

CITY OF CENTER
Center, Texas

ANNUAL FINANCIAL REPORT

September 30, 2020

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CITY OF CENTER, TEXAS
PRINCIPAL CITY OFFICIALS
September 30, 2020

GOVERNING BODY

Honorable David Chadwick, Mayor

CITY COUNCIL

Leigh Porterfield - Mayor Pro-Tem

Joyce Johnson - District 1

Jerry Lathan - District 2

Howell Howard - District 3

Randy Collard - District 4

Terry Scull - At Large

OTHER PRINCIPAL OFFICIALS

Chad Nehring City Manager

Jim Gibson Asst. City Manager

Barbara Boyd City Secretary

John Price City Attorney

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Center
Center, Texas

We have audited the accompanying 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 Center, Texas, 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 statements audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Center, 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, budgetary comparison information, and the schedule of changes in net pension and OPEB liabilities and related ratios and schedule of contributions 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 Center, Texas' basic financial statements. The introductory section, the supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information section and the compliance section 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, these sections are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Lufkin, Texas
May 10, 2021


CERTIFIED PUBLIC ACCOUNTANTS



Management's Discussion and Analysis

As management of the City of Center, Texas, we offer readers of the City of Center's financial statements this narrative overview and analysis of the financial activities of the City of Center (City) for the fiscal year ended September 30, 2020.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year resulting in a total net position of \$28,938,541 which is an increase of \$101,238 (*net position*).
- Government activities change in net position increased \$409,223 to \$17,229,019 mostly from additional capital assets.
- The City's governmental funds reported combined ending fund balances of \$4,862,045 a decrease of \$2,248,552 from the prior year of \$7,110,597, mostly as a result of using cash assets for capital projects.
- The fund balance for the general fund was \$2,118,612 or 43.7% of total general fund expenditures and increased \$344,261 during this fiscal year.
- The Water and Sewer Fund operating expenses exceeded revenues resulting in operating income of \$458,739 and the fund decreased net position by \$353,749 to \$11,278,049.
- Combined Business Activities decreased Net Position by \$307,985 from \$12,017,507.
- The combined non-major governmental funds experienced a decrease in fund balance of \$50,750 to \$1,066,040 primarily in Debt Service and Park .
- The 4B Street Improvements for Economic Development is shown as a component unit of the City. The annual street program is recorded as an expense in the Governmental Funds so that the asset can be recorded.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Center's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, culture and recreation, planning and community development, sanitation and public facilities. The business-type activities of the City include water and sewer utility services.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Center can be divided into two categories: governmental funds or proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Center maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds, including the Debt Service Fund, is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, and special revenue funds - Trust Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with budget.

Proprietary Funds. The City maintains two proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer utility and Sanitation services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer utility and sanitation services, which are considered to be a major funds of the City of Center.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Center's progress in funding its obligations to provide retirement benefits to its employees. This required supplementary information can be found after the notes to financial statements of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found in this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$28,559,041 at the close of fiscal year 2020. This represents an increase of \$107,238 from the 2019 net position of \$28,837,303.

By far the largest portion of the City's assets (\$22,907,054), 81%, reflects its net investment in capital assets (e.g., land, buildings, vehicles and equipment), less the outstanding balance of related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Center's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. This year's net position values indicate increases because of acquisition and construction of assets through the Capital Projects Fund.

City of Center's Combined Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 6 936 794	\$ 8 576 098	\$ 3 393 180	\$ 4 662 292	\$ 10 003 387	\$ 13 238 390
Capital assets (net of depreciation)	23 452 834	21 748 038	15 549 271	14 806 696	39 002 105	36 554 734
Total Assets	<u>30 389 628</u>	<u>30 324 136</u>	<u>18 942 451</u>	<u>19 468 988</u>	<u>49 332 079</u>	<u>49 793 124</u>
Deferred outflow	<u>889 233</u>	<u>1 090 354</u>	<u>307 618</u>	<u>392 897</u>	<u>1 196 851</u>	<u>1 483 251</u>
Long-term liabilities outstanding	9 972 407	11 430 171	6 092 760	6 658 992	16 065 167	18 089 163
Other liabilities	2 043 054	1 367 044	934 458	752 016	2 977 512	2 119 060
Total Liabilities	<u>12 015 461</u>	<u>12 797 215</u>	<u>7 027 218</u>	<u>7 411 008</u>	<u>19 042 679</u>	<u>20 208 223</u>
Deferred inflow	<u>2 034 381</u>	<u>1 797 479</u>	<u>513 329</u>	<u>433 370</u>	<u>2 547 710</u>	<u>2 230 849</u>
Net Position:						
Net Investment in capital assets	13 465 283	11 076 376	9 441 771	8 423 962	22 907 054	19 500 338
Restricted	2 743 433	5 253 139	1 564 896	2 727 864	4 308 329	7 981 003
Unrestricted	1 020 303	490 281	702 855	865 681	1 723 158	1 355 962
Total Net Position	<u>\$ 17 229 019</u>	<u>\$ 16 819 796</u>	<u>\$ 11 709 522</u>	<u>\$ 12 017 507</u>	<u>\$ 28 938 541</u>	<u>\$ 28 837 303</u>

Deferred inflow in Governmental Activities is inclusive of pledges made for Portacool Park and the Softball Complex.

An additional portion of the City's net position, \$4,308,329 (15.1%), represents resources that are subject to external restrictions on how they may be used.

Values for newly constructed, major infrastructure (i.e. streets, drainage) are included in the value of capital assets.

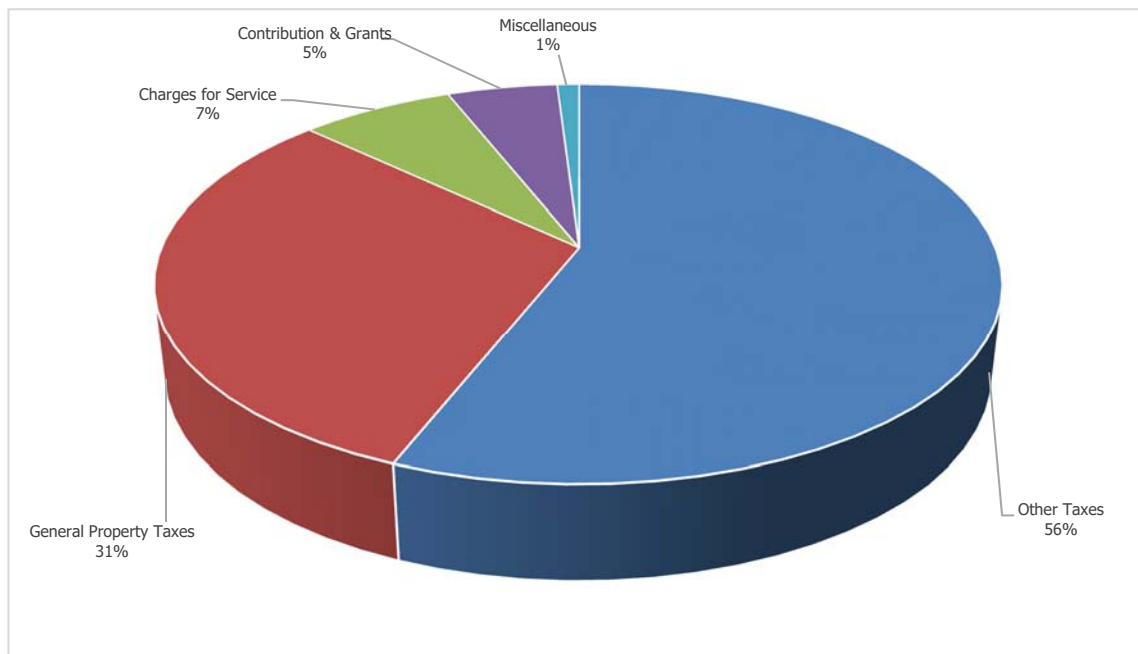
City of Center's Change in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for services	\$ 458 137	\$ 357 001	\$ 5 325 973	\$ 5 211 319	\$ 5 784 110	\$ 5 568 320
Operating grants and contributions	308 725	135 300	-	-	308 725	135 300
Capital grants and contributions	-	34 688	-	-	-	34 688
General Revenues:						
Property taxes	1 908 351	1 673 134	-	-	1 908 351	1 673 134
Other taxes	3 237 887	3 215 333	-	-	3 237 887	3 215 333
Other	380 758	524 738	42 963	452 617	423 721	977 355
Total Revenues	6 293 858	5 940 194	5 368 936	5 663 936	11 662 794	11 604 130
Expenses:						
General government	1 142 598	1 366 025	-	-	1 142 598	1 366 025
Public safety	2 532 849	2 602 775	-	-	2 532 849	2 602 775
Community services	1 459 008	1 269 422	-	-	1 459 008	1 269 422
Streets and drainage	1 275 542	944 829	-	-	1 275 542	944 829
Sanitation	-	-	1 377 757	1 458 076	1 377 757	1 458 076
Inspections	52 046	38 868	-	-	52 046	38 868
Interest on long-term debt	567 545	307 699	-	-	567 545	307 699
Water and sewer	-	-	3 505 294	3 390 226	3 505 294	3 390 226
Total Expenses	7 029 588	6 529 618	4 883 051	4 848 302	11 912 639	11 377 920
Transfers	1 144 953	1 556 534	(793 870)	(1 084 825)	351 083	471 709
Increase (decrease) in net position	409 223	967 110	(307 985)	(269 191)	101 238	697 919
Net Position, Ending	\$ 17 229 019	\$ 16 819 796	\$ 11 709 522	\$ 12 017 507	\$ 28 938 541	\$ 28 837 303

Governmental Activities. Governmental activities increased the City of Center's net position by \$409,221. Key elements of this increase are as follows:

- Governmental Fund revenues exceeded expenditures by \$409,223. This is mostly from improved sales tax receipts, transfers from the Utility and Sanitation Funds and internal service funds;
- Governmental Expenses increased \$499,970 from prior year expenses;

Revenues by Source - All Governmental Activities



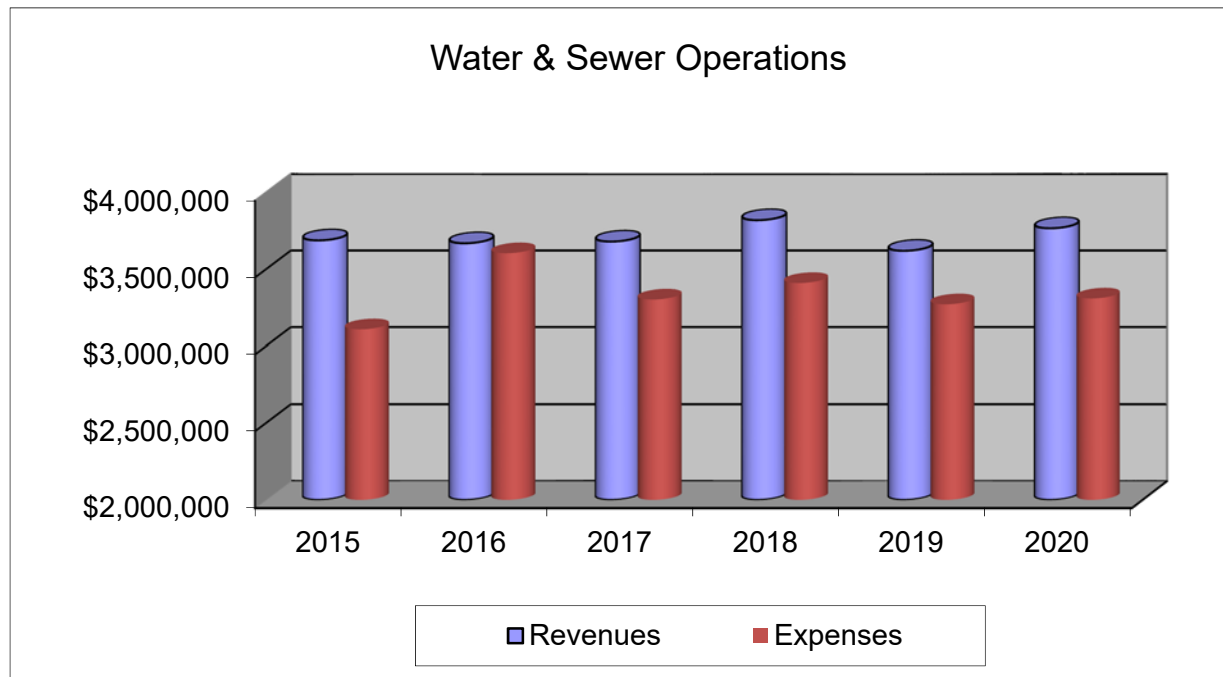
Proprietary Funds. The City of Center's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities but in more detail.

Business-Type Activities. Business-type activities decreased the total government's net position by \$307,985. Key elements of this change are as follows:

- Operating revenues increased \$114,654 to \$5,325,973 from \$5,211,319.
- Operating expenses decreased \$160,985 to \$4,687,317 from \$4,848,302.
- Operating expenses exceeded revenues resulting in Operating Income of \$638,656.

