



# ANNUAL FINANCIAL REPORT 2021

FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2021

CITY OF  
**BELLVILLE, TEXAS**

30 SOUTH HOLLAND ST. | BELLVILLE, TX 77418  
[WWW.CITYOFBELLVILLE.COM](http://WWW.CITYOFBELLVILLE.COM) | 979.865.3136

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***ANNUAL FINANCIAL REPORT***

**of the**

**City of Bellville, Texas**

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

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# City of Bellville, Texas

## TABLE OF CONTENTS

September 30, 2021

### **FINANCIAL SECTION**

Independent Auditor's Report	1
Management's Discussion and Analysis	7

### **Basic Financial Statements**

#### **Government-Wide Financial Statements**

Statement of Net Position	18
Statement of Activities	22

#### **Fund Financial Statements**

##### **Governmental Funds:**

Balance Sheet	24
Reconciliation of the Balance Sheet to the Statement of Net Position- Governmental Funds	25
Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29

##### **Proprietary Funds:**

Statement of Net Position	30
Statement of Revenues, Expenses, and Changes in Fund Net Position	34
Statement of Cash Flows	36

<b>Notes to Financial Statements</b>	<b>43</b>
--------------------------------------	-----------

### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual - General Fund	87
Schedule of Changes in Net Pension Liability and Related Ratios	88
Schedule of Employer Contributions to Pension Plan	90
Schedule of Changes in OPEB Liability and Related Ratios – TMRS SDBF	92
Schedule of Changes in OPEB Liability and Related Ratios – Healthcare	93

### **COMBINING AND INDIVIDUAL FUND FINANCIAL SCHEDULES**

Combining Balance Sheet – Nonmajor Governmental Funds	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	97

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## ***INDEPENDENT AUDITOR'S REPORT***

To the Honorable Mayor and  
Members of the City Council  
City of Bellville, Texas:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bellville, Texas (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note V.G. to the financial statements, in order to correct the misallocation of cash in the prior year, the City restated beginning fund balance within the general fund and a nonmajor special revenue fund. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and general fund budgetary comparison information 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's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, flowing script.

Brooks Watson & Co.  
Certified Public Accountants, PLLC  
Houston, Texas  
January 13, 2023

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***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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# City of Bellville, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### September 30, 2021

As management of the City of Bellville, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021.

#### **Financial Highlights**

- The City's total combined net position is \$9,110,544 at September 30, 2021.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$1,130,562, an increase of \$430,350.
- As of the end of the year, the unassigned fund balance of the general fund was \$759,082 or 21% of total general fund expenditures.
- The City had an overall decrease in net position of \$85,318, which is primarily due the natural gas settlement expense of \$847,620 due to Winter Storm Uri.

#### **Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### **Government-Wide 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, liabilities, and deferred inflows/outflows with the difference 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. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City'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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

# City of Bellville, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

### September 30, 2021

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, public works, and culture and recreation. The business-type activities of the City include water, sewer, gas, electric, and sanitation operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Bellville Economic Development Corporation, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

## FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City of Bellville. They are usually segregated for specific activities or objectives. The City of Bellville uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

### 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 year. Such information may be useful in evaluating the City'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 Bellville maintains five 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 balances for the general, capital projects, and nonmajor governmental funds. The general and capital projects funds are considered to be major funds.

# **City of Bellville, Texas**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued***

### **September 30, 2021**

The City of Bellville adopts an annual appropriated budget for the general and enterprise fund. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget.

#### **Proprietary Funds**

The City maintains two different types of proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for its public utilities. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for health insurance expenses.

#### **Component Unit**

The City maintains the accounting and financial statements for one component unit. The Bellville Economic Development Corporation is a discretely presented component unit displayed on the government-wide financial statements.

#### **Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

#### **Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires is a budgetary comparison schedule for the general fund and schedules for the City's Defined Pension Plan and Other Post Employment Benefit Plans. RSI can be found after the basic financial statements.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Bellville, assets exceeded liabilities by \$9,053,016 as of September 30, 2021, in the primary government.

# City of Bellville, Texas

## *MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*

September 30, 2021

The largest portion of the City's net position, \$9,865,041, reflects its investments in capital assets (e.g., land, city hall, city playground and parks, streets, and utility systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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 assets themselves cannot be used to liquidate these liabilities.

Current and other assets of governmental activities as of September 30, 2021 and September 30, 2020 were \$1,358,062 and \$956,023, respectively. The increase of \$402,039 was primarily due to greater cash on hand resulting from transfers in from proprietary funds.

Current and other assets of business-type activities as of September 30, 2021 and September 30, 2020 were \$4,841,419 and \$5,189,026, respectively. The decrease of \$347,607 was primarily attributable to a reduction in cash from transfers to governmental activities.

Total liabilities of business-type activities as of September 30, 2021 and September 30, 2020 were \$6,329,430 and \$6,059,536, respectively. The increase of \$269,894 is primarily due to the \$847,620 owed for February natural gas purchased during Winter Storm Uri.



**City of Bellville, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2021**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 1,358,062	\$ 4,841,419	\$ 6,199,481	\$ 956,023	\$ 5,189,026	\$ 6,145,049
Capital assets, net	5,996,883	6,488,782	12,485,665	5,605,435	6,889,142	12,494,577
<b>Total Assets</b>	<b>7,354,945</b>	<b>11,330,201</b>	<b>18,685,146</b>	<b>6,561,458</b>	<b>12,078,168</b>	<b>18,639,626</b>
<b>Deferred Outflows of Resources</b>	<b>234,977</b>	<b>171,820</b>	<b>406,797</b>	<b>214,683</b>	<b>177,793</b>	<b>392,476</b>
Other liabilities	237,187	2,262,753	2,499,940	232,231	1,350,540	1,582,771
Long-term liabilities	3,095,995	4,066,677	7,162,672	3,194,622	4,708,996	7,903,618
<b>Total Liabilities</b>	<b>3,333,182</b>	<b>6,329,430</b>	<b>9,662,612</b>	<b>3,426,853</b>	<b>6,059,536</b>	<b>9,486,389</b>
<b>Deferred Inflows of Resources</b>	<b>190,455</b>	<b>128,332</b>	<b>318,787</b>	<b>203,701</b>	<b>146,150</b>	<b>349,851</b>
Net Position:						
Net investment in capital assets	5,996,883	3,868,158	9,865,041	5,605,435	4,321,278	9,926,713
Restricted	371,480	-	371,480	27,741	-	27,741
Unrestricted	(2,302,078)	1,176,101	(1,125,977)	(2,487,589)	1,728,997	(758,592)
<b>Total Net Position</b>	<b>\$ 4,066,285</b>	<b>\$ 5,044,259</b>	<b>\$ 9,110,544</b>	<b>\$ 3,145,587</b>	<b>\$ 6,050,275</b>	<b>\$ 9,195,862</b>

