

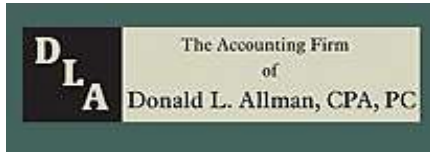
**CITY OF JARRELL, TEXAS**  
**Annual Financial Report**

**For the Year Ended**  
**September 30, 2021**

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

**CITY OF JARRELL, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
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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, 2021, 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, 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 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 April 14, 2022, 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

April 14, 2022  
Georgetown, Texas

<b>CITY OF JARRELL, TEXAS</b> <b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>
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## **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, 2021. 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, 2021, the City of Jarrell increased its net position by \$3,597,609 for government-wide financial reporting. The General Fund had a net position increase of \$1,505,795, before transfers, and the Proprietary Fund had a net position increase of \$2,091,814, before transfers.
- For the year ended September 30, 2021, the City of Jarrell increased its net position by \$3,463,294 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 \$9,931,039 for the 2021 fiscal year, a \$2,102,313 increase over the prior year. Total expenses for the City of Jarrell for fiscal year 2021 were \$6,333,430, an increase of \$1,652,214 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		
	2021	2020	Change	2021	2020	Change
<b>Assets</b>						
Current & other Assets	\$ 8,116,566	\$ 4,598,740	\$ 3,517,826	\$ 38,297,000	\$ 35,064,622	\$ 3,232,378
Capital Assets	2,517,481	2,161,958	355,523	35,475,494	26,391,140	9,084,354
<b>Total Assets</b>	<b>\$ 10,634,047</b>	<b>\$ 6,760,698</b>	<b>\$ 3,873,349</b>	<b>\$ 73,772,494</b>	<b>\$ 61,455,762</b>	<b>\$ 12,316,732</b>
<b>Liabilities:</b>						
Current Liabilities	\$ 179,934	\$ 120,797	\$ 59,137	\$ 2,286,637	\$ 1,508,302	\$ 75,051
Long-term liabilities	318,790	343,790	(25,000)	59,330,000	47,550,000	11,780,000
<b>Total Liabilities</b>	<b>\$ 498,724</b>	<b>\$ 464,587</b>	<b>\$ 34,137</b>	<b>\$ 61,616,637</b>	<b>\$ 49,058,302</b>	<b>\$ 11,855,051</b>
<b>Net Position</b>						
<b>Invested in Capital</b>						
Assets, net of Debt	2,173,691	1,793,168	380,523	6,128,143	5,008,404	1,119,739
Restricted	3,563,170	1,395,207	2,167,963	2,331,600	2,206,406	125,194
Unrestricted	4,398,462	3,107,736	1,290,726	3,696,114	5,182,650	(1,486,536)
<b>Total Net Position</b>	<b>\$ 10,135,323</b>	<b>\$ 6,296,111</b>	<b>\$ 3,839,212</b>	<b>\$ 12,155,857</b>	<b>\$ 12,397,460</b>	<b>\$ (241,603)</b>

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

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
Revenues:						
Program Revenues:						
Charges for services	\$ 680,955	\$ 208,366	\$ 472,589	\$ 4,817,802	\$ 3,939,951	\$ 877,851
Operating grants & contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	1,065,267	946,924	118,343	-	-	-
Sales taxes	2,603,948	2,446,538	157,410	-	-	-
Franchise taxes	131,857	155,411	(23,554)	-	-	-
Grants & contributions not restricted	-	-	-	-	-	-
Investment earnings	41,229	21,785	19,444	-	8,396	(8,396)
Other	589,981	101,355	488,626	-	-	-
Total Revenues	<u>5,113,237</u>	<u>3,880,379</u>	<u>1,232,858</u>	<u>4,817,802</u>	<u>3,948,347</u>	<u>869,455</u>
Expenses:						
General government	2,911,106	1,476,822	1,434,284	-	-	-
Public safety	263,428	175,374	88,054	-	-	-
Highways & streets	238,288	226,607	11,681	-	-	-
Parks and recreation	45,506	56,850	(11,344)	-	-	-
Economic development	139,214	463,651	(324,437)	-	-	-
Water/wastewater	-	-	-	1,899,582	1,518,853	380,729
Debt service-interest	9,900	10,588	(688)	826,406	752,471	73,935
Debt service - fees	-	-	-	-	-	-
Total Expenses	<u>3,607,442</u>	<u>2,409,892</u>	<u>1,197,550</u>	<u>2,725,988</u>	<u>2,271,324</u>	<u>454,664</u>
Increase in net position before Other Financing Sources (Uses)	<u>1,505,795</u>	<u>1,470,487</u>	<u>35,308</u>	<u>2,091,814</u>	<u>1,677,023</u>	<u>414,791</u>
Other Financing Sources (Uses)						
Bond proceeds	-	-	-	-	-	-
Transfers in (out)	2,333,417	(388,171)	2,721,588	(2,333,417)	388,171	(2,721,588)
Total Other Financing Sources (Uses)	<u>2,333,417</u>	<u>(388,171)</u>	<u>2,721,588</u>	<u>(2,333,417)</u>	<u>388,171</u>	<u>(2,721,588)</u>
Change in net position Beginning net position	<u>3,839,212</u>	<u>1,082,316</u>	<u>2,756,896</u>	<u>(241,603)</u>	<u>2,065,194</u>	<u>(2,306,797)</u>
	<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>
Ending Net Position	<u>\$10,135,323</u>	<u>\$6,296,111</u>	<u>\$ 3,839,212</u>	<u>\$ 12,155,857</u>	<u>\$ 12,397,460</u>	<u>\$ (241,603)</u>