- Including non-operating expenses, primarily costs of debt and transfers, Change in Net Position is \$(307,985). Transfers includes transfers to the General Fund, Debt Fund, Technology Fund, and Capital Improvement Fund.

Operating Revenues and Expenses - Business-type Activities



As a component of Total Net Position, the Unrestricted Net Position of the Proprietary Funds at the end of the current fiscal year is \$702,855. Other factors concerning these funds have been addressed in the discussion of the City's business-type activities.

Internal Service Funds. The City operates two Internal Service Funds: the Technology Fund and Equipment Replacement Fund. The Technology Fund was fully capitalized in FY 2018 by transfers from the General and Utility Funds. The Equipment Replacement Fund was created in FY 2018 and will be fully capitalized in FY 2019. The net position for the Equipment Replacement Fund increased by \$48,206 from \$518,267 to \$566,473. The Technology Fund net position increased by \$79,608 from \$119,210 to \$198,818.

Financial Analysis of the Government's Funds

As noted earlier, the City of Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

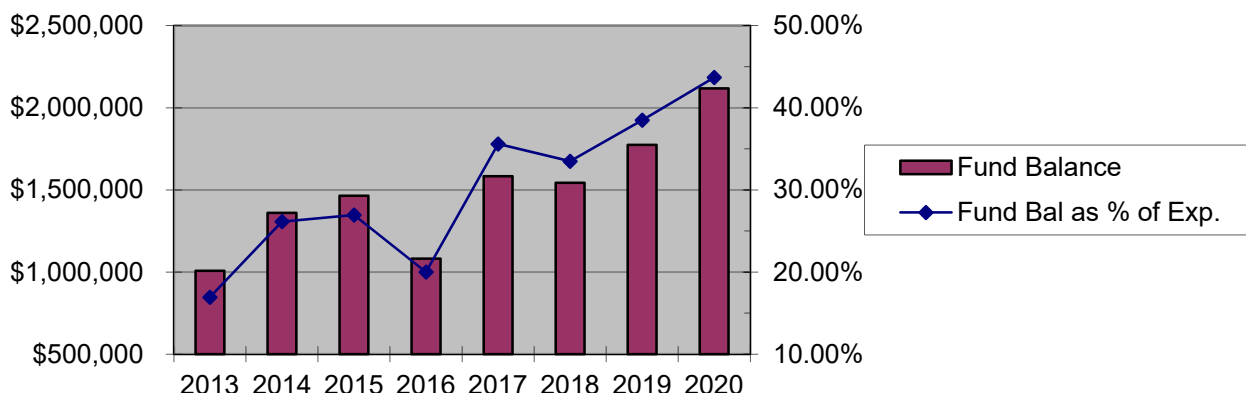
Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund* balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Center's governmental funds reported combined ending fund balances of \$4,862,045, a decrease of \$2,248,552 from the prior year. Approximately 43.4% of this total amount, \$2,112,065, constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. The remaining 54.4% of fund balance is *restricted* to indicate that it is not available for spending because it has already been committed and dedicated to 1) pay debt service, 2) for perpetual trust 3) for capital projects or 4) grant projects.

The general fund is the chief operating fund of the City of Center. At the end of the current fiscal year, total general fund balance was \$2,118,612. The fund balance of the City's general fund increased by \$344,261 during the current fiscal year. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 43.7% of total general fund operational expenditures. The City Council established a minimum fund balance policy of 25.0% of annual expenditures.

General Fund Budgetary Highlights

General Fund Balance and
Fund Balance as Percent of Expenses



The General Fund accounts for the primary operations of the City and a budget comparison is provided.

A review of the final amended budget compared to actual revenues/expenditures presents a number of variances. Total revenues increased from the budget by \$297,970. Total expenditures decreased from the budget by \$147,961.

Capital Asset and Debt Administration

Capital Assets. The City of Center's investment in capital assets for its governmental and business-type activities amounts to \$39,002,105 (net of accumulated depreciation) at the end of the current fiscal year increasing from last year's amount of \$36,554,734. This investment in capital assets includes land, buildings, improvements, vehicles and equipment. Due to the size of the City, past asset valuations for major infrastructure (streets, bridges, drainage, etc.) are not required to comply with reporting requirements, however beginning in fiscal year 2004, the City began prospectively accumulating values for these major capital assets.

City of Center's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 73 072	\$ 73 072	\$ 665 250	\$ 665 250	\$ 738 322	\$ 738 322
Buildings	6 524 290	6 685 601	-	-	6 524 290	6 685 601
Improvements other than buildings	3 606 591	3 649 560	-	-	3 606 591	3 649 560
Machinery and equipment	1 232 157	959 722	634 795	645 502	1 866 952	1 605 224
Buildings and systems	-	-	13 591 728	13 270 789	13 591 728	13 270 789
Infrastructure	9 204 088	9 990 254	-	-	9 204 088	9 990 254
Construction in progress	2 812 635	389 829	657 498	225 155	3 470 133	614 984
TOTAL	\$ 23 452 834	\$ 21 748 038	\$ 15 549 271	\$ 14 806 696	\$ 39 002 105	\$ 36 554 734

Long-Term Debt. At the end of the current fiscal year, the City of Center had total bonded debt outstanding of \$15,615,000, a decrease from last year's total bonded debt of \$16,420,000. All is backed by the full faith and credit of the government.

Notes Payable. Notes payable includes a note by the City's Tax Increment Reinvestment Zone Fund to the Center Economic Development Corporation in 2011.

City of Center's Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 9 507 500	\$ 10 038 750	\$ 6 107 500	\$ 6 381 250	\$ 15 615 000	\$ 16 420 000
Compensated absences	125 502	112 713	39 679	35 870	165 181	148 583
Notes payable	354 549	632 912	-	-	354 549	632 912
TOTAL	\$ 9 987 551	\$ 10 784 375	\$ 6 147 179	\$ 6 417 120	\$ 16 134 730	\$ 17 201 495

The City of Center's debt issuance rating by Moody's was upgraded in 2007 from a rating of "Baa2" to a rating of "A2". This pertains to the current debt issuances for general obligation and any other bonded debt. This rating was reaffirmed by Moody's in 2018 and 2021.

As a Home Rule City, the City of Center, Texas is not limited by law in the amount of debt it may issue. However, the City's Debt Management Policy limits total ad valorem supported outstanding debt to 4% of the taxable base. Utility Fund debt service is limited to 20% of Utility Fund expenditures.

Additional information on the City's long-term debt can be found in note 3. D. of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate as of August 2020 for Shelby County, according to Texas Workforce Commission statistics, is 6.6%. The unemployment rates for August 2020, according to the Texas Workforce Commission, are 7.0% for the State of Texas and 6.8% for the Deep East Texas Region.
- The City's total state sales tax receipts, including the 62.5% for governmental purposes and the two Economic Development Corporations, for the current fiscal year, totaled \$3,517,648 an increase of \$148,033 or 4.4% from the previous year \$3,369,615. This primarily reflects a return of oil and gas industry activities in the region.
- Economic trends in the area are stabilizing relative to state and national indices and trends.

All of these factors were considered in preparing the City of Center's budget for the 2021 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Center's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Secretary, P. O. Box 1744, 617 Tenaha Street, City of Center, Texas, 75935-1744.

FINANCIAL STATEMENTS

CITY OF CENTER, TEXAS
STATEMENT OF NET POSITION
September 30, 2020

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash and cash equivalents	\$ 1 510 963	\$ 382 659	\$ 1 893 622	\$ 3 406 167
Investments	4 307 848	684 738	4 992 586	375 823
Receivables	1 111 436	648 583	1 760 019	451 855
Inventories	6 547	112 304	118 851	-
Restricted Assets:				
Cash and cash equivalents	-	1 238 309	1 238 309	-
Investments	-	326 587	326 587	-
Capital assets (net of accumulated depreciation)	23 452 834	15 549 271	39 002 105	289 530
TOTAL ASSETS	30 389 628	18 942 451	49 332 079	4 523 375
DEFERRED OUTFLOWS				
Deferred outflow - Pension	554 188	192 366	746 554	-
Deferred outflow - OPEB	20 263	6 159	26 422	-
Deferred outflow - Subsequent contribution - Pension	310 819	107 889	418 708	-
Deferred outflow - Subsequent contribution - OPEB	3 963	1 204	5 167	-
TOTAL DEFERRED OUTFLOWS	889 233	307 618	1 196 851	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	31 278 861	19 250 069	50 528 930	4 523 375
LIABILITIES				
Current Liabilities:				
Accounts payable	896 029	420 968	1 316 997	5 196
Accrued liabilities	42 150	8 942	51 092	-
Accrued interest payable	43 899	22 177	66 076	-
Premium on bond issue	343 233	-	343 233	-
Customer deposits payable	-	191 250	191 250	-
Due within one year	717 743	291 250	1 008 993	-
Noncurrent Liabilities:				
Due in more than one year	9 269 808	5 816 250	15 086 058	-
Accrued compensated absences	-	39 679	39 679	-
Pension liabilities	540 289	187 541	727 830	-
OPEB liabilities	162 310	49 161	211 471	-
TOTAL LIABILITIES	12 015 461	7 027 218	19 042 679	5 196
DEFERRED INFLOWS				
Deferred inflows - Pension	1 473 880	511 601	1 985 481	-
Deferred inflows - OPEB	5 687	1 728	7 415	-
Unavailable revenues	554 815	-	554 815	-
TOTAL DEFERRED INFLOWS	2 034 381	513 329	2 547 710	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	14 049 842	7 540 547	21 590 389	5 196
NET POSITION				
Net investment in capital assets	13 465 283	9 441 771	22 907 054	289 530
Restricted for:				
Debt service	147 000	-	147 000	-
Grants	748 679	-	748 679	-
Capital projects	1 677 393	1 564 896	3 242 289	-
Perpetual care	170 361	-	170 361	-
Unrestricted	1 020 303	702 855	1 723 158	4 228 694
TOTAL NET POSITION	\$ 17 229 019	\$ 11 709 522	\$ 28 938 541	\$ 4 518 224

The notes to financial statements are an integral part of this statement.

CITY OF CENTER, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 1 142 598	\$ 224 315	\$ 97 314	\$ -
Public safety	2 532 849	-	28 540	-
Community services	1 459 008	233 822	174 121	-
Streets and drainage	1 275 542	-	8 750	-
Inspections	52 046	-	-	-
Interest on long-term debt	567 545	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>7 029 588</u>	<u>458 137</u>	<u>308 725</u>	<u>-</u>
Business-Type Activities:				
Water and sewer fund	3 505 294	3 768 299	-	-
Sanitation fund	1 377 757	1 557 674	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>4 883 051</u>	<u>5 325 973</u>	<u>-</u>	<u>-</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 11 912 639</u>	 <u>\$ 5 784 110</u>	 <u>\$ 308 725</u>	 <u>\$ -</u>
Component Units:				
Economic Development	\$ 163 590	\$ -	\$ -	\$ -
Economic Development Street Improvement	34 000	-	-	-
Local Government Housing Corp	3 796	-	-	-
TOTAL COMPONENT UNITS	<u>\$ 201 386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
Property taxes				
Sales taxes				
Other taxes and permits				
Fines and fees				
Unrestricted investment earnings				
Other unrestricted revenue				
Transfers				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
Net position - Beginning				
NET POSITION - ENDING				

The notes to financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			COMPONENT UNITS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	ECONOMIC DEVELOPMENT CORPORATIONS
\$ (820 969)	\$ -	\$ (820 969)	\$ -
(2 504 309)	-	(2 504 309)	-
(1 051 065)	-	(1 051 065)	-
(1 266 792)	-	(1 266 792)	-
(52 046)	-	(52 046)	-
(567 545)	-	(567 545)	-
(6 262 726)	-	(6 262 726)	-
-	263 005	263 005	-
-	179 917	179 917	-
-	442 922	442 922	-
(6 262 726)	442 922	(5 519 804)	-
-	-	-	(163 590)
-	-	-	(34 000)
-	-	-	(3 796)
-	-	-	(201 386)
1 908 351	-	1 908 351	-
2 200 650	-	2 200 650	1 320 390
1 037 237	-	1 037 237	-
201 838	-	201 838	-
84 212	41 486	125 698	48 910
94 708	1 477	96 185	-
1 144 953	(793 870)	351 083	(351 083)
6 671 949	(750 907)	5 921 042	1 018 217
409 223	(307 985)	101 238	816 831
16 819 796	12 017 507	28 837 303	3 701 393
\$ 17 229 019	\$ 11 709 522	\$ 28 938 541	\$ 4 518 224

CITY OF CENTER, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2020

	GENERAL	CAPITAL PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 56 752	\$ 990	\$ 1 163 458	\$ 1 221 200
Investments	1 934 755	2 373 093	-	4 307 848
Receivables (Net of Uncollectibles):				
Taxes	299 914	-	-	299 914
Accounts	-	-	348 397	348 397
Court fines receivable	210 819	-	-	210 819
Governmental agencies	162 197	-	-	162 197
Sundry	90 109	-	-	90 109
Due from other funds	78 145	-	500	78 645
Inventories	6 547	-	-	6 547
TOTAL ASSETS	\$ 2 839 238	\$ 2 374 083	\$ 1 512 355	\$ 6 725 676
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 170 823	\$ 696 590	\$ 24 570	\$ 891 983
Accrued liabilities	41 117	-	903	42 020
Due to other funds	500	100	78 045	78 645
TOTAL LIABILITIES	212 440	696 690	103 518	1 012 648
Deferred Inflows:				
Unavailable revenue	508 186	-	342 797	850 983
TOTAL DEFERRED INFLOWS	508 186	-	342 797	850 983
Fund Balances:				
Nonspendable - Inventory	6 547	-	-	6 547
Restricted for:				
Debt service	-	-	147 000	147 000
Grants	-	-	748 679	748 679
Other purposes	-	1 677 393	170 361	1 847 754
Unassigned:				
General fund	2 112 065	-	-	2 112 065
TOTAL FUND BALANCES	2 118 612	1 677 393	1 066 040	4 862 045
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 2 839 238	\$ 2 374 083	\$ 1 512 355	
Amounts Reported for Governmental Activities in the Statement of Net Activities are Different Because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds				22 973 128
An internal service fund is used for equipment acquisition and replacement. The governmental funds' share of the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position				765 291
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds				296 168
Long-term liabilities, including bonds, pensions, and other post-employment benefits, are not due and in the current period and, therefore, are not reported in the funds				(11 667 615)
NET POSITION OF GOVERNMENTAL ACTIVITIES				\$ 17 229 017

The notes to financial statements are an integral part of this statement.