**City of Bellville, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2021**

**Statement of Activities:**

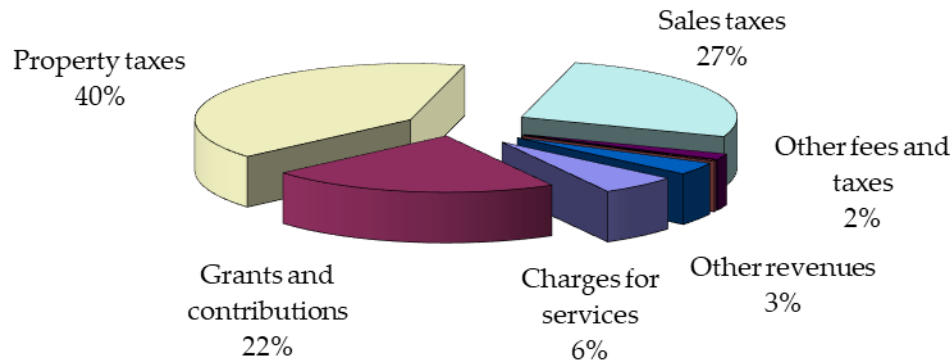
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2021			For the Year Ended September 30, 2020		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 139,291	\$ 8,860,674	\$ 8,999,965	\$ 132,765	\$ 8,777,718	\$ 8,910,483
Grants and contri.	523,771	-	523,771	61,424	-	61,424
General revenues:						
Property taxes	973,689	-	973,689	944,884	-	944,884
Sales taxes	641,052	-	641,052	541,359	-	541,359
Other fees and taxes	40,540	-	40,540	33,148	-	33,148
Investment income	5,211	17,414	22,625	9,967	37,265	47,232
Other revenues	86,202	109,770	195,972	3,205	382,573	385,778
<b>Total Revenues</b>	<b>2,409,756</b>	<b>8,987,858</b>	<b>11,397,614</b>	<b>1,726,752</b>	<b>9,197,556</b>	<b>10,924,308</b>
<b>Expenses</b>						
General government	1,007,185	-	1,007,185	1,035,028	-	1,035,028
Public safety	1,360,892	-	1,360,892	1,483,853	-	1,483,853
Highways and streets	380,303	-	380,303	398,702	-	398,702
Culture and recreation	814,818	-	814,818	888,580	-	888,580
Interest & fiscal charges	-	100,090	100,090	-	117,474	117,474
Utility services	-	6,972,024	6,972,024	-	6,350,486	6,350,486
<b>Total Expenses</b>	<b>3,563,198</b>	<b>7,072,114</b>	<b>10,635,312</b>	<b>3,806,163</b>	<b>6,467,960</b>	<b>10,274,123</b>
<b>Change in Net Position</b>						
<b>Before transf. &amp; other</b>	<b>(1,153,442)</b>	<b>1,915,744</b>	<b>762,302</b>	<b>(2,079,411)</b>	<b>2,729,596</b>	<b>650,185</b>
Transfers	2,074,140	(2,074,140)	-	1,893,536	(1,893,536)	-
Extraordinary item	-	(847,620)	(847,620)	-	-	-
<b>Total</b>	<b>2,074,140</b>	<b>(2,921,760)</b>	<b>(847,620)</b>	<b>1,893,536</b>	<b>(1,893,536)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>920,698</b>	<b>(1,006,016)</b>	<b>(85,318)</b>	<b>(185,875)</b>	<b>836,060</b>	<b>650,185</b>
Beginning Net Position	3,145,587	6,050,275	9,195,862	3,331,462	5,214,215	8,545,677
<b>Ending Net Position</b>	<b>\$ 4,066,285</b>	<b>\$ 5,044,259</b>	<b>\$ 9,110,544</b>	<b>\$ 3,145,587</b>	<b>\$ 6,050,275</b>	<b>\$ 9,195,862</b>

**City of Bellville, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2021**

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

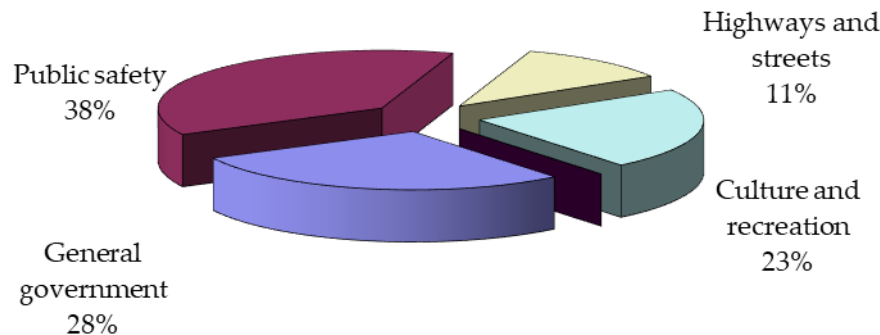
**Governmental Activities - Revenues**



For the year ended September 30, 2021, revenues from governmental activities totaled \$2,409,756. Property tax, sales tax, and grants and contributions are the City's largest revenue sources. Grants and contributions increased by \$462,347 due to nonrecurring grants received through the American Rescue Plan in the current year. Sales taxes increased by \$99,693 or 18% due to economic growth fueled by local purchases. Other revenues increased by \$82,997 primarily as a result of nonrecurring salary reimbursements received in the current year for the police department. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:

**Governmental Activities - Expenses**



For the year ended September 30, 2021, expenses for governmental activities totaled \$3,563,198. This represents a decrease of \$242,965 or 6% from the prior year. The City's largest functional expense is public safety of \$1,360,892, which includes administrative and operating costs for the City's police department. Public safety and culture and recreation expenses decreased by \$122,961 or 8% and \$73,762 or 8%, respectively, primarily due to declining personnel costs resulting from decreases in the City's

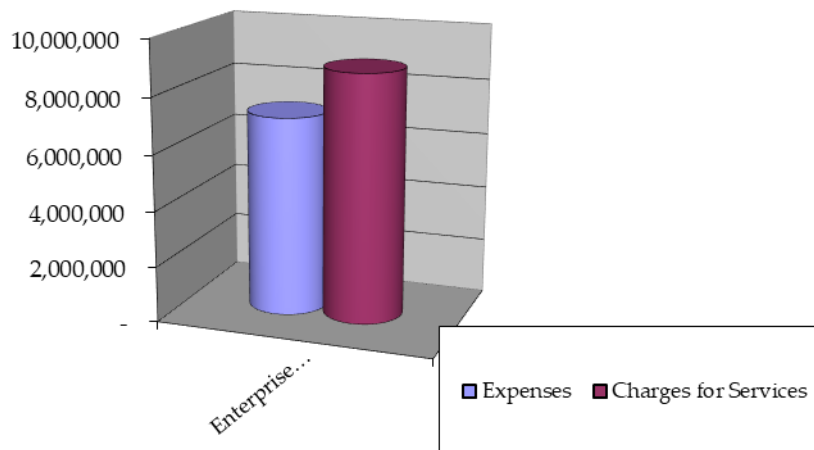
**City of Bellville, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2021**

pension and OPEB healthcare liability. All other expenses remained relatively consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.