## Governmental Activities

The City of Jarrell's primary revenue sources are sales, franchise, and property taxes. These revenue sources made up approximately 74% of governmental fund revenues for fiscal year 2020/2021. Other significant revenue sources were charges for water and wastewater services.

The City of Jarrell's various departmental expenditures totaled \$ 3,607,442 for the year ended September 30, 2021. 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 \$2,517,481 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 \$ 355,523 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		
	2021	2020	Change
Land	404,177	297,883	106,294
Infrastructure	1,002,638	970,447	32,191
Buildings & improvements	1,585,975	1,415,593	170,382
Machinery & equipment	558,911	336,600	222,311
Totals at historical cost	3,551,701	3,020,523	531,178
Less accumulated depreciation	(1,034,220)	(858,565)	(175,655)
Capital assets, net of depreciation	\$ 2,517,481	\$ 2,161,958	\$ 355,523

**Table III**  
**Summary of Capital Assets**  
**Business-Type Activities**

	Business-Type Activities		
	2021	2020	Change
Land	\$ 1,483,996	\$ 533,231	\$ 950,765
Construction in Progress	-	-	-
Infrastructure	39,274,741	30,404,822	8,869,919
Totals at historical cost	40,758,737	30,938,053	9,820,684
Less accumulated depreciation	(5,283,243)	(4,379,831)	(903,412)
Capital assets, net of depreciation	\$ 35,475,494	\$ 26,558,222	\$ 8,917,272

**Long Term Debt**

Long-term debt at year end for governmental activities consisted of maintenance tax notes and compensated absences totaling \$ 343,790. Business-type activities long-term debt consisted of bonds and notes payable totaling \$61,010,000 which are related to the construction of the City's water/wastewater treatments. A new 13 million in bonds was added during fiscal year 2021. A summary of long-term debt is as follows:

**Table IV**  
**Summary of Long-Term Debt**  
**Governmental Activities**

	Governmental Activities		
	2021	2020	Change
Maintenance Tax Notes	\$ 335,000	\$ 360,000	\$ (25,000)
Compensated Absences	8,790	8,790	-
Totals	\$ 343,790	\$ 368,790	\$ (25,000)

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

	Business-Type Activities		
	2021	2020	Change
Maintenance Tax Notes	\$ 30,065,000	\$ 17,685,000	\$ 12,380,000
Notes Payable	30,945,000	31,245,000	(300,000)
Totals	\$ 61,010,000	\$ 48,930,000	\$ 12,080,000

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City of Jarrell has adopted an overall expenditure budget for FY2019/2020 totaling \$24,599,232. Property tax rates for FY 2020/2021 per \$100 property valuation are \$0.093693 for maintenance

. and operations and \$0.325807 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, 2021**

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,629,001	\$ 26,037,549	\$30,666,550
Investments-Current	3,065,849	9,856,320	12,922,169
Receivables (net of allowance for uncollectibles)	421,716	71,531	493,247
Restricted Cash	-	2,331,600	2,331,600
Capital Assets:			
Land	404,177	1,483,996	1,888,173
Infrastructure, net	520,495	33,991,498	34,511,993
Buildings & Improvements, net	1,325,429	-	1,325,429
Machinery and Equipment, net	267,380	-	267,380
Total Assets	<u>\$ 10,634,047</u>	<u>\$ 73,772,494</u>	<u>\$84,406,541</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 123,317	\$ 490,724	\$ 614,041
Customer Deposits Payable	-	73,552	73,552
Accrued expenses	31,617	-	31,617
Deferred Revenues	-	42,361	42,361
Noncurrent Liabilities:			
Due Within One Year	25,000	1,680,000	1,705,000
Due in More Than One Year	318,790	59,330,000	59,648,790
Total Liabilities	<u>498,724</u>	<u>61,616,637</u>	<u>62,115,361</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	2,173,691	6,128,143	8,301,834
Restricted for:			
Restricted for Debt Service	34,213	2,331,600	2,365,813
Restricted for Economic Development	490,905	-	490,905
Restricted for Streets Improvements	903,484	-	903,484
Restricted for Capital Projects	2,134,568	-	2,134,568
Unrestricted	4,398,462	3,696,114	8,094,576
Total Net Position	<u>\$ 10,135,323</u>	<u>\$ 12,155,857</u>	<u>\$22,291,180</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, 2021**