CITY OF CENTER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	GENERAL	CAPITAL PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
General property taxes	\$ 1 100 776	\$ -	\$ 739 747	\$ 1 840 523
Other local taxes and permits	2 894 489	-	343 398	3 237 887
Fines and fees	191 902	-	9 936	201 838
Charges for services	196 679	-	127 143	323 822
Contributions and grants	124 854	8 750	175 121	308 725
Miscellaneous	43 270	-	51 438	94 708
TOTAL REVENUES	<u>4 551 970</u>	<u>8 750</u>	<u>1 446 783</u>	<u>6 007 503</u>
Expenditures:				
General government	1 237 441	-	-	1 237 441
Public safety	2 512 516	-	5 016	2 517 532
Community services	653 518	-	435 737	1 089 255
Streets and drainage	386 701	-	191 483	578 184
Inspections	54 163	-	-	54 163
Capital outlay	-	2 774 450	-	2 774 450
Debt Service:				
Principal	-	-	808 349	808 349
Interest and fiscal charges	-	-	356 897	356 897
TOTAL EXPENDITURES	<u>4 844 339</u>	<u>2 774 450</u>	<u>1 797 482</u>	<u>9 416 271</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(292 369)</u>	<u>(2 765 700)</u>	<u>(350 699)</u>	<u>(3 408 768)</u>
Other Financing Sources (Uses):				
Interest income	20 417	45 521	15 325	81 263
Transfers in	700 000	178 116	587 463	1 465 579
Transfers (out)	(83 787)	-	(302 839)	(386 626)
TOTAL OTHER FINANCING SOURCES (USES)	<u>636 630</u>	<u>223 637</u>	<u>299 949</u>	<u>1 160 216</u>
NET CHANGE IN FUND BALANCES	344 261	(2 542 063)	(50 750)	(2 248 552)
Fund balances at beginning of year	<u>1 774 351</u>	<u>4 219 456</u>	<u>1 116 790</u>	<u>7 110 597</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2 118 612</u>	<u>\$ 1 677 393</u>	<u>\$ 1 066 040</u>	<u>\$ 4 862 045</u>

The notes to financial statements are an integral part of this statement.

CITY OF CENTER, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2020

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net change in fund balances - Total governmental funds	\$ (2 248 552)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1 604 593
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	67 828
Internal service net revenues are reported with governmental activities and the expenses not recovered through user charges are allocated to the participating funds.	127 814
The issuance of long-term debt (e.g., bonds, notes, and pension and other post provides current employment benefits) financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debts and other related items.	<u>857 538</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>409 221</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF CENTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2020

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 53 273	\$ 329 386	\$ 382 659	\$ 86 769	\$ 202 994
Investments	684 738	-	684 738	-	-
Receivables (Net):					
Accounts	351 232	233 937	585 169	-	-
Sundry	63 414	-	63 414	-	-
Inventories	112 304	-	112 304	-	-
TOTAL CURRENT ASSETS	<u>1 264 961</u>	<u>563 323</u>	<u>1 828 284</u>	<u>86 769</u>	<u>202 994</u>
Noncurrent Assets:					
Restricted cash	1 238 309	-	1 238 309	-	-
Restricted investments	326 587	-	326 587	-	-
Capital Assets:					
Land	665 250	-	665 250	-	-
Utility systems	32 624 838	-	32 624 838	-	-
Equipment	3 563 219	17 422	3 580 641	846 056	-
Construction in progress	657 498	-	657 498	-	-
Less accumulated depreciation	(21 961 534)	(17 422)	(21 978 956)	(366 352)	-
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>15 549 271</u>	<u>-</u>	<u>15 549 271</u>	<u>479 704</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>17 114 167</u>	<u>-</u>	<u>17 114 167</u>	<u>479 704</u>	<u>-</u>
TOTAL ASSETS	<u>18 379 128</u>	<u>563 323</u>	<u>18 942 451</u>	<u>566 473</u>	<u>202 994</u>
DEFERRED OUTFLOWS					
Deferred outflow - Pension	192 366	-	192 366	-	-
Deferred outflow - Subsequent contributions pensions	107 889	-	107 889	-	-
Deferred outflow - OPEB	6 159	-	6 159	-	-
Deferred outflow - Subsequent contributions OPEB	1 204	-	1 204	-	-
TOTAL DEFERRED OUTFLOWS	<u>307 618</u>	<u>-</u>	<u>307 618</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>18 686 746</u>	<u>563 323</u>	<u>19 250 069</u>	<u>566 473</u>	<u>202 994</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	289 118	131 850	420 968	-	4 046
Accrued expense	8 942	-	8 942	-	130
Debt payable - Current	291 250	-	291 250	-	-
Accrued interest payable	22 177	-	22 177	-	-
Customer deposits payable	191 250	-	191 250	-	-
TOTAL CURRENT LIABILITIES	<u>802 737</u>	<u>131 850</u>	<u>934 587</u>	<u>-</u>	<u>4 176</u>
Noncurrent Liabilities:					
Compensated absences	39 679	-	39 679	-	-
Pension liability	187 541	-	187 541	-	-
OPEB liability	49 161	-	49 161	-	-
Long term debt payable	5 816 250	-	5 816 250	-	-
TOTAL NONCURRENT LIABILITIES	<u>6 092 631</u>	<u>-</u>	<u>6 092 631</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>6 895 368</u>	<u>131 850</u>	<u>7 027 218</u>	<u>-</u>	<u>4 176</u>
DEFERRED INFLOWS					
Deferred inflow - Pension	511 601	-	511 601	-	-
Deferred inflow - OPEB	1 728	-	1 728	-	-
TOTAL DEFERRED INFLOWS	<u>513 329</u>	<u>-</u>	<u>513 329</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>7 408 697</u>	<u>131 850</u>	<u>7 540 547</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	9 441 771	-	9 441 771	479 704	-
Restricted for capital projects	1 564 896	-	1 564 896	-	-
Unrestricted	271 382	431 473	702 855	86 769	198 818
TOTAL NET POSITION	<u>\$ 11 278 049</u>	<u>\$ 431 473</u>	<u>\$ 11 709 522</u>	<u>\$ 566 473</u>	<u>\$ 198 818</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CENTER, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended September 30, 2020

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
Operating Revenues:					
Charges for service	\$ 3 525 586	\$ 1 556 205	\$ 5 081 791	\$ 134 315	\$ 215 880
Taps and connections	12 055	-	12 055	-	-
Miscellaneous	230 658	1 469	232 127	-	-
TOTAL OPERATING REVENUES	<u>3 768 299</u>	<u>1 557 674</u>	<u>5 325 973</u>	<u>134 315</u>	<u>215 880</u>
Operating Expenses:					
Nondepartmental	332 523	-	332 523	3 966	137 829
Public works	241 468	-	241 468	-	-
Water production	940 273	-	940 273	-	-
Water distribution	369 599	-	369 599	-	-
Sewer collection	245 107	-	245 107	-	-
Sewer treatment	530 030	-	530 030	-	-
Sanitation	-	1 376 273	1 376 273	-	-
Depreciation	650 560	1 484	652 044	149 535	-
TOTAL OPERATING EXPENSES	<u>3 309 560</u>	<u>1 377 757</u>	<u>4 687 317</u>	<u>153 501</u>	<u>137 829</u>
OPERATING INCOME	<u>458 739</u>	<u>179 917</u>	<u>638 656</u>	<u>(19 186)</u>	<u>78 051</u>
Nonoperating Revenues (Expenses):					
Income from investments	38 696	2 790	41 486	1 392	1 557
Other revenue	1 477	-	1 477	-	-
Interest expense	(195 734)	-	(195 734)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(155 561)</u>	<u>2 790</u>	<u>(152 771)</u>	<u>1 392</u>	<u>1 557</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS	<u>303 178</u>	<u>182 707</u>	<u>485 885</u>	<u>(17 794)</u>	<u>79 608</u>
Operating transfers in (out)	<u>(656 927)</u>	<u>(136 943)</u>	<u>(793 870)</u>	<u>66 000</u>	<u>-</u>
TOTAL NET OPERATING TRANSFERS	<u>(656 927)</u>	<u>(136 943)</u>	<u>(793 870)</u>	<u>66 000</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(353 749)</u>	<u>45 764</u>	<u>(307 985)</u>	<u>48 206</u>	<u>79 608</u>
Beginning net position	<u>11 631 798</u>	<u>385 709</u>	<u>12 017 507</u>	<u>518 267</u>	<u>119 210</u>
NET POSITION, END OF YEAR	<u>\$ 11 278 049</u>	<u>\$ 431 473</u>	<u>\$ 11 709 522</u>	<u>\$ 566 473</u>	<u>\$ 198 818</u>

The notes to financial statements are an integral part of this statement.

CITY OF CENTER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2020

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
Cash Flows from Operating Activities:					
Received from customers	\$ 3 715 746	\$ 1 580 315	\$ 5 296 061	\$ 134 315	\$ 215 880
Payments to suppliers	(1 418 983)	(1 372 353)	(2 791 336)	(3 966)	(74 538)
Payments to employees	(1 208 717)	-	(1 208 717)	-	(66 443)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1 088 046</u>	<u>207 962</u>	<u>1 296 008</u>	<u>130 349</u>	<u>74 899</u>
Cash Flows from Noncapital Financing Activities:					
Operating transfers in (out)	(656 927)	(136 943)	(793 870)	66 000	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(656 927)</u>	<u>(136 943)</u>	<u>(793 870)</u>	<u>66 000</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1 394 619)	-	(1 394 619)	(249 736)	-
Net sales and purchases of investments	(24 746)	-	(24 746)	-	-
Principal paid on debt	(273 750)	-	(273 750)	-	-
Interest paid on debt	(195 734)	-	(195 734)	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1 888 849)</u>	<u>-</u>	<u>(1 888 849)</u>	<u>(249 736)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	38 696	2 790	41 486	1 392	1 557
Royalties	1 477	-	1 477	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>40 173</u>	<u>2 790</u>	<u>42 963</u>	<u>1 392</u>	<u>1 557</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1 417 557)	73 809	(1 343 748)	(51 995)	76 456
Cash at beginning of year	<u>2 709 139</u>	<u>255 577</u>	<u>2 964 716</u>	<u>138 764</u>	<u>126 538</u>
CASH AT END OF YEAR	<u>\$ 1 291 582</u>	<u>\$ 329 386</u>	<u>\$ 1 620 968</u>	<u>\$ 86 769</u>	<u>\$ 202 994</u>

Reconciliation of Operating Income to Net Cash
Provided by Operating Activities

Operating income (loss)	\$ 458 739	\$ 179 917	\$ 638 656	\$ (19 186)	\$ 78 051
Adjustments:					
Depreciation	650 560	1 484	652 044	149 535	-
Changes in:					
Accounts receivable	(64 086)	22 641	(41 445)	-	-
Inventory	(8 445)	-	(8 445)	-	-
Deferred charges	165 238	-	165 238	-	-
Accounts payable	180 749	3 920	184 669	-	(1 029)
Accrued expense	(31 131)	-	(31 131)	-	(2 123)
Accrued compensated absences	3 809	-	3 809	-	-
Pension and OPEB liability	(278 920)	-	(278 920)	-	-
Customer deposits	11 533	-	11 533	-	-
NET CASH PROVIDED (USED BY) OPERATING ACTIVITIES	<u>\$ 1 088 046</u>	<u>\$ 207 962</u>	<u>\$ 1 296 008</u>	<u>\$ 130 349</u>	<u>\$ 74 899</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Center, Texas was incorporated in 1900. The City operates under a Home Rule Charter adopted April 7, 1984 under Section 5, Article XI of the Texas Constitution as a Council-Manager form of government under the provisions of the charter and the V.T.C.A., Local Government Code.