For the year ended September 30, 2021, charges for services by business-type activities totaled \$8,860,674. This is a slight increase of \$82,956 or 1% from the prior year, which is considered minimal.

**Business-Type Activities - Revenues and Expenses**



Total business-type expenses increased \$604,154 or 9% compared to the prior year primarily due to greater wholesale electricity purchases and utility system maintenance expenses over the course of the year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of 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 the City's net resources available for spending at the end of the year.

As of the end of the year the general fund reflected a total fund balance of \$759,082, all of which was unassigned. The general fund increased by \$278,890 primarily due to greater than anticipated revenues and less than anticipated expenditures.

# City of Bellville, Texas

## *MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*

### September 30, 2021

As of the end of the year the capital projects fund reflected a total fund balance of \$334,752, an increase of \$144,736. The increase was primarily due to transfers from other funds exceeding capital outlay expenditures.

There was an increase in total governmental fund balance of \$430,350 over the prior year. The increase was primarily due to transfers received from the utilities fund.

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

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There was a total positive budget variance of \$250,910 in the general fund. This was a combination of a positive revenue variance of \$330,866, a positive expenditure variance of \$66,536, and a negative variance of \$146,492 in other financing sources and uses. The most significant revenue variances were for contributions and donations, fines and forfeitures, and other revenue.

#### **CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$5,996,883 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$6,488,782 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following:

- Purchased 2 acres of land for police station in the amount of \$318,745.
- Improvements to Masonic Street totaling \$371,470.
- Purchased Zebra ticket writer software for \$21,776.
- Purchased new sewer lift pump for \$11,306.
- Purchased bucket truck boom for \$13,881.
- Purchased Padmount transformer for electric department totaling \$15,756.
- Purchased microwedge sludge blocks for \$15,863.

More detailed information about the City's capital assets is presented in note IV. D to the financial statements.

**City of Bellville, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**September 30, 2021**

**LONG-TERM DEBT**

At the end of the current year, the City had total bonds outstanding of \$2,725,000. During the year, the City made principal payments on bonds of \$530,000. More detailed information about the City's long-term liabilities is presented in note IV. E to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Bellville and improving services provided to their public citizens. The City is budgeting conservatively for the upcoming fiscal year's budget.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Bellville's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Administrator at 30 South Holland, Bellville, TX, 77418; telephone 979-865-3136.

## *FINANCIAL STATEMENTS*

**City of Bellville, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**September 30, 2021**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<b><u>Assets</u></b>			
Current assets:			
Cash and cash equivalents	\$ 851,051	\$ 2,000,808	\$ 2,851,859
Investments	300,000	1,115,000	1,415,000
Receivables, net	201,861	1,072,638	1,274,499
Due from primary government	-	-	-
Inventory	-	457,122	457,122
Internal balances	5,150	(5,150)	-
Note receivable from component unit, current	-	65,000	65,000
<b>Total Current Assets</b>	<b>1,358,062</b>	<b>4,705,418</b>	<b>6,063,480</b>
Capital assets:			
Non-depreciable	1,065,062	337,274	1,402,336
Net depreciable capital assets	4,931,821	6,151,508	11,083,329
Note receivable from component unit	-	136,001	136,001
<b>Total Noncurrent Assets</b>	<b>5,996,883</b>	<b>6,624,783</b>	<b>12,621,666</b>
<b>Total Assets</b>	<b>7,354,945</b>	<b>11,330,201</b>	<b>18,685,146</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred charge on refunding	-	43,036	43,036
Pension outflows	203,824	111,710	315,534
OPEB outflows	31,153	17,074	48,227
<b>Total Deferred Outflows of Resources</b>	<b>234,977</b>	<b>171,820</b>	<b>406,797</b>

See Notes to Financial Statements.



Component Unit
Bellville
EDC

\$	374,461
	200,750
	-
	56,149
	-
	-
	-
	631,360
	-
	533,175
	-
	533,175
	1,164,535
	-
	-
	-
	-

**City of Bellville, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**September 30, 2021**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable and			
accrued liabilities	\$ 95,938	\$ 1,305,208	\$ 1,401,146
Accrued interest	-	12,369	12,369
Customer deposits	-	373,523	373,523
Due to component unit	56,149	-	56,149
Compensated absences, current	85,100	26,653	111,753
Long term debt due within one year	-	545,000	545,000
<b>Total Current Liabilities</b>	<b>237,187</b>	<b>2,262,753</b>	<b>2,499,940</b>
Noncurrent liabilities:			
Debt due in more than one year	-	2,295,709	2,295,709
Compensated absences, noncurrent	9,456	2,961	12,417
OPEB liability- TMRS	186,451	102,188	288,639
OPEB liability - Healthcare benefits	1,309,509	794,076	2,103,585
Net pension liability	1,590,579	871,743	2,462,322
<b>Total Noncurrent Liabilities</b>	<b>3,095,995</b>	<b>4,066,677</b>	<b>7,162,672</b>
<b>Total Liabilities</b>	<b>3,333,182</b>	<b>6,329,430</b>	<b>9,662,612</b>
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows	185,684	101,767	287,451
OPEB inflows	4,771	2,614	7,385
Gain on refunding	-	23,951	23,951
<b>Total Deferred Inflows of Resources</b>	<b>190,455</b>	<b>128,332</b>	<b>318,787</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	5,996,883	3,868,158	9,865,041
Restricted for:			
Municipal court	20,614	-	20,614
Tourism	16,114	-	16,114
Capital projects	334,752	-	334,752
Economic development	-	-	-
Unrestricted	(2,302,078)	1,176,101	(1,125,977)
<b>Total Net Position</b>	<b>\$ 4,066,285</b>	<b>\$ 5,044,259</b>	<b>\$ 9,110,544</b>

See Notes to Financial Statements.

Component Unit
Bellville
EDC

\$	75,711
	-
	-
	-
	-
	65,000
	140,711

	136,001
	-
	-
	-
	-
	136,001
	276,712

	-
	-
	-
	-

	533,175
	-
	-
	-
	354,648
	-
\$	887,823

# City of Bellville, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 1,007,185	\$ 118,745	\$ -	\$ -
Public safety	1,360,892	-	1,067	-
Public works	380,303	-	-	522,704
Culture and recreation	814,818	20,546	-	-
<b>Total Governmental Activities</b>	<b>3,563,198</b>	<b>139,291</b>	<b>1,067</b>	<b>522,704</b>
<b>Business-Type Activities</b>				
City utility services	6,445,373	8,098,945	-	-
City sanitation services	626,741	761,729	-	-
<b>Total Business-Type Activities</b>	<b>7,072,114</b>	<b>8,860,674</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 10,635,312</b>	<b>\$ 8,999,965</b>	<b>\$ 1,067</b>	<b>522,704</b>
<b>Component Units</b>				
Bellville EDC	385,641	-	-	-
	<b>\$ 385,641</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### General Revenues:

Taxes  
     Property taxes  
     Sales taxes  
     Franchise and local taxes  
     Hotel and occupancy taxes  
 Investment income  
 Other revenues  
 Gain on sale of capital assets

### Extraordinary Item -

Natural gas purchase settlement

### Transfers

### Total General Revenues and Transfers

### Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Bellville EDC</b>
\$ (888,440)	\$ -	\$ (888,440)	\$ -
(1,359,825)	-	(1,359,825)	-
142,401	-	142,401	-
(794,272)	-	(794,272)	-
(2,900,136)	-	(2,900,136)	-
-	1,653,572	1,653,572	-
-	134,988	134,988	-
-	1,788,560	1,788,560	-
(2,900,136)	1,788,560	(1,111,576)	-
			(385,641)
			(385,641)
973,689	-	973,689	-
641,052	-	641,052	334,419
31,638	-	31,638	-
8,902	-	8,902	-
5,211	17,414	22,625	5,560
76,124	109,770	185,894	-
10,078	-	10,078	-
-	(847,620)	(847,620)	-
2,074,140	(2,074,140)	-	-
3,820,834	(2,794,576)	1,026,258	339,979
920,698	(1,006,016)	(85,318)	(45,662)
3,145,587	6,050,275	9,195,862	933,485
\$ 4,066,285	\$ 5,044,259	\$ 9,110,544	\$ 887,823

# City of Bellville, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2021

	General	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 431,336	\$ 334,752	\$ 36,728	\$ 802,816
Investments	300,000	-	-	300,000
Receivables, net	201,861	-	-	201,861
Due from other funds	5,150	-	-	5,150
<b>Total Assets</b>	<b>\$ 938,347</b>	<b>\$ 334,752</b>	<b>\$ 36,728</b>	<b>\$ 1,309,827</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 95,938	\$ -	\$ -	\$ 95,938
Due to component unit	56,149	-	-	56,149
<b>Total Liabilities</b>	<b>152,087</b>	<b>-</b>	<b>-</b>	<b>152,087</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue				
Property taxes	27,178	-	-	27,178
<b>Total Deferred Inflows of Resources</b>	<b>27,178</b>	<b>-</b>	<b>-</b>	<b>27,178</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Capital projects	-	334,752	-	334,752
Special revenue	-	-	36,728	36,728
Unassigned reported in:				
General fund	759,082	-	-	759,082
<b>Total Fund Balances</b>	<b>759,082</b>	<b>334,752</b>	<b>36,728</b>	<b>1,130,562</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 938,347</b>	<b>\$ 334,752</b>	<b>\$ 36,728</b>	<b>\$ 1,309,827</b>

See Notes to Financial Statements.

# City of Bellville, Texas

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2021

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 1,130,562</b>
<b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	1,065,062
Capital assets - net depreciable	4,931,821
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivable	27,178
Deferred outflows (inflows) of resources, represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditure)/(revenue) until then.	
Pension outflows	203,824
OPEB contributions	1,089
Pension inflows	(185,684)
OPEB assumption changes	30,064
OPEB difference in experience	(4,771)
Internal service funds are used by management to charge the cost of internal services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
Net position - governmental activities	48,235
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Compensated absences	(94,556)
Net pension liability	(1,590,579)
OPEB liability - TMRS	(186,451)
OPEB liability - Healthcare benefits	(1,309,509)
<b>Net Position of Governmental Activities</b>	<b>\$ 4,066,285</b>

See Notes to Financial Statements.

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# City of Bellville, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2021

	General	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b><u>Revenues</u></b>				
Property tax	\$ 976,389	\$ -	\$ -	\$ 976,389
Sales tax	641,052	-	-	641,052
Franchise and local taxes	31,638	-	-	31,638
License and permits	95,754	-	-	95,754
Charges for services	20,546	-	-	20,546
Contributions and donations	542,396	-	-	542,396
Hotel occupancy taxes	-	-	8,902	8,902
Fines and forfeitures	22,126	-	865	22,991
Investment income	4,150	890	171	5,211
Other revenue	76,124	-	-	76,124
<b>Total Revenues</b>	<b>2,410,175</b>	<b>890</b>	<b>9,938</b>	<b>2,421,003</b>
<b><u>Expenditures</u></b>				
Current:				
General government	1,005,659	-	-	1,005,659
Police department	1,619,125	-	-	1,619,125
Municipal court	88,696	-	714	89,410
Parks and recreation	710,761	-	2,500	713,261
Public works	257,929	-	-	257,929
Capital outlay	-	389,487	-	389,487
<b>Total Expenditures</b>	<b>3,682,170</b>	<b>389,487</b>	<b>3,214</b>	<b>4,074,871</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(1,271,995)</b>	<b>(388,597)</b>	<b>6,724</b>	<b>(1,653,868)</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	1,540,807	533,333	-	2,074,140
Sale of capital assets	10,078	-	-	10,078
<b>Total Other Financing Sources</b>	<b>1,550,885</b>	<b>533,333</b>	<b>-</b>	<b>2,084,218</b>
<b>Net Change in Fund Balances</b>	<b>278,890</b>	<b>144,736</b>	<b>6,724</b>	<b>430,350</b>
Beginning fund balances	480,192	190,016	30,004	700,212
<b>Ending Fund Balances</b>	<b>\$ 759,082</b>	<b>\$ 334,752</b>	<b>\$ 36,728</b>	<b>\$ 1,130,562</b>

See Notes to Financial Statements.

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# City of Bellville, Texas

## *RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*

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

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	430,350
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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.

Capital outlay	726,606
Depreciation expense	(335,158)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Grant receivable	(18,625)
Property tax receivable	(2,700)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(14,740)
Pension expense	109,444
OPEB - TMRS expense	(19,473)
OPEB - Healthcare benefits	43,670

Internal service funds are used by management to charge the cost of internal services to individual funds. The City reports the net gain (loss) of internal service funds within governmental activities.

	1,324
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 920,698</b>

See Notes to Financial Statements.

# City of Bellville, Texas

## STATEMENT OF NET POSITION (Page 1 of 2)

### PROPRIETARY FUNDS

September 30, 2021

	Utilities Fund	Sanitation Fund	Total
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 1,786,835	\$ 192,282	\$ 1,979,117
Investments	1,115,000	-	1,115,000
Receivables, net	993,215	79,423	1,072,638
Inventory	457,122	-	457,122
Note receivable from component unit, current	65,000	-	65,000
<b>Total Current Assets</b>	<b>4,417,172</b>	<b>271,705</b>	<b>4,688,877</b>
<b><u>Noncurrent Assets</u></b>			
Note receivable from component unit	136,001	-	136,001
Capital assets:			
Non-depreciable	337,274	-	337,274
Net depreciable capital assets	6,151,508	-	6,151,508
<b>Total Noncurrent Assets</b>	<b>6,488,782</b>	<b>-</b>	<b>6,488,782</b>
<b>Total Assets</b>	<b>11,041,955</b>	<b>271,705</b>	<b>11,313,660</b>
<b><u>Deferred Outflows of Resources</u></b>			
Pension contributions	110,251	-	110,251
Pension changes in assumptions	1,459	-	1,459
OPEB contributions	597	-	597
OPEB assumption changes	16,477	-	16,477
Deferred charge on refunding	43,036	-	43,036
<b>Total Deferred Outflows of Resources</b>	<b>171,820</b>	<b>-</b>	<b>171,820</b>