	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>		
				<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Primary Government:</b>						
<b>GOVERNMENTAL ACTIVITIES:</b>						
General Government	\$ 2,911,106	\$ 680,955	\$ -	\$ (2,230,151)	\$ -	\$ (2,230,151)
Public Safety	263,428	-	-	(263,428)	-	(263,428)
Highways and Streets	238,288	-	-	(238,288)	-	(238,288)
Parks and Recreation	45,506	-	-	(45,506)	-	(45,506)
Economic Development	139,214	-	-	(139,214)	-	(139,214)
Interest	836,306	-	-	(9,900)	(826,406)	(836,306)
Fees	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Governmental Activities:	<u>4,433,848</u>	<u>680,955</u>	<u>-</u>	<u>(2,926,487)</u>	<u>(826,406)</u>	<u>(3,752,893)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Water/Wastewater Fund	1,899,582	4,817,802	-	-	2,918,220	2,918,220
Total Business-Type Activities:	<u>1,899,582</u>	<u>4,817,802</u>	<u>-</u>	<u>-</u>	<u>2,918,220</u>	<u>2,918,220</u>
<b>Total Primary Government</b>	<u>\$ 6,333,430</u>	<u>\$ 5,498,757</u>	<u>\$ -</u>	<u>\$ (2,926,487)</u>	<u>\$ 2,091,814</u>	<u>\$ (834,673)</u>
<b>General Revenues:</b>						
Taxes:						
Property Taxes, Levied for General Purposes				237,910	-	237,910
Property Taxes, Levied for Debt Service				827,357	-	827,357
Sales Taxes				2,603,948	-	2,603,948
Franchise Taxes				131,857	-	131,857
Miscellaneous Revenue				589,981	-	589,981
Investment Earnings				41,229	-	41,229
Transfers In/(Out)				2,333,417	(2,333,417)	-
Total General Revenues				<u>6,765,699</u>	<u>(2,333,417)</u>	<u>4,432,282</u>
Change in Net Position				3,839,212	(241,603)	3,597,609
Net Position - Beginning				6,296,111	12,397,460	18,693,571
Net Position				<u>\$ 10,135,323</u>	<u>\$ 12,155,857</u>	<u>\$ 22,291,180</u>

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## **FUND FINANCIAL STATEMENTS**



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

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	1,723,601	34,213	2,134,568	736,619	4,629,001
Investments-Current	2,423,575	-	-	642,274	3,065,849
Taxes Receivable	2,783	12,697	-	-	15,480
Sales Tax Receivable	231,121	-	-	32,899	264,020
Accounts Receivable	144,479	-	-	-	144,479
Allowance for Uncollectible Accoun	(2,263)	-	-	-	(2,263)
Due from Other Funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,523,296</b>	<b>\$ 46,910</b>	<b>\$ 2,134,568</b>	<b>\$ 1,411,792</b>	<b>\$ 8,116,566</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	105,914	-	-	17,403	123,317
Wages and Payroll taxes Payable	31,617	-	-	-	31,617
Due to Other Funds	-	-	-	-	-
Deferred Revenues	2,783	12,697	-	-	15,480
<b>Total Liabilities</b>	<b>140,314</b>	<b>12,697</b>	<b>-</b>	<b>17,403</b>	<b>170,414</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Projects	-	-	2,134,568	-	2,134,568
Economic Development	-	-	-	490,905	490,905
Streets Improvements	-	-	-	903,484	903,484
Debt Service	-	34,213	-	-	34,213
<b>Unassigned</b>					
Reported in the General Fund	4,382,982	-	-	-	4,382,982
<b>Total Fund Balances</b>	<b>4,382,982</b>	<b>34,213</b>	<b>2,134,568</b>	<b>1,394,389</b>	<b>7,946,152</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 4,523,296</b>	<b>\$ 46,910</b>	<b>\$ 2,134,568</b>	<b>\$ 1,411,792</b>	<b>\$ 8,116,566</b>