The accounting policies of the City of Center, Texas conform to generally accepted accounting principles as applicable to governments. The City applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies:

A. Reporting Entity:

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

Individual Component Unit Disclosures:

Discretely Presented Component Units:

The City of Center Economic Development Corporation - Established in 1994, the Corporation is a 4A nonprofit industrial development corporation specifically governed by the Development Corporation Act. The purpose of the Corporation is to promote, assist, and enhance economic development. The Corporation is governed by a Board of Directors appointed by the City Council.

Complete financial statements of the Corporation can be obtained from: The City of Center Economic Development Corporation, 617 Tenaha Street, Center, Texas.

The City of Center Street Improvements for Economic Development Corporation - Established in 1996, the Corporation is a 4B nonprofit industrial development corporation specifically governed by the Development Corporation Act. The purpose of the Corporation is to promote, assist and enhance economic development by undertaking projects of street and road and related improvements. The Corporation is governed by a Board of Directors appointed by the City Council.

Complete financial statements of the Corporation can be obtained from: The City of Center Street Improvements for Economic Development Corporation, 617 Tenaha Street, Center, Texas.

The City of Center Local Government Corporation - Established in 2018 to hold and manage the assets of Parker Place Subdivision. The City acquired the remaining subdivision lots in 2018 after reaching a settlement with the owner, and repayment of the Housing Infrastructure Fund (HIF) grant. The City is working to sell the lots to builders.

B. Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *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 revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 1 - 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 the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental funds:

General Fund - The general fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Fund - The capital project fund is used to account for monies earmarked from bond activities.

Special Revenue Funds - Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs on long-term general obligation debt of governmental funds.

Permanent Fund - This fund is used to account for assets held by the City pursuant to a trust agreement. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

The government reports the following proprietary funds:

Water and Sewer Fund - This fund accounts for the provision of water and sewer services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Sanitation Fund - This fund accounts for the provision of sanitation services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Equipment Replacement Fund - This fund provides each department of the City an internal system to purchase capital assets. All such activities necessary to provide such services are accounted for in this fund.

Technology Fund - This fund provides each department of the City an internal system to acquire technology. All such activities necessary to provide such services are accounted for in this fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City's investment policies are governed by state statutes and city ordinances. Permissible investments include direct obligations of the U. S. Government, certificates of deposit and savings accounts. Collateral is required for demand deposits and certificates of deposits of all amounts not covered by federal deposit insurance.

The Center Economic Development Corporation and the Center Street Improvements for Economic Development are authorized by their governing board to invest in obligations of the U. S. Government, certificates of deposit and savings accounts.

Investments for the government, as well as for its component units, are reported at fair value. Collateral is required for demand deposits and certificates of deposits of all amounts not covered by federal deposit insurance.

2. Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of the allowance for uncollectibles. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Property taxes are levied on October 1, attach as an enforceable lien on property on January 1, and become delinquent on June 30 of every fiscal year.

3. Inventories and Prepaid Items:

All inventories are valued at cost using the first-in/first out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets:

Restricted assets include cash and investments for the proprietary funds that are legally restricted as to their use. The primary restricted assets are related to debt retirement, renewal and replacement, and construction activity of the Water and Sewer enterprise fund.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Capital Assets:

All purchased capital assets are valued at cost where historical records are available and estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received or placed into service. Assets contributed by the general government to proprietary funds are valued at the lesser of their fair market value at the date of the transfer or original cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

For implementation of GASB 34 requirements for capital assets the City established the following categories and thresholds:

Land/land improvement		Any Amount
Buildings/building improvements	\$	25 000
Facilities and other improvements	\$	25 000
Infrastructure	\$	25 000
Personal property	\$	5 000
Leasehold improvements	\$	25 000

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Depreciation is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Structures and water and sewer systems	10 to 50 years
Infrastructure	10 to 30 years
Transportation and other equipment	3 to 20 years

6. Compensated Absences:

The City accounts for expenditures related to sick pay when such payments are made to employees as amounts do not vest. The City accounts for all material liabilities and expenditures related to vacation pay during the fiscal year in which such benefits accrue. Employees are required to take vacation time if at all possible, and vacation time will not be allowed to be accrued more than 160 hours on an anniversary date. Sick leave can be accumulated up to 320 hours.

The City has determined that the current portion of the accrued expense for compensated absences cannot be reasonably estimated. Therefore, the total accrued expense for compensated absences is recorded as long-term debt in the financial statements.

7. Long-Term Obligations:

In the government-wide financial statements and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

8. Fund Equity:

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance - Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Assigned Fund Balance - Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned Fund Balance - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

9. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow or resources (expense/expenditure) until then.

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

10. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Subsequent Events:

Management has evaluated subsequent events through May 10, 2021, the date the financial statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting:

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

- (1) The City Manager submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) The budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized by the City Council to transfer budgeted amounts within departments of any fund; however, any revisions that alter the total expenditures of any fund are approved by the City Council.
- (5) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- (6) The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

B. City Fund Balance Policy:

The City of Center recognizes the importance of maintaining an appropriate level of Unassigned Fund Balance. After evaluating the City's operating characteristics, diversity of tax base, reliability of non-property tax revenue sources, working capital needs, impact on bond rating, State and local economic outlooks, emergency and disaster risk, and other contingent issues, the City establishes the following goals regarding the Unassigned Fund Balance of the General Fund for the City of Center, Texas.

Fund balance will be calculated by taking the total General Fund expenditure budget and deducting Airport departments. The rationale is this department receive a commensurate amount of funding from its own operations. The City now receives as much revenue from airport fuel sales to make the Center Municipal Airport self-sustaining.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The goal for this policy is that the City would retain in reserves a minimum of 20% and 25% optimally. This equates to 45 to 90 days of operating reserves which would allow the City to continue providing services without receiving additional funding.

Once the City achieves its goal of an appropriate level of Unassigned Fund Balance, any excess funds may be utilized for other municipal fiscal purposes, including without limitation, additional capital improvement needs or tax rate stabilization or reduction purposes. For example, by applying excess fund balances towards payment of capital improvement expenses, the City will reduce the need to incur long-term debt and will avoid creating an operating fund gap for subsequent fiscal years.

This policy has been adopted by the City to recognize the financial importance of a stable and sufficient level of the Unassigned Fund Balance. However, the City, reserves the right to appropriate funds from the Unassigned Fund Balance for emergencies and other unanticipated requirements the City believes to be in the best interest of the City.

FUND BALANCE ANALYSIS

	2020
Beginning fund balance	\$ 1 774 351
Total general fund revenues and transfers	5 272 387
Total general fund expenditures and transfers	(4 928 126)
ENDING GENERAL FUND BALANCE	<u>\$ 2 118 612</u>
Airport expense	\$ 144 832
General fund expenditures	4 928 126
ADJUSTED GENERAL FUND EXPENDITURES	<u>\$ 4 783 294</u>
	20% 25%
Required Fund Balance	\$ 956 659 \$ 1 195 824

Actual Fund Balance calculation represents 37.08% of adjusted General Fund Expenditures and 36.01% of non-adjusted General Fund Expenditures.

Tax Abatements

During the year ended September 30, the City abated property from local property taxes to create an economic development incentive. The results of the abated property was a reduction in property tax income of \$39,372 for the year.

YEAR	VALUE OF ABATED PROPERTY
2021	\$ 4 928 392
2022	3 025 036
2023	1 494 794
2024	-

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and investments as of September 30, consists of the following:

Primary Government:	
Unrestricted cash and investments	\$ 6 886 208
Restricted cash and investments	1 564 896
Component Units:	
Cash and cash equivalents	3 781 990
TOTAL CASH AND INVESTMENTS	<u>\$ 12 233 094</u>
Primary Government:	
Deposits with financial institutions	\$ 1 377 633
Investments in LOGIC	6 700 679
Investment in government bonds	372 792
Component Units:	
Deposits with financial institutions	9 906
Investments in LOGIC	3 322 540
Investment in government bonds	449 544
TOTAL CASH AND INVESTMENTS	<u>\$ 12 233 094</u>

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

At September 30, the total deposits (as shown on the records of the bank) for the primary government and the component units amounted to \$1,377,633 and \$9,906, respectively. Deposits were with the contracted depository bank, Farmers State Bank, in a combination of interest and non-interest bearing accounts and interest bearing Certificates of Deposits. The deposits were fully secured at the balance sheet date by federal depository coverage and by pledged U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of deposits.

Investments - The State Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. It requires the City to adopt, implement, and publicize an investment policy. The investment policy must address requirements outlined by the Act. Management of the City believes it is in compliance with those requirements and local policies. The City's temporary investments consist of balances held by the Local Government Investment Cooperative (LOGIC).

As of September 30, the City had the following investments:

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITIES (DAYS)	RATING
LOGIC Pool	\$ 10 023 219	48	AAAm
Government Bonds	822 336	357	A3-AA
	<u>\$ 10 845 555</u>		

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

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

B. Receivables

The City contracts with the Texas Department of Agriculture for various economic development programs. In accordance with certain terms of the contracts, funds have been loaned to specific entities at no interest. The City is liable to the State for repayment and the entity is liable to the City for repayment. The repayment of loans is accounted for as miscellaneous revenue and expenditures. The contracts are managed in a special revenue fund. At September 30, the City has two active loans. The following is a summary of transactions for the year ended September 30.

	LOANS RECEIVABLE	LOANS PAYABLE
Balance at October 1, 2019	\$ 54 510	\$ 54 510
Loan payments received	-	(26 209)
Loans paid	(26 209)	-
Balance at September 30, 2020	<u>\$ 28 301</u>	<u>\$ 28 301</u>

The loans are comprised of the following individual issues:

1998 Texas Capital Fund, \$357,500, due in 240 monthly payments of \$1,490	\$ 28 301
TOTAL	<u>\$ 28 301</u>

Future requirements are as follows:

YEAR	PAYABLE/ RECEIVABLE
2021	\$ 17 875
2022	10 426
	<u>\$ 28 301</u>

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Capital Assets

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

	BEGINNING BALANCE	INCREASES	DECREASES	TRANSFER	ENDING BALANCE
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Construction in progress	\$ 389 829	\$ 2 545 205	\$ -	\$ (122 399)	\$ 2 812 635
Land	73 072	-	-	-	73 072
TOTAL ASSETS NOT BEING DEPRECIATED	462 901	2 545 205	-	(122 399)	2 885 707
Capital Assets, Being Depreciated:					
Buildings	9 257 997	57 199	-	-	9 315 196
Improvements other than buildings	5 077 504	97 803	-	-	5 175 307
Vehicles and equipment	2 262 276	285 514	(107 678)	22 265	2 462 377
Infrastructure	16 473 579	-	-	-	16 473 579
TOTAL ASSETS BEING DEPRECIATED	33 071 356	440 516	(107 678)	22 265	33 426 459
Less Accumulated Depreciation For:					
Buildings	2 572 396	218 510	-	-	2 790 906
Improvements other than buildings	1 427 944	140 772	-	-	1 568 716
Vehicles and equipment	1 682 057	108 883	(103 281)	22 265	1 709 924
Infrastructure	6 483 325	786 165	-	-	7 269 490
TOTAL ACCUMULATED DEPRECIATION	12 165 722	1 254 330	(103 281)	22 265	13 339 036
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	20 905 634	(813 814)	(4 397)	-	20 087 423
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 21 368 535	\$ 1 731 391	\$ (4 397)	\$ (122 399)	\$ 22 973 130
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 665 250	\$ -	\$ -	\$ -	\$ 665 250
Construction in progress	225 155	1 248 791	-	(816 448)	657 498
TOTAL ASSETS NOT BEING DEPRECIATED	890 405	1 248 791	-	(816 448)	1 322 748
Capital Assets, Being Depreciated:					
Buildings and systems	31 757 940	866 898	-	-	32 624 838
Vehicles and equipment	3 507 528	95 378	-	(22 265)	3 580 641
TOTAL ASSETS BEING DEPRECIATED	35 265 468	962 276	-	(22 265)	36 205 479
Less Accumulated Depreciation For:					
Buildings and systems	18 487 151	545 959	-	-	19 033 110
Vehicles and equipment	2 862 026	106 085	-	(22 265)	2 945 846
TOTAL ACCUMULATED DEPRECIATION	21 349 177	652 044	-	(22 265)	21 978 956
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	13 916 291	310 232	-	-	14 226 523
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 14 806 696	\$ 1 559 023	\$ -	\$ (816 448)	\$ 15 549 271
Internal Service Fund:					
Capital Assets, Being Depreciated:					
Vehicles and equipment	\$ 596 320	\$ 249 736	\$ -	\$ -	\$ 846 056
TOTAL ASSETS NOT BEING DEPRECIATED	596 320	249 736	-	-	846 056
Less Accumulated Depreciation For:					
Vehicles and equipment	216 817	149 535	-	-	366 352
TOTAL ACCUMULATED DEPRECIATION	216 817	149 535	-	-	366 352
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	379 503	100 201	-	-	479 704
INTERNAL SERVICE FUND CAPITAL ASSETS, NET	\$ 379 503	\$ 100 201	\$ -	\$ -	\$ 479 704
Component Units:					
Capital Assets, Not Being Depreciated:					
Land	\$ 289 530	\$ -	\$ -	\$ -	\$ 289 530
COMPONENT UNITS CAPITAL ASSETS, NET	\$ 289 530	\$ -	\$ -	\$ -	\$ 289 530

