\$ 1,028	\$ 12,281
Due to Other Funds	-	-	-
Total Liabilities	<u>11,253</u>	<u>1,028</u>	<u>12,281</u>
Fund Balances:			
Restricted for:			
Economic Development	310,846	-	310,846
Streets Improvements	-	798,397	798,397
Total Fund Balances	<u>310,846</u>	<u>798,397</u>	<u>1,109,243</u>
Total Liabilities & Fund Balances	<u>\$ 322,099</u>	<u>\$ 799,425</u>	<u>\$ 1,121,524</u>

CITY OF JARRELL, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Economic Development Corp (4A)	Sales Tax Street Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes:			
General Sales and Use Taxes	\$ 303,611	\$ 303,611	\$ 607,222
Investment Earnings	1,257	1,793	3,050
Total Revenues	<u>304,868</u>	<u>305,404</u>	<u>610,272</u>
EXPENDITURES			
Current:			
Highways and Streets	-	189,495	189,495
Conservation and Development:			
Economic Development	463,651	-	463,651
Capital Outlay			
Capital Outlay	-	-	-
Total Expenditures	<u>463,651</u>	<u>189,495</u>	<u>653,146</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(158,783)</u>	<u>115,909</u>	<u>(42,874)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	1,793	1,793
Transfers Out (Use)	(86,685)	-	(86,685)
Total Other Financing Sources (Uses)	<u>(86,685)</u>	<u>1,793</u>	<u>(84,892)</u>
Net Change in Fund Balances	(245,468)	117,702	(127,766)
Fund Balances - Beginning	<u>556,314</u>	<u>680,695</u>	<u>1,237,009</u>
Fund Balances - Ending	<u>\$ 310,846</u>	<u>\$ 798,397</u>	<u>\$ 1,109,243</u>

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



Donald L. Allman, CPA, PC
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Georgetown, Texas 78626
Email: dallman@donallmancpa.com

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

Honorable Mayor and City Council Members
City of Jarrell, 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 Jarrell, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Jarrell, Texas' basic financial statements, and have issued our report thereon dated March 31, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jarrell, 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 Jarrell, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jarrell, 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 Jarrell, 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.


Donald L. Allman, CPA, PC

Georgetown, TX
March 31, 2021