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, 2021**

<b>Total Fund Balances - Governmental Funds</b>	\$ 7,946,152
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.	2,517,481
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.	-
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.	-
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.	-
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.	(343,790)
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.	15,480
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.	-
<b>Net Position of Governmental Activities</b>	<u>\$ 10,135,323</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, 2021**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
<b>REVENUES</b>					
8					
Property Taxes	\$ 237,910	\$ 827,357	\$ -	\$ -	\$ 1,065,267
General Sales and Use Taxes	1,965,896	-	-	638,052	2,603,948
Franchise Tax	131,857	-	-	-	131,857
Licenses and Permits	604,088	-	-	-	604,088
Intergovernmental Rev. & Grants	-	-	-	-	-
Fines and Court Costs	76,867	-	-	-	76,867
Investment Earnings	8,561	2,336	27,794	2,538	41,229
Other Revenue	589,981	38,794	-	-	628,775
Total Revenues	<u>3,615,160</u>	<u>868,487</u>	<u>27,794</u>	<u>640,590</u>	<u>5,152,031</u>
<b>EXPENDITURES</b>					
Current:					
General Government	2,910,611	-	-	-	2,910,611
Public Safety	229,115	-	-	-	229,115
Highways and Streets	16,288	-	-	215,744	232,032
Parks and Recreation	29,510	-	-	-	29,510
Conservation and Development					
Economic Development	-	-	-	139,700	139,700
Debt Service:					
Principal	-	25,000	-	-	25,000
Interest	-	9,900	-	-	9,900
Fees	-	-	-	-	-
Capital Outlay:					
Capital Outlay	170,382	-	1,311,561	-	1,481,943
Total Expenditures	<u>3,355,906</u>	<u>34,900</u>	<u>1,311,561</u>	<u>355,444</u>	<u>5,057,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>259,254</u>	<u>833,587</u>	<u>(1,283,767)</u>	<u>285,146</u>	<u>94,220</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds	1,035,657	-	-	-	1,035,657
Transfers in	-	2,097,791	3,167,691	-	5,265,482
Transfers Out (Use)	-	(2,932,065)	-	-	(2,932,065)
Total Other Financing Sources (Uses)	<u>1,035,657</u>	<u>(834,274)</u>	<u>3,167,691</u>	<u>-</u>	<u>3,369,074</u>
Net Change in Fund Balances	1,294,911	(687)	1,883,924	285,146	3,463,294
Fund Balances - Beginning	<u>3,088,071</u>	<u>34,900</u>	<u>250,644</u>	<u>1,109,243</u>	<u>4,482,858</u>
Fund Balances-Ending	<u>\$ 4,382,982</u>	<u>\$ 34,213</u>	<u>\$ 2,134,568</u>	<u>\$ 1,394,389</u>	<u>\$ 7,946,152</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, 2021**

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 3,463,294</b>
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.	1,481,943
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.	(175,655)
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
Bond proceeds from water sewer fund used to purchase general fund assets	(1,035,657)
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.	4,655
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.	<u>75,632</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 3,839,212</u></u></b>

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, 2021**

	<u>Water Wastewater Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 26,037,549
Investments - Current	9,856,320
Restricted Cash	2,331,600
Accounts Receivable	71,531
Total Current Assets	<u>38,297,000</u>
Noncurrent Assets	
Capital Assets:	
Land Purchase and Improvements	1,483,996
Construction In Progress	-
Utilities Infrastructure	39,274,741
Accumulated Depreciation -Utilities Infrastructure	<u>(5,283,243)</u>
Total Noncurrent Assets	<u>35,475,494</u>
Total Assets	<u>\$ 73,772,494</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	490,724
Customer Deposits Payable	73,552
Accrued Interest Payable	-
Deferred Revenue	42,361
Total Current Liabilities	<u>606,637</u>
Noncurrent Liabilities:	
Due within One Year	1,680,000
Due in More Than One Year	59,330,000
Total Noncurrent Liabilities	<u>61,010,000</u>
Total Liabilities	<u>61,616,637</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	6,128,143
Restricted for:	
Capital Projects & Debt Service	2,331,600
Unrestricted	3,696,114
Total Net Position	<u>\$ 12,155,857</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, 2021**

	<b>Water/ Wastewater Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for Services	\$ 4,817,802
Total Operating Revenues	4,817,802
<b>OPERATING EXPENSES:</b>	
Purchased Professional & Technical Services	365,722
Other Operating Costs	630,448
Depreciation Expense	903,412
Total Operating Expenses	1,899,582
Operating Income (Loss)	2,918,220
<b>NON-OPERATING REVENUE (EXPENSES):</b>	
Transfers In/(out)	(2,333,417)
Investment Earnings	-
Grant Income	-
Interest Expense - Non-Operating	(826,406)
Total Non-Operating Revenue (Expenses)	(3,159,823)
Change in Net Position	(241,603)
Total Net Position - October 1 (Beginning)	12,397,460
Total Net Position - September 30 (Ending)	\$12,155,857

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, 2021**

	<b>Water/ Wastewater Fund</b>
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from User Charges	\$ 5,222,159
Cash Payments for Purchased Professional & Technical Services	(365,722)
Cash Payments for Other Operating	(149,195)
Net Cash Provided by Operating Activities	4,707,242
<b><u>Cash Flows from Capital &amp; Related Financing Activities:</u></b>	
Acquisition of Capital Assets	(9,820,684)
Interest Expense	(826,406)
Change in Long-Term Debt	11,910,000
Operating Transfers In (Out)	(2,333,417)
Net Cash Provided by (Used for) Capital & Related Financing Activities	(1,070,507)
<b><u>Cash Flows from Investing Activities:</u></b>	
Interest income	-
Reduction (Increase) of Investments	(8,113,695)
Net Cash Provided by (Used for) Investing Activities	(8,113,695)
Net Increase (Decrease) in Cash and Cash Equivalents	(4,476,960)
Cash and Cash Equivalents at Beginning of the Year:	32,846,109
Cash and Cash Equivalents at End of the Year:	\$ 28,369,149
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u></b>	
Operating Income:	\$ 2,918,220
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	903,412
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	404,357
Increase (decrease) in Accounts Payable	453,447
Increase (decrease) in Other Liabilities	25,968
Increase (decrease) in Due to Other Funds/Deferred revenue	1,080
Net Cash Provided by Operating Activities	\$ 4,706,484

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, 2021

**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, 2021**

**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, 2021**

**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, 2021 related to the City’s governmental fund activities. There was no compensated absences liability for proprietary fund activities at September 30, 2021.