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

Governmental Activities:		
General government		\$ 17 682
Public safety		207 099
Community services		388 586
Street and drainage		742 005
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES		\$ 1 355 372
Business-Type Activities:		
Water		\$ 429 552
Sewer		221 008
Sanitation		1 484
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES		\$ 652 044

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 10 038 750	\$ -	\$ (531 250)	\$ 9 507 500	\$ 628 750
Note payable	632 912	-	(278 363)	354 549	88 993
Compensated absences	112 713	12 789	-	125 502	-
Pension liability	1 322 175	-	(781 886)	540 289	-
OPEB liability	130 993	31 317	-	162 310	-
GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	<u>\$ 12 237 543</u>	<u>\$ 44 106</u>	<u>\$ (1 591 499)</u>	<u>\$ 10 690 150</u>	<u>\$ 717 743</u>
Business-Type Activities:					
General obligation bonds	\$ 6 381 250	\$ -	\$ (273 750)	\$ 6 107 500	\$ 291 250
Compensated absences	35 870	3 809	-	39 679	-
Pension liability	476 737	-	(289 196)	187 541	-
OPEB liability	38 885	10 276	-	49 161	-
BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	<u>\$ 6 932 742</u>	<u>\$ 14 085</u>	<u>\$ (562 946)</u>	<u>\$ 6 383 881</u>	<u>\$ 291 250</u>

Bonds payable at September 30 are comprised of the following individual issues:

General Obligation Debt:

\$1,500,000, 2007 Combination Tax and Waterworks and Sewer System Revenue Certificate of Obligation Bonds due in annual installments of \$80,000 to \$140,000 through February 2022; interest at 4.0 to 5.5 percent (Liability recorded in governmental activities)	\$ 270 000
\$3,941,314, 2011 Combination Tax and Revenue Certificate of Obligation, due in annual installments of \$95,000 to \$505,000 through August 15, 2030, interest at 2.0 to 4.0 percent (Liability recorded in governmental activities)	3 479 866
\$168,686, 2011 Combination Tax and Revenue Capital Appreciation Bonds, due in annual installments of \$116,448 to \$104,978 through August 15, 2023, interest at 3.10 to 3.50 percent (Liability recorded in governmental activities)	135 134
\$2,070,000, 2014 Combination Tax and Water and Sewer Revenue Certificate of Obligation, due in annual installments of \$10,000 to \$125,000 through August 15, 2035, interest at 0.0 to 3.05 percent (Liability recorded in business-type activities)	1 580 000
\$1,760,000, 2014 General Obligation Refunding Bond, due in annual installments of \$65,000 to \$225,000 through August 15, 2023, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	660 000
\$3,960,000, 2016 Combination Tax and Water and Sewer Revenue Certificate of Obligation, due in annual installments of \$130,000 to \$265,000 through August 15, 2036, interest at 2.49 percent (Liability recorded in governmental activities and business-type activities)	3 330 000
\$4,130,000, 2019 Tax & WW & SS Revenue Certificate of Obligation, due in annual installments of \$85,000 to \$405,000 through August 15, 2039, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	4 130 000
\$2,090,000, 2019 Tax & WW & SS Revenue Certificate of Obligation, due in annual installments of \$60,000 to \$140,000 through August 15, 2039, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	2 030 000
	<u>\$ 15 615 000</u>

The annual debt service requirements to maturity for all bonds and certificates of obligation are as follows:

<u>YEAR ENDING SEPTEMBER</u>	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2021	\$ 628 750	\$ 308 966	\$ 291 250	\$ 176 810
2022	668 750	294 141	301 250	169 380
2023	540 000	279 466	310 000	161 226
2024	560 000	259 191	315 000	154 745
2025	582 500	235 791	327 500	142 497
Thereafter	6 527 500	1 310 436	4 562 500	894 357
TOTAL	<u>\$ 9 507 500</u>	<u>\$ 2 687 991</u>	<u>\$ 6 107 500</u>	<u>\$ 1 699 015</u>

Notes Payable:

\$450,000 loan from the City of Center Economic Development Corporation to be paid in annual installments through 2029, with an interest rate of 3%	\$ 219 749
\$265,117 note to be paid in annual installments of \$62,955 to \$69,679 through November 2021, with interest of 3.45%	134 800
	<u>\$ 354 549</u>

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

YEAR ENDING SEPTEMBER	GOVERNMENTAL ACTIVITIES	
	PRINCIPAL	INTEREST
2021	\$ 88 993	\$ 11 308
2022	89 718	8 341
2023	22 948	5 275
2024	23 636	4 587
2025	24 356	3 876
Thereafter	104 898	7 984
TOTAL	\$ 354 549	\$ 41 371

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

NOTE 4 - OTHER INFORMATION

A. Pension Plan

Plan Description

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

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees Covered by Benefit Terms:

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	19
Active employees	73
	<u>135</u>

Contributions

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

Employees for the City of Center were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Center were 13.32% and 12.40% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$418,708, and were equal to the required contribution.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 4 - OTHER INFORMATION - CONTINUED

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50 to 10.5% per year (including inflation)
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2019, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2019 valuation.

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

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

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
TOTAL	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 4 - OTHER INFORMATION - CONTINUED

Changes in the Net Pension Liability

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (A)	PLAN FIDUCIARY NET POSITION (B)	NET PENSION LIABILITY (A) - (B)
Balance at December 31, 2018	\$ 13 373 198	\$ 11 574 286	\$ 1 798 912
Changes for the Year:			
Service cost	537 720	-	537 720
Interest	902 764	-	902 764
Change of benefit terms	-	-	-
Difference between expected and actual experience	(149 486)	-	(149 486)
Changes of assumptions	71 120	-	71 120
Contributions - Employer	-	426 162	(426 162)
Contributions - Employee	-	226 734	(226 734)
Net investment income	-	1 790 717	(1 790 717)
Benefit payments, including refunds of employee	(535 555)	(535 555)	-
Administrative expense	-	(10 111)	10 111
Other changes	-	(302)	302
NET CHANGES	826 563	1 897 645	(1 071 082)
Balance at December 31, 2019	\$ 14 199 761	\$ 13 471 931	\$ 727 830

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% DECREASE IN DISCOUNT RATE (5.75%)	DISCOUNT RATE (6.75%)	1% INCREASE IN DISCOUNT RATE (7.75%)
Net pension liability	\$ 291 085	\$ 727 830	\$ (1 069 838)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the City recognized pension expense of \$14,228.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ -	\$ 884 903
Changes in actuarial assumptions	55 988	1 160
Difference between projected and actual investment earnings	690 566	1 099 418
Contributions subsequent to the measurement date	418 708	-
TOTAL	\$ 1 165 262	\$ 1 985 481

\$418,708 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

YEAR ENDED DECEMBER 31,	PENSION EXPENSE AMOUNT
2021	\$ (519 824)
2022	(399 463)
2023	(92 805)
2024	(226 835)
2025	-
Thereafter	-
TOTAL	\$ (1 238 927)

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 4 - OTHER INFORMATION - CONTINUED

B. Other Postemployment Benefit (OPEB)

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The City of Center contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

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

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered and other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

Employees Covered by Benefit Terms

Membership:

Number of:	
Inactive employees currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	6
Active employees	73
TOTAL	110

Covered Payroll

\$ 3 195 006

Contributions

PLAN/ CALENDAR YEAR	TOTAL SDBF CONTRIBUTION (RATE)	RETIREE PORTION OF SDBF CONTRIBUTION (RATE)
2019	0.18%	0.05%
2020	0.18%	0.05%

The City's contributions to the SDBF for the year ended September 30, 2020 were \$17,721, and were equal to the required contribution.

Summary of Actuarial Assumptions

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	2.75%
Retirees' share of benefit-related costs	\$-0-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - Service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - Disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Note: The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 4 - OTHER INFORMATION - CONTINUED

Changes in OPEB Liability

Total OPEB liability - Beginning of year	\$ 169 829
Changes for the Year:	
Service cost	7 029
Interest on total OPEB liability	6 407
Changes of benefit terms	-
Differences	(3 809)
Changes in assumptions or other inputs	33 293
Benefit payments	(1 278)
NET CHANGES	<u>41 642</u>
TOTAL OPEB LIABILITY - END OF YEAR	\$ <u>211 471</u>

Total OPEB Liability as a Percentage of Covered Payroll

6.62%

Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.75%) or 1-percentage point higher (3.75%) than the current rate.

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Total OPEB Liability	\$ 254 753	\$ 211 471	\$ 177 253

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of \$17,721.

As of September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ -	\$ 7 415
Changes in actuarial assumptions	26 422	-
Difference between projected and actual earnings	-	-
Subsequent contributions	5 167	-
TOTAL	<u>\$ 31 589</u>	<u>\$ 7 415</u>

\$17,721 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

YEAR ENDED AUGUST 31,	AMORTIZATION
2021	\$ 4 285
2022	4 285
2023	4 285
2024	2 577
2025	3 575
Thereafter	-
TOTAL	<u>\$ 19 007</u>

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The City provides employee health and accident insurance coverage with commercial insurance purchased from independent third parties. Coverages have not significantly decreased and settlements have not exceeded insurance coverage for each of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended September 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Revenues:				
General Property Taxes:				
Current taxes	\$ 987 000	\$ 987 000	\$ 1 020 248	\$ 33 248
Delinquent taxes	34 000	34 000	45 433	11 433
Penalties, interest and cost	30 000	30 000	35 095	5 095
TOTAL GENERAL PROPERTY TAXES	1 051 000	1 051 000	1 100 776	49 776
Other Local Taxes and Permits:				
City sales taxes	2 091 000	2 091 000	2 200 966	109 966
Franchise taxes	676 300	676 300	676 983	683
Mixed drink taxes	4 000	4 000	3 608	(392)
License and permit fees	15 000	15 000	12 932	(2 068)
TOTAL OTHER LOCAL TAXES AND PERMITS	2 786 300	2 786 300	2 894 489	108 189
Fines and Fees:				
Municipal court fines	125 000	125 000	167 098	42 098
Court cost fees	36 000	36 000	23 780	(12 220)
Fines and fees	-	-	1 024	1 024
TOTAL FINES AND FEES	161 000	161 000	191 902	30 902
Charges For Service:				
Administration	90 000	90 000	90 000	-
Airport fuel	55 000	55 000	40 553	(14 447)
Airport hangar lease	25 000	25 000	28 181	3 181
Civic Center	47 000	47 000	25 765	(21 235)
Land lease	3 600	3 600	2 400	(1 200)
Building rental	12 000	12 000	9 780	(2 220)
TOTAL CHARGES FOR SERVICES	232 600	232 600	196 679	(35 921)
Contributions and Grants:				
Grant and donations	3 600	3 600	124 854	121 254
TOTAL CONTRIBUTIONS AND GRANTS	3 600	3 600	124 854	121 254
Miscellaneous Revenue:				
Miscellaneous receipts	19 500	19 500	43 270	23 770
TOTAL MISCELLANEOUS REVENUE	19 500	19 500	43 270	23 770
TOTAL REVENUES	4 254 000	4 254 000	4 551 970	297 970
Expenditures:				
General Government:				
City Hall:				
Payroll	739 000	739 000	704 324	34 676
Supplies	16 000	16 000	17 262	(1 262)
Contractual services	53 100	53 100	49 934	3 166
Utilities	18 800	18 800	13 777	5 023
Sundry charges	21 700	21 700	18 728	2 972
Maintenance	6 600	6 600	2 548	4 052
TOTAL CITY HALL	855 200	855 200	806 573	48 627
Nondepartmental:				
Payroll	2 700	2 700	508	2 192
Supplies	3 300	3 300	453	2 847
Contractual services	267 600	267 600	267 256	344
Sundry charges	92 200	92 200	50 283	41 917
Capital outlay	-	-	980	(980)
TOTAL NONDEPARTMENTAL	365 800	365 800	319 480	46 320
Municipal Court:				
Payroll	50 400	50 400	50 314	86
Supplies	1 500	1 500	669	831
Contractual services	58 300	58 300	59 646	(1 346)
Utilities	1 000	1 000	-	1 000
Sundry charges	1 900	1 900	759	1 141
Maintenance	300	300	-	300
TOTAL MUNICIPAL COURT	113 400	113 400	111 388	2 012
TOTAL GENERAL GOVERNMENT	1 334 400	1 334 400	1 237 441	96 959