# City of Bellville, Texas

## STATEMENT OF NET POSITION (Page 2 of 2) PROPRIETARY FUNDS September 30, 2021

	Utilities Fund	Sanitation Fund	Total
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable and accrued liabilities	\$ 1,244,064	\$ 49,563	\$ 1,293,627
Accrued interest	12,369	-	12,369
Sales tax payable	11,581	-	11,581
Customer deposits	373,523	-	373,523
Due to other funds	5,150	-	5,150
Compensated absences - current	26,653	-	26,653
Long-term debt-current	545,000	-	545,000
<b>Total Current Liabilities</b>	<b>2,218,340</b>	<b>49,563</b>	<b>2,267,903</b>
<b><u>Noncurrent Liabilities</u></b>			
Compensated absences, noncurrent	2,961	-	2,961
Net pension liability	871,743	-	871,743
OPEB liability - TMRS	102,188	-	102,188
OPEB liability - Healthcare benefits	794,076	-	794,076
Long term debt-noncurrent	2,295,709	-	2,295,709
<b>Total Liabilities</b>	<b>6,285,017</b>	<b>49,563</b>	<b>6,334,580</b>
<b><u>Deferred Inflows of Resources</u></b>			
Pension investment gains	101,767	-	101,767
OPEB difference in experience	2,614	-	2,614
Gain on refunding	23,951	-	23,951
<b>Total Deferred Inflow of Resources</b>	<b>128,332</b>	<b>-</b>	<b>128,332</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	3,868,158	-	3,868,158
Unrestricted	932,268	222,142	1,154,410
<b>Total Net Position</b>	<b>\$ 4,800,426</b>	<b>\$ 222,142</b>	

Adjustment to report the cumulative internal balance for the net effect  
of the activity between the internal service fund and the proprietary funds

21,691

Net position of business-type activities

\$ 5,044,259

See Notes to Financial Statements.



# City of Bellville, Texas

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended September 30, 2021

	Utilities Fund	Sanitation Fund	Total
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 8,069,844	\$ 761,729	\$ 8,831,573
Tap, reconnect, and service charges	29,101	-	29,101
Other revenue	109,770	-	109,770
<b>Total Operating Revenues</b>	<b>8,208,715</b>	<b>761,729</b>	<b>8,970,444</b>
<b><u>Operating Expenses</u></b>			
Administration	311,068	-	311,068
Electric department	4,128,807	-	4,128,807
Gas department	503,398	-	503,398
Water department	331,433	-	331,433
Wastewater department	322,177	-	322,177
Sanitation department	-	626,741	626,741
Recycling department	239,587	-	239,587
Depreciation	488,903	-	488,903
<b>Total Operating Expenses</b>	<b>6,325,373</b>	<b>626,741</b>	<b>6,952,114</b>
<b>Operating Income (Loss)</b>	<b>1,883,342</b>	<b>134,988</b>	<b>2,018,330</b>



Internal Service
Fund
Health
Insurance

\$	831,137
	-
	-
	831,137

850,193
-
-
-
-
-
-
-
850,193
(19,056)

# City of Bellville, Texas

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended September 30, 2021

Operating Income (Loss)	\$ 1,883,342	\$ 134,988	\$ 2,018,330
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment income	17,414	-	17,414
Interest expense	(100,090)	-	(100,090)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(82,676)</b>	<b>-</b>	<b>(82,676)</b>
<b>Income (Loss) Before Transfers</b>	<b>1,800,666</b>	<b>134,988</b>	<b>1,935,654</b>
Transfers (out)	(2,074,140)	-	(2,074,140)
<b>Income (Loss) Before Extraordinary Item</b>	<b>(273,474)</b>	<b>134,988</b>	<b>(138,486)</b>
<b><u>Extraordinary Items</u></b>			
Natural gas purchase settlement	(847,620)	-	(847,620)
<b>Total Extraordinary Items</b>	<b>(847,620)</b>	<b>-</b>	<b>(847,620)</b>
<b>Change in Net Position</b>	<b>(1,121,094)</b>	<b>134,988</b>	<b>(986,106)</b>
Beginning net position	5,921,520	87,154	6,008,674
<b>Ending Net Position</b>	<b>\$ 4,800,426</b>	<b>\$ 222,142</b>	
Adjustment for net effect of current year activity between the internal service fund and the proprietary funds			(19,910)
Change in net position of business-type activities			\$ (1,006,016)

See Notes to Financial Statements.

\$ (19,056)

470

-

470

(18,586)

-

(18,586)

-

-

-

(18,586)

88,512

\$ 69,926

# City of Bellville, Texas

## STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 1 of 2) For the Year Ended September 30, 2021

	Utilities Fund	Sanitation Fund	Total
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 8,363,039	\$ 773,253	\$ 9,136,292
Payments to suppliers	(5,548,053)	(627,450)	(6,175,503)
Payments to employees	(410,064)	-	(410,064)
<b>Net Cash Provided by (Used) by Operating Activities</b>	<b>2,404,922</b>	<b>145,803</b>	<b>2,550,725</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Operating transfers (out)	(2,074,140)	-	(2,074,140)
<b>Net Cash Provided by (Used) by Noncapital Financing Activities</b>	<b>(2,074,140)</b>	<b>-</b>	<b>(2,074,140)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Capital purchases	(88,543)	-	(88,543)
Collection on grant receivable	62,928	-	62,928
Principal paid on debt	(530,000)	-	(530,000)
Interest paid on debt	(112,274)	-	(112,274)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(667,889)</b>	<b>-</b>	<b>(667,889)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest on investments	17,414	-	17,414
<b>Net Cash Provided by Investing Activities</b>	<b>17,414</b>	<b>-</b>	<b>17,414</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(319,693)</b>	<b>145,803</b>	<b>(173,890)</b>
Beginning cash and cash equivalents	2,106,528	46,479	2,153,007
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 1,786,835</b>	<b>\$ 192,282</b>	<b>\$ 1,979,117</b>

See Notes to Financial Statements.