**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, 2021 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 1<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup> 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 1<sup>st</sup> of the year following the year in which imposed. On January 1<sup>st</sup> 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, 2021**

**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, 2021**

**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, 2021**

**III. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables as of September 30, 2021, including the applicable allowances for uncollectible accounts, are as follows:

	<b>Property Taxes (net)</b>	<b>Sales Taxes (net)</b>	<b>Customer Receivables (net)</b>	<b>Accounts Receivable (net)</b>	<b>Total Receivables</b>
<b>Governmental Activities:</b>					
General Fund	\$ 2,783	\$ 231,121	\$ -	\$ 142,216	\$ 376,120
Debt Service Fund	12,697	-	-	-	12,697
Capital Projects Fund	-	-	-	-	-
Non-Major Governmental Funds	-	32,899	-	-	32,899
Total	<u>\$ 15,480</u>	<u>\$ 264,020</u>	<u>\$ -</u>	<u>\$ 142,216</u>	<u>\$ 421,716</u>
<b>Proprietary Activities:</b>					
Water/Wastewater Fund	\$ -	\$ -	\$ 71,531	\$ -	\$ 71,531
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,531</u>	<u>\$ -</u>	<u>\$ 71,531</u>

Payables as of September 30, 2021 consisted of the following:

	<b>Accounts Payable</b>	<b>Salaries Payable</b>	<b>Accrued Interest Payable</b>	<b>Deferred Revenues</b>	<b>Other Payables</b>	<b>Total Payables</b>
<b>Governmental Activities:</b>						
General Fund	\$ 105,914	\$ 31,617	\$ -	\$ 2,783	\$ -	\$ 140,314
Debt Service Fund	-	-	-	12,697	-	12,697
Capital Projects Fund	-	-	-	-	-	-
Non-Major Governmental Funds	17,403	-	-	-	-	17,403
Total	<u>\$ 123,317</u>	<u>\$ 31,617</u>	<u>\$ -</u>	<u>\$ 15,480</u>	<u>\$ -</u>	<u>\$ 170,414</u>
<b>Proprietary Activities:</b>						
Water/Wastewater Fund	\$ 490,724	\$ -	\$ -	\$ -	\$ 73,552	\$ 564,276
Total	<u>\$ 490,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,552</u>	<u>\$ 564,276</u>

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2021**

**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
<u>General Fund</u>	2,333,417	
Sales Tax Street Fund	\$ -	\$ -
Economic Development Fund - 4A	-	-
Total General Fund	<u>2,333,417</u>	<u>-</u>
 Sales Tax Street Fund		
General Fund	-	-
Total Sales Tax Street Fund	<u>-</u>	<u>-</u>
 Economic Development Fund - 4A		
General Fund	-	-
Total Economic Development Fund - 4A	<u>-</u>	<u>-</u>
Grand Totals	<u>\$ 2,333,417</u>	<u>\$ -</u>

Fund	Transfer In From	Transfer Out To
<u>General Fund</u>		
Sales Tax Street Fund	\$ -	\$ 2,097,791
Economic Development Fund - 4A	-	-
Capital Projects Fund	-	-
Total General Fund	<u>-</u>	<u>2,097,791</u>

Debt Service Fund		
General Fund	-	2,932,065
Water/Wastewater Fund	2,097,791	-
Total Debt Service Fund	<u>2,097,791</u>	<u>2,932,065</u>

Capital Projects Fund		
General Fund	3,167,691	-
Total Capital Projects Fund	<u>3,167,691</u>	<u>-</u>

Fund	Transfer In From	Transfer Out To
<u>Economic Development Fund - 4A</u>		
General Fund	-	-
Total Economic Development Fund - 4A	<u>-</u>	<u>-</u>

Water/Wastewater Fund		
General Fund	-	2,333,417
Debt Service Fund	2,932,065	-
Capital Projects Fund	-	3,167,691
Total Water/Wastewater Fund	<u>2,932,065</u>	<u>5,501,108</u>
Grand Totals	<u>\$ 10,530,964</u>	<u>\$ 10,530,964</u>

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2021**

**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 \$0.093693 for maintenance & operations per \$100.00 assessed valuation and \$0.325807 for interest & sinking per \$100.00 assessed valuation. The adjusted original tax roll was \$1,053,110 on total taxable assessed value of \$224,325,976.