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - CONTINUED
Year Ended September 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Public Safety:				
Police Department:				
Payroll	1 703 000	1 703 000	1 659 738	43 262
Supplies	43 600	43 600	54 347	(10 747)
Contractual services	147 000	147 000	134 791	12 209
Utilities	45 700	45 700	49 696	(3 996)
Sundry charges	16 500	16 500	8 843	7 657
Maintenance	132 800	132 800	94 468	38 332
Capital outlay	3 000	3 000	2 930	70
TOTAL POLICE DEPARTMENT	2 091 600	2 091 600	2 004 813	86 787
Fire Department:				
Payroll	410 200	410 200	405 097	5 103
Supplies	13 100	13 100	9 111	3 989
Contractual services	24 700	24 700	23 754	946
Utilities	9 500	9 500	7 753	1 747
Sundry charges	8 700	8 700	5 370	3 330
Maintenance	40 500	40 500	27 835	12 665
Capital outlay	10 000	10 000	5 731	4 269
TOTAL FIRE DEPARTMENT	516 700	516 700	484 651	32 049
Animal Control Department:				
Supplies	5 500	5 500	4 871	629
Contractual services	16 000	16 000	14 570	1 430
Utilities	700	700	1 673	(973)
Sundry charges	2 000	2 000	1 938	62
Maintenance	1 500	1 500	-	1 500
TOTAL ANIMAL CONTROL DEPARTMENT	25 700	25 700	23 052	2 648
TOTAL PUBLIC SAFETY	2 634 000	2 634 000	2 512 516	121 484
Community Services:				
Airport Department:				
Payroll	23 800	23 800	19 903	3 897
Supplies	1 600	1 600	964	636
Contractual services	10 700	10 700	10 266	434
Utilities	14 200	14 200	14 836	(636)
Sundry charges	33 700	33 700	37 574	(3 874)
Maintenance	8 000	8 000	2 983	5 017
Capital outlay	34 000	34 000	58 306	(24 306)
TOTAL AIRPORT DEPARTMENT	126 000	126 000	144 832	(18 832)
Cemetery Department:				
Contractual services	22 000	22 000	22 970	(970)
Maintenance	500	500	386	114
TOTAL CEMETERY DEPARTMENT	22 500	22 500	23 356	(856)
Parks Department:				
Payroll	103 500	103 500	131 502	(28 002)
Supplies	10 000	10 000	16 353	(6 353)
Contractual services	43 500	43 500	40 697	2 803
Utilities	11 500	11 500	9 093	2 407
Sundry charges	1 000	1 000	633	367
Maintenance	23 600	23 600	24 793	(1 193)
TOTAL PARKS DEPARTMENT	193 100	193 100	223 071	(29 971)
Civic Center Department:				
Payroll	101 300	101 300	91 595	9 705
Supplies	7 800	7 800	6 648	1 152
Contractual services	24 000	24 000	34 803	(10 803)
Utilities	32 600	32 600	24 472	8 128
Sundry charges	7 400	7 400	2 525	4 875
Maintenance	24 500	24 500	14 172	10 328
Capital outlay	6 000	6 000	5 674	326
TOTAL CIVIC CENTER DEPARTMENT	203 600	203 600	179 889	23 711

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - CONTINUED
Year Ended September 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Community Facilities Department:				
Supplies	600	600	-	600
Contractual services	62 900	62 900	66 892	(3 992)
Utilities	14 400	14 400	14 264	136
Sundry charges	1 200	1 200	145	1 055
Maintenance	6 600	6 600	1 069	5 531
TOTAL COMMUNITY FACILITIES DEPARTMENT	85 700	85 700	82 370	3 330
TOTAL COMMUNITY SERVICES	630 900	630 900	653 518	(22 618)
Streets and Drainage:				
Streets Department:				
Payroll	149 100	149 100	187 936	(38 836)
Supplies	14 000	14 000	12 060	1 940
Contractual services	12 500	12 500	30 044	(17 544)
Utilities	83 600	83 600	83 560	40
Sundry charges	1 500	1 500	935	565
Maintenance	70 900	70 900	72 166	(1 266)
Capital outlay	3 500	3 500	-	3 500
TOTAL STREETS DEPARTMENT	335 100	335 100	386 701	(51 601)
TOTAL STREETS AND DRAINAGE	335 100	335 100	386 701	(51 601)
Inspection Services:				
Inspection Department:				
Payroll	32 200	32 200	26 604	5 596
Supplies	600	600	711	(111)
Contractual services	19 200	19 200	21 689	(2 489)
Utilities	1 600	1 600	2 301	(701)
Sundry charges	2 800	2 800	1 704	1 096
Maintenance	1 500	1 500	1 154	346
TOTAL INSPECTION DEPARTMENT	57 900	57 900	54 163	3 737
TOTAL INSPECTION SERVICES	57 900	57 900	54 163	3 737
TOTAL EXPENDITURES	4 992 300	4 992 300	4 844 339	147 961
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(738 300)	(738 300)	(292 369)	445 931
Other Financing Sources (Uses):				
Interest income	24 000	30 100	20 417	(9 683)
Operating transfers in	700 000	700 000	700 000	-
Operating transfers (out)	-	-	(83 787)	(83 787)
TOTAL OTHER FINANCING SOURCES (USES)	724 000	730 100	636 630	(93 470)
CHANGE IN FUND BALANCE	(14 300)	(8 200)	344 261	352 461
Fund balance at beginning of year	1 774 351	1 774 351	1 774 351	-
FUND BALANCE AT END OF YEAR	\$ 1 760 051	\$ 1 766 151	\$ 2 118 612	\$ 352 461

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS*

	2019	2018	2017	2016	2015	2014
Total Pension Liability:						
Service cost	\$ 537 720	\$ 523 585	\$ 522 065	\$ 516 676	\$ 463 237	\$ 443 966
Interest (on the total pension liability)	902 764	873 880	879 442	867 048	860 379	804 999
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(149 486)	(428 137)	(915 461)	(587 907)	(191 770)	21 180
Change of assumptions	71 120	-	-	-	(39 880)	-
Benefit payments, including refunds of employee contributions	(535 555)	(561 408)	(577 012)	(652 767)	(476 550)	(500 735)
NET CHANGE IN TOTAL PENSION LIABILITY	826 563	407 920	(90 966)	143 050	615 416	769 410
Total pension liability - Beginning	13 373 198	12 965 278	13 056 244	12 913 194	12 297 778	11 528 368
TOTAL PENSION LIABILITY - ENDING	14 199 761	13 373 198	12 965 278	13 056 244	12 913 194	12 297 778
Plan Fiduciary Net Position:						
Contributions - Employer	426 162	471 010	514 644	503 737	439 335	424 581
Contributions - Employee	226 734	217 772	216 496	212 499	199 181	197 742
Net investment income	1 790 717	(353 900)	1 420 322	645 178	13 834	500 976
Benefit payments, including refunds of employee contributions	(535 555)	(561 408)	(577 012)	(652 767)	(476 550)	(500 735)
Administrative	(10 111)	(6 836)	(7 356)	(7 282)	(8 424)	(5 230)
Other	(302)	(357)	(373)	(392)	(416)	(430)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1 897 645	(233 719)	1 566 721	700 973	166 960	616 904
Plan fiduciary net position - Beginning	11 574 286	11 808 005	10 241 284	9 540 311	9 373 351	8 756 447
PLAN FIDUCIARY NET POSITION - ENDING	13 471 931	11 574 286	11 808 005	10 241 284	9 540 311	9 373 351
NET PENSION LIABILITY - ENDING	\$ 727 830	\$ 1 798 912	\$ 1 157 273	\$ 2 814 960	\$ 3 372 883	\$ 2 924 427
Plan fiduciary net position as a percentage of total pension liability	94.87%	86.55%	91.07%	78.44%	73.88%	76.22%
Covered employee payroll	\$ 3 195 006	\$ 3 111 024	\$ 3 092 802	\$ 3 035 696	\$ 2 845 439	2 824 891
Net pension liability as a percentage of covered employee payroll	22.78%	57.82%	37.42%	92.73%	118.54%	103.52%

SCHEDULE OF CONTRIBUTIONS

	2020	2019	2018	2017	2016	2015
Actuarially determine contribution						
Contributions in relation to the actuarially determined contribution	\$ 418 708	\$ 405 655	\$ 495 007	\$ 462 058	\$ 446 765	\$ 390 666
CONTRIBUTION DEFICIENCY (EXCESS)	(418 708)	(405 655)	(495 007)	(462 058)	(446 765)	(390 666)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3 258 954	\$ 3 195 006	\$ 3 111 024	\$ 3 092 802	\$ 3 035 696	2 845 439
Contributions as a percentage of covered employee payroll	12.85%	12.70%	15.91%	14.94%	14.72%	13.73%

Other Information

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

Details of the plan are included in the notes.

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF THE CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
AND SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS*

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2019	2018	2017
Total OPEB Liability:			
Service cost	\$ 7 029	\$ 8 089	\$ 6 804
Interest on total OPEB liability	6 407	5 942	5 816
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(3 809)	(6 260)	-
Change of assumptions	33 293	(12 649)	14 252
Benefit payments, including refunds of employee contributions	(1 278)	(1 556)	(2 165)
NET CHANGE IN TOTAL OPEB LIABILITY	41 642	(6 434)	24 707
Total OPEB liability, beginning	169 829	176 263	151 556
TOTAL PENSION LIABILITY, ENDING (a)	211 471	169 829	176 263
Plan Fiduciary Net Position:			
Contributions - Employer	-	-	-
Contributions - Employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	-	-
Other	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-	-
Plan fiduciary net position, beginning	-	-	-
FIDUCIARY NET POSITION, ENDING (b)	-	-	-
NET OPEB LIABILITY ENDING (a) - (b)	\$ 211 471	\$ 169 829	\$ 176 263
Plan fiduciary net position as a % of total OPEB liability	00.00%	00.00%	00.00%
Covered employee payroll	\$ 3 195 006	\$ 3 097 987	\$ 3 092 802
Net OPEB liability as a % of covered employee payroll	6.62%	5.48%	5.70%

SCHEDULE OF CONTRIBUTIONS

	2020	2019	2018
Actuarially determined contribution	\$ 5 167	\$ 4 902	\$ 1 723
Contributions in relation to the actuarially determined contribution	(5 167)	(4 902)	(1 723)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3 111 024	\$ 3 195 006	\$ 3 097 987
Contributions as a percentage of covered employee payroll	0.17%	0.15%	0.06%

Other Information:

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

Details of the plan are included in the notes.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Texas Capital Fund - Grant Repayment Funds - To account revenues and expenditures related to Texas Department of Agriculture loans.

Court Technology and Security Funds - To account for certain fees assessed on fines.

Hotel - Motel Fund - To account for hotel-motel taxes and related expenditures.

Civic Center Fund - To account for the construction of the civic center for activity related to civic center capital asset improvements.

Tax Increment Financing Fund - To account for activities related to the tax increment finance district.

Industrial Development Fund - To account for activity related to industrial development initiatives.

Police Department Forfeiture Fund - To account for forfeited funds remitted to the police department.

Logic Park Fund - To account for the construction of park facilities.

Recreation Fund - To account for recreational activities for the citizens of Center.

Home Grant - To account for revenues and expenditures applicable to Home Grants.

Airport Construction Fund - To account for construction and activity related to airport capital asset improvements.

Street Improvement Fund - To account for contributions of the Street Economic Development Corporation for city street improvements.

Debt Service Fund

Debt Service Fund - To account for the accumulation of monies for the payment of general obligation debt.

Permanent Funds

Cemetery Endowment Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the Fairview cemetery.

Animal Welfare Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain Animal Welfare.

CITY OF CENTER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

			PERMANENT FUND		
	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	CEMETERY ENDOWMENT FUND	ANIMAL WELFARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 147 000	\$ 846 097	\$ 127 809	\$ 42 552	\$ 1 163 458
Receivables	-	348 397	-	-	348 397
Due from other funds	-	500	-	-	500
TOTAL ASSETS	\$ 147 000	\$ 1 194 994	\$ 127 809	\$ 42 552	\$ 1 512 355
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 24 570	\$ -	\$ -	\$ 24 570
Due to other funds	-	78 045	-	-	78 045
Accrued expenses	-	903	-	-	903
TOTAL LIABILITIES	-	103 518	-	-	103 518
Deferred Inflows:					
Unavailable revenue	-	342 797	-	-	342 797
TOTAL DEFERRED INFLOWS	-	342 797	-	-	342 797
TOTAL LIABILITIES AND DEFERRED INFLOWS	-	446 315	-	-	446 315
Fund Balances:					
Restricted for grants	-	748 679	-	-	748 679
Restricted for debt service	147 000	-	-	-	147 000
Other restrictions	-	-	127 809	42 552	170 361
TOTAL FUND BALANCES	147 000	748 679	127 809	42 552	1 066 040
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 147 000	\$ 1 194 994	\$ 127 809	\$ 42 552	\$ 1 512 355

See independent auditors' report.