<b>Internal Service</b>	
<b>Fund</b>	
<hr/>	
<b>Health</b>	
<b>Insurance</b>	
<hr/>	
\$	831,137
	(850,193)
	-
	<hr/>
	(19,056)
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	-
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	-
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	-
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	470
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	470
	<hr/>
	(18,586)
	88,512
	<hr/>
\$	69,926
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# City of Bellville, Texas

## STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 2 of 2) For the Year Ended September 30, 2021

	Utilities Fund	Sanitation Fund	Total
<b><u>Reconciliation of Operating Income</u></b>			
<b><u>to Net Cash Provided by Operating Activities</u></b>			
Operating Income / (Loss)	\$ 1,883,342	\$ 134,988	\$ 2,018,330
Adjustments to reconcile operating income / (loss) to net cash provided / (used):			
Depreciation	488,903	-	488,903
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	136,882	11,524	148,406
Deferred outflows of resources - pension	(2,809)	-	(2,809)
Deferred outflows of resources - OPEB	(3,826)	-	(3,826)
Deferred inflows of resources - pension	(11,572)	-	(11,572)
<b>Increase (Decrease) in:</b>			
Accounts payable and accrued liabilities	36,244	(709)	35,535
Sales tax payable	(1,368)	-	(1,368)
Compensated absences	-	-	-
Customer deposits	17,442	-	17,442
Net pension liability	(65,979)	-	(65,979)
OPEB liabilities	(14,810)	-	(14,810)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,404,922</b>	<b>\$ 145,803</b>	<b>\$ 2,550,725</b>

See Notes to Financial Statements.

Internal Service
Fund
Health
Insurance

\$	(19,056)
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\$	(19,056)
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**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2021**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-Wide 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. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**B. Reporting Entity**

The City of Bellville, Texas (the “City”) was incorporated on January 18, 1927, and operates under a Mayor-Council form of government.

The City Council is the principal legislative and administrative body of the City. Subject to confirmation of the City Council, the Mayor has the power to appoint all boards, commissions, agencies, and officers provided for in the charter or by ordinance. The Mayor is the presiding officer of the City Council and does not vote except in the case of a tie vote.

The City Manager is the head of the administrative departments of the City and is the supervisor of all administrative officers, employees, directors, and department heads. Departments and agencies of the City submit budget requests to the City Manager.

The City provides the following services: general government, streets, public safety, culture and recreation, public works, water and wastewater services, and sanitation services.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Bellville Economic Development Corporation (“EDC”), although legally separate, are considered part of the reporting entity. No other

# City of Bellville, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

### September 30, 2021

entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

#### **Discretely Presented Component Unit**

##### Bellville Economic Development Corporation ("EDC")

In 1998, the voters authorized the creation of the Bellville Economic Development Corporation for the purpose of promoting economic development within the community. The Corporation Board consists of seven members, one of which is a member of City Council, appointed by the entire City Council. The other six members are appointed by City Council. The Corporation's budget and all contracts are approved by City Council, making the City financially accountable. The Corporation does not issue separate financial statements. The fiscal year end for the Corporation is September 30.

#### **C. Basis of Presentation Government-Wide and Fund Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

# City of Bellville, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

### September 30, 2021

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions 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.

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

#### **Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed. The City presents the following major governmental funds.

##### **General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, street department, parks department, library, public safety, and municipal court. The general fund is always considered a major fund for reporting purposes.

##### **Capital Projects Fund**

The City's capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

The government reports the following nonmajor governmental funds:

**Hotel Tax Fund**

This fund accounts for hotel tax revenues that are legally restricted for tourism related expenses.

**Court Technology Fund**

This fund accounts for court fees that are legally restricted for court technology expenses.

**Court Building Security Fund**

This fund accounts for court fees that are legally restricted for court security expenses.

**Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise funds:

**Utilities Fund**

This fund is used to account for the operations that provide electricity, natural gas, water, wastewater collection, and wastewater treatment, and recycling services to the citizens of the City. The services are financed and operated in a

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, *Continued***  
**September 30, 2021**

manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

**Sanitation Fund**

This fund is used to account for the operations that provide sanitation and garbage services to the citizens of the City.

Additionally, the government reports the following fund type:

**Internal Service Fund**

Revenues and expenses related to services provided to organizations inside the City on a cost reimbursement basis are accounted for in an internal service fund. The City's internal service fund was set up to account for health insurance expenses of the City.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

**1. Deposits and Investments**

The City'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. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

**2. Fair Value**

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**3. Receivables and Interfund Transactions**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

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" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

**4. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

**5. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

**6. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial



**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

<b>Asset Description</b>	<b>Estimated Useful Life</b>
Equipment	3.5 - 15 years
Infrastructure	30 years
Buildings and improvements	20 - 40 years

**7. 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 that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and EMS revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**8. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**9. Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**10. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted,

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, *Continued***  
**September 30, 2021**

the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the City Manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**11. Compensated Absences**

Upon retirement from the City, an employee will receive compensation for unused vacations hours up to a maximum of 160 hours and compensated absences up to a maximum of 40 hours.

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental and proprietary funds recognize accrued compensated absences when it is paid.

**12. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, *Continued***  
**September 30, 2021**

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred in accordance with GASB statement no. 65.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**13. Estimates**

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

**14. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**15. Other Postemployment Benefits (“OPEB”)**

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDBF) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn’t meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. 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 on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position.

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits to its retirees and dependents. Full time City of Bellville employees hired before October 31, 2018 who retire from the City under the Texas Municipal Retirement System on or after January 1, 2000, and who are covered by the City of Bellville group hospitalization and medical insurance at the time of retirement, will be eligible to participate in the current health plan which is an 80/20 HMO insurance plan that includes a \$500 deductible for individual and a \$1,000 deductible for family medical insurance provided by the City to its employees, from the date of retirement until the 5th anniversary date after retirement. During this time, the City will also contribute \$500 per month toward the monthly premiums for each retiree that qualifies.

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and enterprise fund.

The appropriated budget is prepared by fund, function, and department. The legal level of control is the department level. Each department head, with the approval of the City Administrator, can reclassify items within the department without approval of the City Council. However, to amend the total of a department, a budget amendment approved by the City Council is required. All annual budget appropriations lapse at fiscal year end.

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2021, the primary government had the following investments:

<b>Investment Type</b>	<b>Carrying Value</b>	<b>Average Maturity (Years)</b>
Certificates of deposit	\$ 1,415,000	0.43
External investment pool	150,383	0.15
Total	<u>\$ 1,565,383</u>	
Portfolio weighted average maturity		0.58

As of September 30, 2021, the component unit had the following investments:

<b>Investment Type</b>	<b>Carrying Value</b>	<b>Average Maturity (Years)</b>
Certificates of deposit	\$ 200,750	0.53
Total	<u>\$ 200,750</u>	
Portfolio weighted average maturity		0.53

*Interest rate risk* – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

*Credit risk* – The City’s investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than “A” or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

*Custodial credit risk – deposits* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require

# City of Bellville, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

### September 30, 2021

that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2021, the market values of pledged securities and FDIC exceeded bank balances.

*Custodial credit risk – investments* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

#### TexasCLASS

Texas CLASS is a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Texas CLASS Government seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Texas CLASS Government is rated 'AAAm' by S&P Global Ratings. There were no limitations or restrictions on withdrawals.