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

	<b>General Fund</b>
Current Taxes Receivable	<u>\$2,698</u>
Delinquent & Rollback Taxes Receivable	\$12,782
	<u>\$15,480</u>
	<u><u>\$15,480</u></u>



**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2021**

**VI. FIXED ASSETS**

Capital asset activity for the City of Jarrell for the year ended September 30, 2021, was as follows:

	<b>Balance 9/30/2020</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 9/30/2021</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital assets, not depreciated:				
Land	\$ 297,883	\$ 106,294	\$ -	\$ 404,177
Total capital assets, not depreciated	<u>297,883</u>	<u>106,294</u>	<u>-</u>	<u>404,177</u>
Capital assets, depreciated:				
Infrastructure	970,447	32,191	-	1,002,638
Buildings and improvements	1,415,593	170,382	-	1,585,975
Vehicles and equipment	336,600	222,311	-	558,911
Total capital assets, depreciated	<u>2,722,640</u>	<u>424,884</u>	<u>-</u>	<u>3,147,524</u>
Less accumulated depreciation:				
Infrastructure	424,909	57,234	-	482,143
Buildings and improvements	219,404	41,142	-	260,546
Vehicles and equipment	214,252	77,279	-	291,531
Total accumulated depreciation	<u>858,565</u>	<u>175,655</u>	<u>-</u>	<u>1,034,220</u>
Total capital assets, depreciated, net	<u>1,864,075</u>	<u>249,229</u>	<u>-</u>	<u>2,113,304</u>
Total capital assets, net	<u>\$ 2,161,958</u>	<u>\$ 355,523</u>	<u>\$ -</u>	<u>\$ 2,517,481</u>

**CITY OF JARRELL, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2021**

**VI. FIXED ASSETS (Continued)**

	<b>Balance 9/30/2020</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 9/30/2021</b>
<b>PROPRIETARY ACTIVITIES:</b>				
Capital assets, not depreciated:				
Land	\$ 1,483,996	\$ 950,765	\$ -	\$ 2,434,761
Total capital assets, not depreciated	<u>1,483,996</u>	<u>950,765</u>	<u>-</u>	<u>2,434,761</u>
Capital assets, depreciated:				
Construction in Progress	-	-	-	-
Infrastructure	30,404,822	8,869,919	-	39,274,741
Total capital assets, depreciated	<u>30,404,822</u>	<u>8,869,919</u>	<u>-</u>	<u>39,274,741</u>
Less accumulated depreciation:				
Infrastructure	4,379,831	903,412	-	5,283,243
Total accumulated depreciation	<u>4,379,831</u>	<u>903,412</u>	<u>-</u>	<u>5,283,243</u>
Total capital assets depreciated, net	<u>26,024,991</u>	<u>7,966,507</u>	<u>-</u>	<u>33,991,498</u>
Total capital assets, net	<u>\$ 27,508,987</u>	<u>\$ 8,917,272</u>	<u>\$ -</u>	<u>\$ 36,426,259</u>

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

<u>Function</u>	<u>Allocated Depreciation</u>
General Government	\$ 111,776
Public Safety	32,817
Highways & Streets	22,595
Parks & Recreation	8,467
Total	<u>\$ 175,655</u>

**CITY OF JARRELL, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2021**

**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 1<sup>st</sup> 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 1<sup>st</sup> 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, 2021**

Long-term debt for governmental activities for the year ended September 30, 2021 is as follows:

<b>Governmental Activities</b>	<b>Interest Rate Payable</b>	<b>Original Issue Amount</b>	<b>Interest Current Year</b>	<b>Amounts Outstanding 9/30/2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 9/30/2021</b>	<b>Due In One Year</b>
Notes Payable:								
Limited Tax Notes, Series 2012	2.75%	\$ 500,000	\$ 12,513	\$ 360,000	\$ -	\$ (25,000)	\$ 335,000	\$ 25,000
Total Notes Payable			12,513	360,000	-	(25,000)	335,000	25,000
Other:								
Compensated Absences			-	8,790	-	-	8,790	-
Total Other			-	8,790	-	-	8,790	-
<b>Total Long-Term Debt</b>			<b>\$ 12,513</b>	<b>\$ 368,790</b>	<b>\$ -</b>	<b>\$ (25,000)</b>	<b>\$ 343,790</b>	<b>\$ 25,000</b>

Proprietary Activities	Interest Rate Payable	Original Issue Amount	Interest Current Year	Amounts Outstanding 9/30/2020	Additions	Deletions	Balance 9/30/2021	Due In One Year
<b>Bonds Payable:</b>								
Tax & Revenue Cert. of Oblig. Srs. 2006	0.00%	\$ 7,895,000	\$ -	\$ 3,795,000	\$ -	\$ (575,000)	\$ 3,220,000	\$ 600,000
Tax & Revenue Cert. of Oblig., Srs. 2008	0.00%	1,520,000	-	1,215,000	-	(30,000)	1,185,000	30,000
Tax & Revenue Ref. Bonds, Srs. 2011	4.20%	1,015,000	-	-	-	-	-	-
Combination Tax & Surplus W & WW '17	2.00%	12,000,000	-	10,755,000	-	(425,000)	10,330,000	425,000
Combination Tax & Revenue Series 2018		2,000,500	-	1,920,000	-	(50,000)	1,870,000	50,000
Combination Tax & Revenue C of O '20	2.13%	13,685,000	-	-	13,685,000	(225,000)	13,460,000	265,000
Total Bonds Payable			-	17,685,000	13,685,000	(1,305,000)	30,065,000	1,370,000
<b>Other Long-Term Debt:</b>								
Note Payable to Lone Star RWA	2%-5%	2,985,000	-	2,415,000	-	(130,000)	2,285,000	130,000
Note Payable to Lone Star RWA	2%-5%	18,350,000	-	18,350,000	-	(140,000)	18,210,000	-
Note Payable to Lone Star RWA	2%-5%	3,760,000	-	3,760,000	-	(30,000)	3,730,000	-
Note Payable to Lone Star RWA	2%-5%	4,590,000	-	4,470,000	-	(120,000)	4,350,000	130,000
Note Payable to Lone Star RWA	2%-5%	940,000	-	920,000	-	(20,000)	900,000	20,000
Note Payable to Lone Star RWA	2%-5%	1,285,000	-	1,285,000	-	(25,000)	1,260,000	25,000
Note Payable to Lone Star RWA	2%-5%	215,000	-	215,000	-	(5,000)	210,000	5,000
Total Other Long-Term Debt:			-	31,415,000	-	(470,000)	30,945,000	310,000
<b>Total Long-Term Debt</b>			\$ -	\$ 49,100,000	\$ 13,685,000	\$ (1,775,000)	\$ 61,010,000	\$ 1,680,000