CITY OF CENTER, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2020

			PERMANENT FUND		
	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	CEMETERY ENDOWMENT FUND	ANIMAL WELFARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:					
Taxes	\$ 739 747	\$ 343 398	\$ -	\$ -	\$ 1 083 145
Grants and contributions	-	175 121	-	-	175 121
Fines and fees	-	9 936	-	-	9 936
Charges for services	-	127 143	-	-	127 143
Other	-	51 438	-	-	51 438
TOTAL REVENUES	<u>739 747</u>	<u>707 036</u>	<u>-</u>	<u>-</u>	<u>1 446 783</u>
Expenditures:					
Public safety	-	5 016	-	-	5 016
Community services	-	435 737	-	-	435 737
Street and drainage	-	191 483	-	-	191 483
Debt Service:					
Principal	787 348	21 001	-	-	808 349
Interest and fiscal charges	<u>349 675</u>	<u>7 222</u>	<u>-</u>	<u>-</u>	<u>356 897</u>
TOTAL EXPENDITURES	<u>1 137 023</u>	<u>660 459</u>	<u>-</u>	<u>-</u>	<u>1 797 482</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(397 276)</u>	<u>46 577</u>	<u>-</u>	<u>-</u>	<u>(350 699)</u>
Other Financing Sources (Uses):					
Interest	4 025	9 292	1 469	539	15 325
Operating transfers in	363 400	224 063	-	-	587 463
Operating transfers (out)	<u>(14 039)</u>	<u>(288 800)</u>	<u>-</u>	<u>-</u>	<u>(302 839)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>353 386</u>	<u>(55 445)</u>	<u>1 469</u>	<u>539</u>	<u>299 949</u>
NET CHANGE IN FUND BALANCE	(43 890)	(8 868)	1 469	539	(50 750)
Fund balance at beginning of year	<u>190 890</u>	<u>757 547</u>	<u>126 340</u>	<u>42 013</u>	<u>1 116 790</u>
FUND BALANCES AT END OF YEAR	<u>\$ 147 000</u>	<u>\$ 748 679</u>	<u>\$ 127 809</u>	<u>\$ 42 552</u>	<u>\$ 1 066 040</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2020

	TEXAS CAPITAL FUND GRANT REPAYMENT FUND	CIVIC CENTER FUND	HOTEL/ MOTEL FUND	COURT TECHNOLOGY FUND	COURT SECURITY FUND
ASSETS					
Cash and cash equivalents	\$ 4 573	\$ 79 307	\$ 375 765	\$ 17 943	\$ 16 168
Receivables	-	-	5 600	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 4 573</u>	<u>\$ 79 307</u>	<u>\$ 381 365</u>	<u>\$ 17 943</u>	<u>\$ 16 168</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	1 010	75 997	-	-	-
Accrued expenses	-	-	-	-	-
TOTAL LIABILITIES	<u>1 010</u>	<u>75 997</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:					
Unavailable revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>1 010</u>	<u>75 997</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Restricted	<u>3 563</u>	<u>3 310</u>	<u>381 365</u>	<u>17 943</u>	<u>16 168</u>
TOTAL FUND BALANCE	<u>3 563</u>	<u>3 310</u>	<u>381 365</u>	<u>17 943</u>	<u>16 168</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 4 573</u>	<u>\$ 79 307</u>	<u>\$ 381 365</u>	<u>\$ 17 943</u>	<u>\$ 16 168</u>

See independent auditors' report.

POLICE DEPARTMENT FORFEITURE FUND	AIRPORT CONSTRUCTION FUND	HOME GRANT	TAX INCREMENT FINANCING FUND	INDUSTRIAL DEVELOPMENT FUND	LOGIC PARK FUND
\$ 16 451	\$ 10 984	\$ 1 343	\$ 83 730	\$ 8 061	\$ 230 862
-	-	-	-	-	342 797
-	500	-	-	-	-
<u>\$ 16 451</u>	<u>\$ 11 484</u>	<u>\$ 1 343</u>	<u>\$ 83 730</u>	<u>\$ 8 061</u>	<u>\$ 573 659</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16 871
-	-	1 038	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1 038</u>	<u>-</u>	<u>-</u>	<u>16 871</u>
-	-	-	-	-	342 797
-	-	-	-	-	342 797
-	-	1 038	-	-	359 668
16 451	11 484	305	83 730	8 061	213 991
<u>16 451</u>	<u>11 484</u>	<u>305</u>	<u>83 730</u>	<u>8 061</u>	<u>213 991</u>
<u>\$ 16 451</u>	<u>\$ 11 484</u>	<u>\$ 1 343</u>	<u>\$ 83 730</u>	<u>\$ 8 061</u>	<u>\$ 573 659</u>

CITY OF CENTER, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2020

	RECREATION FUND	STREET IMPROVEMENT FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS			
Cash and cash equivalents	\$ 910	\$ -	\$ 846 097
Receivables	-	-	348 397
Due from other funds	-	-	500
TOTAL ASSETS	<u>\$ 910</u>	<u>\$ -</u>	<u>\$ 1 194 994</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 7 699	\$ -	\$ 24 570
Due to other funds	-	-	78 045
Accrued expenses	903	-	903
TOTAL LIABILITIES	<u>8 602</u>	<u>-</u>	<u>103 518</u>
Deferred Inflows:			
Unavailable revenue	-	-	342 797
TOTAL DEFERRED INFLOWS	-	-	342 797
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>8 602</u>	<u>-</u>	<u>446 315</u>
Fund Balance:			
Restricted	(7 692)	-	748 679
TOTAL FUND BALANCE	<u>(7 692)</u>	<u>-</u>	<u>748 679</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 910</u>	<u>\$ -</u>	<u>\$ 1 194 994</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2020

	TEXAS CAPITAL FUND GRANT REPAYMENT FUND	CIVIC CENTER FUND	HOTEL/ MOTEL FUND	COURT TECHNOLOGY FUND	COURT SECURITY FUND
Revenues:					
Taxes	\$ -	\$ 3 310	\$ 305 707	\$ -	\$ -
Grants and contributions	-	-	-	-	-
Fines and fees	-	-	-	3 870	6 066
Charges for services	-	-	-	-	-
Other	42 875	-	-	-	-
TOTAL REVENUES	<u>42 875</u>	<u>3 310</u>	<u>305 707</u>	<u>3 870</u>	<u>6 066</u>
Expenditures:					
Public safety	-	-	-	-	662
Community services	39 312	-	26 740	-	-
Streets and drainage	-	-	-	-	-
Debt service	-	-	-	-	-
TOTAL EXPENDITURES	<u>39 312</u>	<u>-</u>	<u>26 740</u>	<u>-</u>	<u>662</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3 563</u>	<u>3 310</u>	<u>278 967</u>	<u>3 870</u>	<u>5 404</u>
Other Financing Sources (Uses):					
Interest	-	-	4 257	128	138
Operating transfers in	-	-	-	4 436	-
Operating transfers (out)	-	-	(223 800)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(219 543)</u>	<u>4 564</u>	<u>138</u>
NET CHANGE IN FUND BALANCE	3 563	3 310	59 424	8 434	5 542
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>321 941</u>	<u>9 509</u>	<u>10 626</u>
FUND BALANCE, END OF YEAR	<u>\$ 3 563</u>	<u>\$ 3 310</u>	<u>\$ 381 365</u>	<u>\$ 17 943</u>	<u>\$ 16 168</u>

See independent auditors' report.

POLICE DEPARTMENT FORFEITURE FUND	AIRPORT CONSTRUCTION FUND	HOME GRANT	TAX INCREMENT FINANCING FUND	INDUSTRIAL DEVELOPMENT FUND	LOGIC PARK FUND
\$ -	\$ -	\$ -	\$ 34 381	\$ -	\$ -
1 000	-	-	-	-	173 397
-	-	-	-	-	-
-	-	-	-	-	-
8 563	-	-	-	-	-
<u>9 563</u>	<u>-</u>	<u>-</u>	<u>34 381</u>	<u>-</u>	<u>173 397</u>
4 354	-	-	-	-	-
-	-	-	-	-	234 126
-	-	-	-	-	-
-	-	-	28 223	-	-
<u>4 354</u>	<u>-</u>	<u>-</u>	<u>28 223</u>	<u>-</u>	<u>234 126</u>
5 209	-	-	6 158	-	(60 729)
155	-	-	740	95	3 779
-	-	-	28 144	-	-
-	-	-	-	-	(65 000)
<u>155</u>	<u>-</u>	<u>-</u>	<u>28 884</u>	<u>95</u>	<u>(61 221)</u>
5 364	-	-	35 042	95	(121 950)
<u>11 087</u>	<u>11 484</u>	<u>305</u>	<u>48 688</u>	<u>7 996</u>	<u>335 941</u>
\$ <u>16 451</u>	\$ <u>11 484</u>	\$ <u>305</u>	\$ <u>83 730</u>	\$ <u>8 061</u>	\$ <u>213 991</u>

CITY OF CENTER, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2020

	RECREATION FUND	STREET IMPROVEMENT FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:			
Taxes	\$ -	\$ -	\$ 343 398
Grants and contributions	724	-	175 121
Fines and fees	-	-	9 936
Charges for services	127 143	-	127 143
Other	-	-	51 438
TOTAL REVENUES	<u>127 867</u>	<u>-</u>	<u>707 036</u>
Expenditures:			
Public safety	-	-	5 016
Community services	135 559	-	435 737
Streets and drainage	-	191 483	191 483
Debt service	-	-	28 223
TOTAL EXPENDITURES	<u>135 559</u>	<u>191 483</u>	<u>660 459</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7 692)</u>	<u>(191 483)</u>	<u>46 577</u>
Other Financing Sources (Uses):			
Interest	-	-	9 292
Operating transfers in	-	191 483	224 063
Operating transfers (out)	-	-	(288 800)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>191 483</u>	<u>(55 445)</u>
NET CHANGE IN FUND BALANCE	(7 692)	-	(8 868)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>757 547</u>
FUND BALANCE, END OF YEAR	\$ <u>(7 692)</u>	\$ <u>-</u>	\$ <u>748 679</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES - PROPRIETARY FUNDS
Year Ended September 30, 2020

	BUSINESS TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Operating Revenues:			
Charges for Service:			
Water charges	\$ 2 613 106	\$ -	\$ 2 613 106
Sewer charges	912 480	-	912 480
Sanitation charges	-	1 556 205	1 556 205
TOTAL	<u>3 525 586</u>	<u>1 556 205</u>	<u>5 081 791</u>
Taps and Connections:			
Water taps and connections	9 655	-	9 655
Sewer taps and connections	2 400	-	2 400
TOTAL	<u>12 055</u>	<u>-</u>	<u>12 055</u>
Miscellaneous Revenue:			
Administrative fees	6 179	-	6 179
Penalties	47 460	-	47 460
Reconnection fees	20 990	-	20 990
Miscellaneous receipts	156 029	1 469	157 498
TOTAL	<u>230 658</u>	<u>1 469</u>	<u>232 127</u>
TOTAL OPERATING REVENUES	<u>\$ 3 768 299</u>	<u>\$ 1 557 674</u>	<u>\$ 5 325 973</u>
Nonoperating Revenues:			
Other revenue	\$ 1 477	\$ -	\$ 1 477
Income from investments	38 696	2 790	41 486
TOTAL NONOPERATING REVENUES	<u>\$ 40 173</u>	<u>\$ 2 790</u>	<u>\$ 42 963</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF EXPENSES - PROPRIETARY FUNDS
Year Ended September 30, 2020

	BUSINESS TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Operating Expenses:			
Nondepartmental:			
Supplies	\$ 11 907	\$ -	\$ 11 907
Contractual services	31 487	-	31 487
Sundry charges	11 705	-	11 705
Utilities	104 594	-	104 594
Capital outlay	172 830	-	172 830
TOTAL	<u>332 523</u>	<u>-</u>	<u>332 523</u>
Public Works:			
Payroll	173 931	-	173 931
Supplies	10 135	-	10 135
Contractual services	33 715	-	33 715
Utilities	14 331	-	14 331
Sundry charges	1 308	-	1 308
Maintenance	8 048	-	8 048
TOTAL	<u>241 468</u>	<u>-</u>	<u>241 468</u>
Water Production:			
Payroll	332 727	-	332 727
Supplies	232 122	-	232 122
Contractual services	87 924	-	87 924
Utilities	186 041	-	186 041
Sundry charges	11 565	-	11 565
Maintenance	89 894	-	89 894
TOTAL	<u>940 273</u>	<u>-</u>	<u>940 273</u>
Water Distribution:			
Payroll	222 035	-	222 035
Supplies	8 150	-	8 150
Contractual services	15 837	-	15 837
Utilities	1 871	-	1 871
Sundry charges	2 236	-	2 236
Maintenance	114 164	-	114 164
Capital outlay	5 306	-	5 306
TOTAL	<u>369 599</u>	<u>-</u>	<u>369 599</u>
Sewer Collection:			
Payroll	132 054	-	132 054
Supplies	4 137	-	4 137
Contractual services	22 120	-	22 120
Utilities	27 173	-	27 173
Sundry charges	2 193	-	2 193
Maintenance	55 297	-	55 297
Capital outlay	2 133	-	2 133
TOTAL	<u>245 107</u>	<u>-</u>	<u>245 107</u>
Sewer Treatment:			
Payroll	206 966	-	206 966
Supplies	37 406	-	37 406
Contractual services	151 324	-	151 324
Utilities	76 366	-	76 366
Sundry charges	18 741	-	18 741
Maintenance	39 227	-	39 227
TOTAL	<u>530 030</u>	<u>-</u>	<u>530 030</u>
Sanitation:			
Supplies	-	1 224	1 224
Contractual services	-	1 355 982	1 355 982
Maintenance	-	2 105	2 105
Sundry charges	-	14 829	14 829
Capital outlay	-	2 133	2 133
TOTAL	<u>-</u>	<u>1 376 273</u>	<u>1 376 273</u>
Depreciation:			
Depreciation	650 560	1 484	652 044
TOTAL OPERATING EXPENSES	<u>\$ 3 309 689</u>	<u>\$ 1 377 757</u>	<u>\$ 4 687 446</u>
Nonoperating Expense:			
Interest expense	\$ 195 734	\$ -	\$ 195 734
TOTAL NONOPERATING EXPENSE	<u>\$ 195 734</u>	<u>\$ -</u>	<u>\$ 195 734</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
COMBINED COMPONENT UNITS
STATEMENT OF NET POSITION
Year Ended September 30, 2020

	ECONOMIC DEVELOPMENT CORPORATION	STREET IMPROVEMENT ECONOMIC DEVELOPMENT CORPORATION	LOCAL GOVERNMENT HOUSING CORPORATION	TOTAL COMPONENT UNITS
ASSETS				
Cash	\$ 1 950 168	\$ 1 424 228	\$ 31 771	\$ 3 406 167
Investments	-	375 823	-	375 823
Due from state	32 439	64 879	-	97 318
Notes receivable	349 749	-	-	349 749
Accrued interest receivable	4 788	-	-	4 788
Land	289 530	-	-	289 530
TOTAL ASSETS	2 626 674	1 864 930	31 771	4 523 375
LIABILITIES				
Accounts payable	1 065	4 131	-	5 196
TOTAL LIABILITIES	1 065	4 131	-	5 196
NET POSITION				
Investment in capital assets, net	289 530	-	-	289 530
Unrestricted	2 336 079	1 860 844	31 771	4 228 694
TOTAL NET POSITION	\$ 2 625 609	\$ 1 860 844	\$ 31 771	\$ 4 518 224

See independent auditors' report.