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2021**

Future debt service requirements for governmental activities are as follows:

<b>Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
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	30,000	6,188	36,188
2027	30,000	5,362	35,362
2028-2032	165,000	14,026	179,026
2033-2036	-	-	-
<b>Total</b>	<b>\$ 335,000</b>	<b>\$ 58,164</b>	<b>\$ 393,164</b>

Future debt service requirements for proprietary activities are as follows:

<b>Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2022	1,105,000	269,335	1,374,335
2023	1,135,000	263,937	1,398,937
2024	1,165,000	257,482	1,422,482
2025	1,195,000	250,166	1,445,166
2026	1,210,000	241,513	1,451,513
2027	580,000	231,718	811,718
2028-2032	3,105,000	988,843	4,093,843
2033-2037	3,490,000	662,032	4,152,032
2038-2043	3,620,000	284,097	3,904,097
<b>Total</b>	<b>\$ 16,605,000</b>	<b>\$ 3,449,123</b>	<b>\$ 20,054,123</b>

<b>Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2022	310,000	647,265	957,265
2023	315,000	777,402	1,092,402
2024	330,000	907,005	1,237,005
2025	335,000	1,091,249	1,426,249
2026	340,000	1,095,539	1,435,539
2027	350,000	1,307,634	1,657,634
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
<b>Total</b>	<b>\$ 30,945,000</b>	<b>\$ 22,697,964</b>	<b>\$ 53,642,964</b>

**CITY OF JARRELL, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2021**

<b>Year Ended</b>	<b>Total</b>		
<b>September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Requirements</b>
2022	265,000	419,226	684,226
2023	390,000	405,956	795,956
2024	410,000	386,456	796,456
2025	430,000	365,956	795,956
2026	450,000	344,456	794,456
2027	475,000	321,956	796,956
2028-2032	2,725,000	1,247,230	3,972,230
2033-2037	2,955,000	755,180	3,710,180
2038-2043	3,245,000	440,780	3,685,780
2044-2050	2,115,000	94,987	2,209,987
Total	<u>\$ 13,460,000</u>	<u>\$ 4,782,183</u>	<u>\$ 18,242,183</u>

**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.

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. LITIGATION**

As of September 30, 2021, the City was not a party to any litigation that would have a material effect on these financial statements.

**XI. SUBSEQUENT EVENTS**

The City has evaluated subsequent events as of April 14, 2022, 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, 2021**

	<b>Budgeted Amounts (Original)</b>	<b>Budgeted Amounts (Final)</b>	<b>Actual Amounts (GAAP Basis)</b>	<b>Variance With Final Budget</b>
<b>REVENUES</b>				
Grant income	-	-	-	-
Property Taxes	225,000	\$ 230,225	\$ 237,910	\$ 7,685
General Sales and Use Taxes	1,950,000	1,989,000	1,965,896	(23,104)
Franchise Tax	125,000	107,000	131,857	24,857
Licenses and Permits	415,000	605,700	604,088	(1,612)
Charges for Services	20,000	20,000	22,362	2,362
Fines and Court Costs	60,000	61,725	76,867	15,142
Other Revenue	478,134	701,036	589,981	(111,055)
Total Revenues	<u>3,273,134</u>	<u>3,714,686</u>	<u>3,628,961</u>	<u>(85,725)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,219,969	2,629,762	2,910,611	(280,849)
Public Safety	230,000	230,000	229,115	885
Public works streets	215,000	215,000	16,288	198,712
Parks and Recreation	-	-	29,510	(29,510)
Capital Outlay	15,932,852	15,932,852	1,481,943	(14,450,909)
Total Expenditures	<u>18,597,821</u>	<u>19,007,614</u>	<u>4,667,467</u>	<u>14,340,147</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,324,687)</u>	<u>(15,292,928)</u>	<u>(1,038,506)</u>	<u>(14,254,422)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	2,333,417	2,333,417
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>16,676,252</u>	<u>16,676,252</u>	<u>2,333,417</u>	<u>2,333,417</u>
Net Change in Fund Balances	1,351,565	1,383,324	1,294,911	(88,413)
Fund Balances - Beginning	<u>2,120,405</u>	<u>3,088,071</u>	<u>3,088,071</u>	<u>-</u>
Fund Balances - Ending	<u>3,471,970</u>	<u>\$ 4,471,395</u>	<u>\$ 4,382,982</u>	<u>\$ (88,413)</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, 2021**

	<b>Budgeted Amounts (Original)</b>	<b>Budgeted Amounts (Final)</b>	<b>Actual Amounts (GAAP Basis)</b>	<b>Variance With Final Budget</b>
<b>REVENUES</b>				
Access fees	2,895,000	2,557,181	2,480,426	(76,755)
Tap fees	70,000	\$ 70,000	\$ 254,346	\$ 184,346
Water and Wastewater fees	1,244,700	1,690,647	1,963,413	272,766
Billing fees	227,000	227,000	-	(227,000)
interest income	2,200	2,200	5,294	3,094
Debt service taxes	1,816,476	1,816,476	-	(1,816,476)
2018 bonds	-	-	-	-
Other Revenue	279,300	279,300	114,324	(164,976)
Total Revenues	<u>6,534,676</u>	<u>6,642,804</u>	<u>4,817,803</u>	<u>(1,748,246)</u>
<b>EXPENDITURES</b>				
Current:				
Sewer expense	672,270	672,270	255,756	416,514
Water expense	672,270	672,270	740,415	(68,145)
Depreciation	-	-	903,412	903,412
Sewer Expansion	-	-	-	-
Debt Service expenses	1,800,871	1,800,871	826,406	974,465
Total Expenditures	<u>3,145,411</u>	<u>3,145,411</u>	<u>2,725,989</u>	<u>419,422</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,389,265</u>	<u>3,497,393</u>	<u>2,091,814</u>	<u>1,405,579</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(2,856,000)	(2,856,000)	(2,333,417)	522,583
Total Other Financing Sources (Uses)	<u>(2,856,000)</u>	<u>(2,856,000)</u>	<u>(2,333,417)</u>	<u>522,583</u>
Net Change in Fund Balances	533,265	641,393	(241,603)	(882,996)
Fund Balances - Beginning	<u>2,120,405</u>	<u>-</u>	<u>12,397,460</u>	<u>12,397,460</u>
Fund Balances - Ending	<u>2,653,670</u>	<u>\$ 641,393</u>	<u>\$ 12,155,857</u>	<u>\$ 11,514,464</u>

**CITY OF JARRELL, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2021**

**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 1<sup>st</sup>. 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**

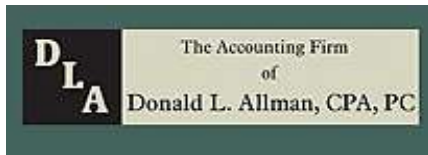
**CITY OF JARRELL, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	<b>Economic Development Corp (4A)</b>	<b>Sales Tax Street Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 393,522	\$ 343,097	\$ 736,619
Investments - Current	88,676	553,598	642,274
Sales Tax Receivable	19,960	12,939	32,899
Due from Other Funds	-	-	-
Total Assets	<u>\$ 502,158</u>	<u>\$ 909,634</u>	<u>\$ 1,411,792</u>
<b>LIABILITIES &amp; FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 11,253	\$ 6,150	\$ 17,403
Due to Other Funds	-	-	-
Total Liabilities	<u>11,253</u>	<u>6,150</u>	<u>17,403</u>
Fund Balances:			
Restricted for:			
Economic Development	490,905	-	490,905
Streets Improvements	-	903,484	903,484
Total Fund Balances	<u>490,905</u>	<u>903,484</u>	<u>1,394,389</u>
Total Liabilities & Fund Balances	<u>\$ 502,158</u>	<u>\$ 909,634</u>	<u>\$ 1,411,792</u>

**CITY OF JAR8RELL, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<b>Economic Development Corp (4A)</b>	<b>Sales Tax Street Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Taxes:			
General Sales and Use Taxes	\$ 319,026	\$ 319,026	\$ 638,052
Investment Earnings	733	1,805	2,538
Total Revenues	<u>319,759</u>	<u>320,831</u>	<u>640,590</u>
<b>EXPENDITURES</b>			
Current:			
Highways and Streets	-	215,744	215,744
Conservation and Development:			
Economic Development	139,700	-	139,700
Capital Outlay			
Capital Outlay	-	-	-
Total Expenditures	<u>139,700</u>	<u>215,744</u>	<u>355,444</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>180,059</u>	<u>105,087</u>	<u>285,146</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out (Use)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	180,059	105,087	285,146
Fund Balances - Beginning	<u>310,846</u>	<u>798,397</u>	<u>1,109,243</u>
Fund Balances - Ending	<u>\$ 490,905</u>	<u>\$ 903,484</u>	<u>\$ 1,394,389</u>

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**



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**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, 2021, 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 April 14, 2022.

**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  
April 14, 2022