CITY OF CENTER, TEXAS
COMBINED COMPONENT UNITS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2020

	ECONOMIC DEVELOPMENT CORPORATION	STREET IMPROVEMENT ECONOMIC DEVELOPMENT CORPORATION	LOCAL GOVERNMENT HOUSING CORPORATION	TOTAL COMPONENT UNITS
Revenues:				
Sales tax	\$ 440 130	\$ 880 260	\$ -	\$ 1 320 390
Interest income	31 707	17 176	27	48 910
TOTAL REVENUES	<u>471 837</u>	<u>897 436</u>	<u>27</u>	<u>1 369 300</u>
Expenditures:				
Administration	60 000	30 000	-	90 000
Contractual	96 775	4 000	3 796	104 571
Sundry	6 815	-	-	6 815
TOTAL EXPENDITURES	<u>163 590</u>	<u>34 000</u>	<u>3 796</u>	<u>201 386</u>
NET OPERATING INCOME (LOSS)	<u>308 247</u>	<u>863 436</u>	<u>(3 769)</u>	<u>1 167 914</u>
Other Financing Sources (Uses):				
Transfer (to) from City	-	(351 083)	-	(351 083)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(351 083)</u>	<u>-</u>	<u>(351 083)</u>
CHANGE IN NET POSITION	308 247	512 353	(3 769)	816 831
Fund Balance/Net Position:				
Beginning of year	<u>2 317 362</u>	<u>1 348 491</u>	<u>35 540</u>	<u>3 701 393</u>
END OF YEAR	<u>\$ 2 625 609</u>	<u>\$ 1 860 844</u>	<u>\$ 31 771</u>	<u>\$ 4 518 224</u>

See independent auditors' report.

STATISTICAL SECTION

CITY OF CENTER, TEXAS
INSURANCE COVERAGE
September 30, 2020
"UNAUDITED"

INSURER	RISK COVERED		PERIOD COVERED	AMOUNT OF INSURANCE
Texas Municipal League	Law Enforcement Liability	*	10/01/19 to 10/01/20	\$ 1 000 000
Texas Municipal League	Public Officials (Excess Coverage)	*	10/01/19 to 10/01/20	\$ 100 000
Deep East Texas Self Insurance Fund	Worker's Compensation	*	10/01/19 to 10/01/20	Statutory
Texas Municipal League	Real and Personal Property	*	10/01/19 to 10/01/20	\$ 18 139 672
Texas Municipal League	General Liability	*	10/01/19 to 10/01/20	\$ 1 000 000
Texas Municipal League	Airport Liability	*	10/01/19 to 10/01/20	\$ 1 000 000
Texas Municipal League	Mobile Equipment	*	10/01/19 to 10/01/20	\$ 277 482
Texas Municipal League	Automobile Liability	*	10/01/19 to 10/01/20	\$ 1 000 000
Texas Municipal League	Auto Physical Damage	*	10/01/19 to 10/01/20	\$ Actual Cash Value
Texas Municipal League	Public Employee Dishonesty	*	10/01/19 to 10/01/20	\$ 25 000
Texas Municipal League	Errors and Omissions Liability	*	10/01/19 to 10/01/20	\$ 1 000 000
Texas Municipal League	Sudden Events Involving Pollution	*	10/01/19 to 10/01/20	\$ 1 000 000

* Renewed at 10/01/2020

CITY OF CENTER, TEXAS
WATER AND SEWER RATES AND SYSTEM CONNECTIONS
September 30, 2020
"UNAUDITED"

The following schedule of rates was in effect for year ended September 30:

Water Rates:

A. Monthly Minimum Charge:

Meter Size	Residential/Commercial	Small Industrial/Manufacturer 1 st 200,000 Gallons Incl.	Wholesale 1 st 50,000 Gallons Incl.	Large Industrial Manufacturer 1 st 5,000,000 Gallons Incl.	Industrial/Manufacturer Supplemental Meter Charges Same Facility
5/8	\$12.30				
3/4	\$12.30				
1	\$17.30				
1.5	\$25.65				
2	\$34.75	\$ 850	\$ 275	\$12 875	\$ 50.00
3	\$52.00	\$ 950	\$ 370	\$13 150	\$ 145.00
4	\$69.50	\$1 100	\$ 525	\$13 550	\$ 325.00
6	\$104.00	\$1 425	\$ 815	\$14 100	\$ 610.00
8		\$1 850	\$1 325	\$14 950	\$1 050.00
10		\$2 475	\$1 875	\$16 100	\$1 700.00
Sprinklers	\$20.00				

B. Unit Cost Per 1,000 Gallons:

Residential, commercial and sprinklers	\$ 4.00
Small industrial/manufacturer	\$ 3.45
Wholesale	\$ 3.45
Large industrial/manufacturer	\$ 2.20
Over 1.75M/day or 30M/month	\$ 2.65
Over 2M/day or 40M/month	\$ 3.50
Bulk water	\$ 4.00

C. Outside City Limits:

Rates are double the rates expressed in A and B above.

Sewer Rates:

Residential:

Inside City Limits:

Minimum

\$14.75 plus ½ of Water
\$45.00

Maximum

Commercial:

Minimum

\$15.75 plus ½ of Water
None

Maximum

Fixed Rates (Tyson office account)

\$285 per month

Outside City Limits:

The rate for services furnished outside the City limits shall be double
the rate for the same service supplied inside the City limits.

Sewer Disposal

\$0.06 per gallon

Garbage Rates:

Residential	\$22.20
Commercial Small	\$26.30
Commercial Large	\$35.55

See independent auditors' report.

CITY OF CENTER, TEXAS
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED
September 30, 2020
"UNAUDITED"

Commercial Dumpster Rates:

p/u per week	1X	2X	3X	4X	5X	6X	Extra Collections
Size							
2 Yard	91	158	216	283	360		38
3 Yard	102	179	254	333	412		40
4 Yard	115	193	268	366	450		42
6 Yard	141	207	300	383	470		44
8 Yard	172	308	436	631	695	806	46

Industrial, Compactor or Special Services:

Special services other than hand pickup and dumpster services shall be billed at the current billing rates of the contract provider.

Utility Tap Fees:

1. Water

Meter Size	Inside City Limits Fee	Outside City Limits Fee
¾ inch	\$650.00 + Street Cut Repairs	\$850.00 + Street Cut Repairs
1 inch	\$775.00 + Street Cut Repairs	\$1,050.00 + Street Cut Repairs
1 ½ inch	\$1,000.00 + Street Cut Repairs	\$1,600.00 + Street Cut Repairs
2 inch	\$1,150.00 + Street Cut Repairs	\$1,850.00 + Street Cut Repairs
Any Larger Size	Cost of Meter, Materials, Labor and Street Cut Repairs	Cost of Meter, Materials, Labor and Street Cut Repairs

2. Sewer

Service Size	Inside City Limits Fee	Outside City Limits Fee
4 inch	\$400.00 + Street Cut Repairs	\$700.00 + Street Cut Repairs
6 inch	\$550.00 + Street Cut Repairs	\$950.00 + Street Cut Repairs

Utility Deposits:

Type Service			Deposit
Water	-	\$	115.00
Water, Sewer and Garbage Collection	-	\$	115.00
Garbage Collection Only	-	\$	40.00
Risk Account Additional Deposit	-	\$	100.00
Commercial/Industrial Water, Sewer and Garbage Collection	-	\$	200.00

Utility Account Fees:

Administrative Fee	-	\$	20.00
Broken Lock Fee	-	\$	30.00
Curb Stop Replacement Fee	-	\$	75.00
Payment Agreement Fee	-	\$	25.00
Utility Reconnect Fee	-	\$	55.00
Meter Removal/Reconnect Fee	-	\$	100.00
Cut-Off Valve Installation Fee	-	\$	30.00
Return Check Fee	-	\$	35.00
Meter Set Fee - 2 inch meter and below	-	\$	350.00
Meter Tampering Fee	-	\$	55.00
Dumpster Lock Fee	-	\$	6.00

CITY OF CENTER, TEXAS
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED
September 30, 2020
"UNAUDITED"

Permits:

PERMIT TYPE		
Garage Sale Permit		\$2
House Moving Permit		\$100
Itinerant Salesperson Business Annual Fee		\$50
Additional Fee Per Sales Person		\$15
Wrecker Permit - Annual Fee		\$10
Taxi Permit - Annual Fee		\$50
Construction Permits and Fees		
Electrical Permit/One Inspection		\$35
Each Additional Inspection (foundation, rough-in, final)		\$35
Plumbing Permit/One Inspection		\$35
Emergency Plumbing Inspection		\$200
Each Additional Inspection (foundation, rough-in, final)		\$35
Gas Inspection Fee		\$35
Building Permit and Inspections:		
Residential Construction		\$0.30 per sf for 1 st 1,000 sf
		\$0.20 per sf for 1,001 to 2,500 sf
		\$0.15 per sf for 2,501 sf +
Commercial Construction		\$5 per \$1,000 for 1 st \$100K
		\$3 per \$1,000 for \$100K - \$250K
		\$2 per \$1,000 for \$250K and above
Minimum Permit Fee		\$35
Demolition (Any Structure/Building)		\$50
Piers, Etc. at Lake Pinkston		\$50
Zoning Fees		
Rezoning Request		\$150
Zoning Variance		\$300
Specific Use Request		\$150
Copy of Ordinance and Map		\$15

Airport Fees:

TYPE FEE		
Hangar/Building Leases		
Private T-Hangers		\$160
City-Owned Hangers		\$2 400
Additional Fees May Apply for Services in Hangers		
Ground Leases		\$0.12/SF
Fuel Flowage Fee		\$0.15/Gallon

Police and Municipal Court:

Police/Accident Reports		\$6/report
Fingerprinting		\$5
Brady Bill Handgun License		\$10

Recreation Program Fees:

(Park/5K Permit/Set Up Fee - \$25) (Race Equipment Rental - \$200 per race, plus supply cost)

Recreation Program Registration		
Baseball		
4 Year Old		\$70
5-12 Year Old		\$90
13-14 Year Old		\$110
Softball		\$80
Football		
Flag Football		\$80
Tackle Football		\$105
Soccer		\$70
Basketball		\$60

CITY OF CENTER, TEXAS
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED
September 30, 2020
"UNAUDITED"

Miscellaneous:

Animal Control		
Reclaimed Animal Charge		\$10/Day
Carnival/Festival Permit		\$500
Downtown Electric Use Fee		\$50/Day
Record Request Charges		
Copies		\$0.10/page
Computer Printouts		\$0.25/page
Other Charges		Per Texas State Library Fee Schedule

At September 30, 2020, the records of the City indicated the following system connections:

Water System	2 448
Sewer System	2 072
Garbage System	2 100

COMPLIANCE SECTION

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

Honorable Mayor and City Council
City of Center, 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 City of Center, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise City of Center, Texas' basic financial statements, and have issued our report thereon dated May 10, 2021.

Internal Control Over Financial Reporting

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

Lufkin, Texas
May 10, 2021


CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CENTER, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

A. Summary of the Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant Deficiency(s) identified that are
not considered to be material weaknesses?

___ Yes X None reported

Noncompliance material to financial statements noted?

___ Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF CENTER, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2020

<u>Findings/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation if Not Implemented</u>
There were no prior audit findings.		

CITY OF CENTER, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2020

None required for the current year.