#### **B. Receivables**

The following comprise receivable balances of the primary government at year end:

	<b>General</b>	<b>Utilities Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
Property taxes	\$ 28,750	\$ -	\$ -	\$ 28,750
Sales tax	174,683	-	-	174,683
Accounts	-	1,035,366	87,627	1,122,993
Allowance	(1,572)	(42,151)	(8,204)	(51,927)
	<u>\$ 201,861</u>	<u>\$ 993,215</u>	<u>\$ 79,423</u>	<u>\$ 1,274,499</u>



**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**C. Inventory**

The following comprise the inventory balances of the primary government at year end:

<b>Inventory type</b>	<b>Cost</b>
Electric Department	\$ 348,614
Water Department	8,037
Gas Department	20,967
Sewer Department	16,566
Construction Department	5,411
Total	<u>\$ 399,595</u>

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**D. Capital Assets**

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Disposals / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 328,939	\$ 318,745	\$ -	\$ 647,684
Construction in progress	45,908	371,470	-	417,378
Total capital assets not being depreciated	<u>374,847</u>	<u>690,215</u>	<u>-</u>	<u>1,065,062</u>
Capital assets, being depreciated:				
Buildings and improvements	1,578,249	7,180	-	1,585,429
Other improvements	3,779,761	-	-	3,779,761
Infrastructure	3,620,706	-	-	3,620,706
Vehicles and equipment	792,756	5,677	(73,327)	725,106
Office furniture and equipment	82,214	23,534	(5,178)	100,570
Collections	722,578	-	-	722,578
Total capital assets being depreciated	<u>10,576,264</u>	<u>36,391</u>	<u>(78,505)</u>	<u>10,534,150</u>
Less accumulated depreciation				
Buildings and improvements	(1,049,887)	(33,216)	-	(1,083,103)
Other improvements	(1,558,975)	(132,167)	-	(1,691,142)
Infrastructure	(1,269,755)	(121,840)	-	(1,391,595)
Vehicles and equipment	(734,068)	(26,906)	73,327	(687,647)
Office furniture and equipment	(48,812)	(10,106)	5,178	(53,740)
Collections	(684,179)	(10,923)	-	(695,102)
Total accumulated depreciation	<u>(5,345,676)</u>	<u>(335,158)</u>	<u>78,505</u>	<u>(5,602,329)</u>
Net capital assets being depreciated	<u>5,230,588</u>	<u>(298,767)</u>	<u>-</u>	<u>4,931,821</u>
<b>Total Capital Assets</b>	<u><u>\$ 5,605,435</u></u>	<u><u>\$ 391,448</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,996,883</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 29,598
Public safety	26,740
Library	17,145
Parks and recreation	131,756
Street	129,919
<b>Total Governmental Activities Depreciation Expense</b>	<u><u>\$ 335,158</u></u>

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

A summary of changes in business-type activities capital assets for the year end was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Disposals / Reclassifications</b>	<b>Ending Balances</b>
Capital assets, not being depreciated:				
Land	\$ 337,274	\$ -	\$ -	\$ 337,274
Total capital assets not being depreciated	<u>337,274</u>	<u>-</u>	<u>-</u>	<u>337,274</u>
Capital assets, being depreciated:				
Infrastructure	16,916,431	39,438	(37,555)	16,918,314
Buildings	486,641	17,487	-	504,128
Furniture, vehicles, and equipment	2,044,583	31,618	-	2,076,201
Total capital assets being depreciated	<u>19,447,655</u>	<u>88,543</u>	<u>(37,555)</u>	<u>19,498,643</u>
Less accumulated depreciation				
Infrastructure	(10,726,985)	(30,119)	37,555	(10,719,549)
Buildings	(313,677)	(11,864)	-	(325,541)
Furniture, vehicles, and equipment	(1,855,125)	(446,920)	-	(2,302,045)
Total accumulated depreciation	<u>(12,895,787)</u>	<u>(488,903)</u>	<u>37,555</u>	<u>(13,347,135)</u>
Net capital assets being depreciated	6,551,868	(400,360)	-	6,151,508
<b>Total Capital Assets</b>	<u><u>\$ 6,889,142</u></u>	<u><u>\$ (400,360)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,488,782</u></u>

Depreciation was charged to business-type activities as follows:

Water	\$ 185,399
Wastewater	223,423
Electric	56,699
Gas	13,252
Other	10,130
<b>Total Business-type Activities Depreciation Expense</b>	<u><u>\$ 488,903</u></u>

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

A summary of changes in the discretely presented component unit (Bellville EDC) capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, being depreciated:				
Other improvements	\$ 733,824	\$ -	\$ -	\$ 733,824
Total capital assets being depreciated	<u>733,824</u>	<u>-</u>	<u>-</u>	<u>733,824</u>
Less accumulated depreciation				
Other improvements	(175,082)	(25,567)	-	(200,649)
Total accumulated depreciation	<u>(175,082)</u>	<u>(25,567)</u>	<u>-</u>	<u>(200,649)</u>
Net capital assets being depreciated	558,742	(25,567)	-	533,175
<b>Total Capital Assets</b>	<u><u>\$ 558,742</u></u>	<u><u>\$ (25,567)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 533,175</u></u>

The component unit recognized depreciation expense of \$25,567 during the year ended September 30, 2021.

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**E. Long-term Debt**

The following is a summary of changes in the City's total long-term liabilities for the year ended. The City uses the enterprise fund to liquidate business-type activities debts.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Amortization/ Payments</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>
<b>Business-Type Activities:</b>					
Certificates of Obligation	\$ 1,320,000	\$ -	\$ (315,000)	\$ 1,005,000	\$ 325,000
GO Refunding Bond	1,935,000	-	(215,000)	1,720,000	220,000
Less deferred amounts:					
For issuance premiums	132,239	-	(16,530)	115,709	-
<b>Total Business-Type Activities</b>	<b>\$ 3,387,239</b>	<b>\$ -</b>	<b>\$ (546,530)</b>	<b>\$ 2,840,709</b>	<b>\$ 545,000</b>
<b>Long-term liabilities due in more than one year</b>				<b>\$ 2,295,709</b>	
<b>Component Unit (EDC)</b>					
Grant payable - City	\$ 263,929	\$ -	\$ (62,928)	\$ 201,001	\$ 65,000
	<u>\$ 263,929</u>	<u>\$ -</u>	<u>\$ (62,928)</u>	<u>\$ 201,001</u>	<u>\$ 65,000</u>
<b>Long-term liabilities due in more than one year</b>				<b>\$ 136,001</b>	

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

Long-term debt at year end was comprised of the following debt issues:

	<b>Business - Type Activities</b>	<b>Component Unit Bellville EDC</b>
<b>General Obligation Bonds:</b>		
\$2,380,000 General Obligation Refunding Bond, Series 2019, due in annual installments through 2023, interest at 4.0%	\$ 1,720,000	\$ -
<b>Total General Obligation Bonds</b>	<b>\$ 1,720,000</b>	<b>\$ -</b>
<b>Certificates of Obligation:</b>		
\$3,350,000 Certificates of Obligation, Series 2012, due in annual installments through 2024, interest from 3.625% to 4.50%	\$ 1,005,000	\$ -
<b>Total Certificates of Obligation</b>	<b>\$ 1,005,000</b>	<b>\$ -</b>
<b>Plus deferred amounts:</b>		
Issuance premium	\$ 115,709	\$ -
<b>Total Deferred Amounts</b>	<b>\$ 115,709</b>	<b>\$ -</b>
<b>Grant Payable:</b>		
\$1,000,000 Grant payable to the City of Bellville, due in semi-annual installments that approximate repayment requirements of the Certificates of Obligation owed by the City for the Clark Park project.		
Payments are due through 2024, including interest from 3.625% to 4.50%	\$ -	\$ 201,001
<b>Total Notes Payable</b>	<b>\$ -</b>	<b>\$ 201,001</b>
<b>Total Long-term Liabilities</b>	<b>\$ 2,840,709</b>	<b>\$ 201,001</b>

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Year ending September 30,	General Obligation Refunding Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2022	\$ 220,000	\$ 68,800	\$ 325,000	\$ 25,275
2023	225,000	60,000	335,000	15,375
2024	235,000	51,000	345,000	5,175
2025	245,000	41,600	-	-
2026	255,000	31,800	-	-
2027	265,000	21,600	-	-
2028	275,000	11,000	-	-
	<u>\$ 1,720,000</u>	<u>\$ 285,800</u>	<u>\$ 1,005,000</u>	<u>\$ 45,825</u>

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

The annual requirements to amortize component unit activities debt outstanding at year ending were as follows:

Year ending September 30,	Grant Payable	
	Principal	Interest
2022	\$ 65,000	\$ 5,055
2023	67,000	3,075
2024	69,001	1,035
	<u>\$ 201,001</u>	<u>\$ 9,165</u>

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**F. Other Long-term Liabilities**

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general and enterprise funds to liquidate compensated absences.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 79,816	\$ 15,964	\$ (1,224)	\$ 94,556	\$ 85,100
<b>Total Governmental Activities</b>	<u>\$ 79,816</u>	<u>\$ 15,964</u>	<u>\$ (1,224)</u>	<u>\$ 94,556</u>	<u>\$ 85,100</u>
<b>Other Long-term Liabilities Due in More than One Year</b>				<u>\$ 9,456</u>	
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 29,614	\$ -	\$ -	\$ 29,614	\$ 26,653
<b>Total Business-Type Activities</b>	<u>\$ 29,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,614</u>	<u>\$ 26,653</u>
<b>Other Long-term Liabilities Due in More than One Year</b>				<u>\$ 2,961</u>	

**G. Deferred Charge and Gain on Refunding**

Deferred charge and gain resulting from the issuance of the 2012 general obligation refunding bonds have been recorded as a deferred outflow and inflow of resources, respectively and are being amortized to interest expense over the terms of the respective refunded debts. Current year balances for deferred charge and gain on refunding within business-type activities totaled \$43,036 and \$23,951, respectively. Current year amortization for the deferred charge and gain totaled \$14,345 and \$7,983, respectively.



**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**H. Interfund Transactions**

Amounts transferred between funds relate to amounts collected, various capital expenditures, annual funding, and reallocation of pension expenses.

<b>Transfer Out:</b>	<b>Transfer In:</b>		
	<b>General</b>	<b>Capital Projects</b>	<b>Total</b>
Utilities	\$ 1,540,807	\$ 533,333	\$ 2,074,140
	<u>\$ 1,540,807</u>	<u>\$ 533,333</u>	<u>\$ 2,074,140</u>

The composition of interfund due to/from balances as of the year ended September 30, 2021 were as follows:

<b>Payable Fund: Due to</b>	<b>Receivable fund: Due from</b>
	<b>General</b>
Utilities	\$ 5,150
	<u>\$ 5,150</u>

Interfund balances resulted from the timing difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances are expected to be paid in the subsequent year.

The composition of amounts owed to/from the primary government to the component unit as of September 30, 2021 were as follows:

<b>Payable</b>	<b>Receivable</b>
	<b>Bellville EDC</b>
General	\$ 56,149
	<u>\$ 56,149</u>

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**I. Fund Equity**

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of restrictions of the fund balances restricted by the City:

	<u>Restricted</u>
Special revenue:	
Municipal court	\$ 20,614
Tourism	16,114
Capital projects	334,752
<b>Total</b>	<u><u>\$ 371,480</u></u>

**V. OTHER INFORMATION**

**A. 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 for which the City participates along with 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Contingent Liabilities**

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. The City corrects billing errors when identified. The City then assesses the impact of prior billings to determine whether any refunds or further billings are appropriate. Liabilities for any prior billing errors are recorded if and when known and probable, and calculable.

**C. Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

**D. Defined Benefit Pension Plans**

**1. Plan Description**

The City of Bellville, Texas participates as one of 895 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](http://www.tmrs.com).

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

# City of Bellville, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

### September 30, 2021

#### 2. Benefits Provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2020</u>	<u>Plan Year 2019</u>
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

#### **Employees covered by benefit terms**

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	29
Active employees	52
Total	124

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**3. Contributions**

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

Employees for the City of Bellville were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Bellville were 15.78% and 16.62% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$423,460, and were equal to the required contributions.

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	<u>10.0%</u>	7.75%
<b>Total</b>	<b>100.0%</b>	

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**Discount Rate:**

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

**Changes in the Net Pension Liability:**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 12/31/19</b>	\$ 13,036,209	\$ 10,426,084	\$ 2,610,125
Changes for the year:			
Service Cost	303,127	-	303,127
Interest (on the Total Pension Liab.)	871,945	-	871,945
Change in assumptions	-	-	-
Difference between expected and actual experience	1,105	-	1,105
Contributions – employer	-	408,832	(408,832)
Contributions – employee	-	129,541	(129,541)
Net investment income	-	790,927	(790,927)
Benefit payments, including refunds of emp. contributions	(540,123)	(540,123)	-
Administrative expense	-	(5,121)	5,121
Other changes	-	(199)	199
Net changes	636,054	783,857	(147,803)
<b>Balance at 12/31/20</b>	<u>\$ 13,672,263</u>	<u>\$ 11,209,941</u>	<u>\$ 2,462,322</u>

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**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 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 4,270,107	\$ 2,462,322	\$ 961,179

**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.tmrs.com](http://www.tmrs.com).

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

For the year ended September 30, 2021, the City recognized pension expense of \$232,783.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes in assumptions	\$ 4,122	\$ -
Difference between projected and investment earnings	-	(287,451)
Contributions subsequent to the measurement date	311,412	-
<b>Total</b>	<b>\$ 315,534</b>	<b>\$ (287,451)</b>

The City reported \$311,412 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2022.



**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

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:**

2021	\$	(111,994)
2022		21,670
2023		(175,574)
2024		(17,431)
2025		-
Thereafter		-
	\$	<u>(283,329)</u>

**E. Postemployment Benefits Other Than Pensions**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City 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.

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**Employees covered by benefit terms**

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	9
Active employees	52
Total	95

The City's retiree contribution rates to the TMRS SDBF for the years ended 2021, 2020 and 2019 are as follows:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2019	0.08%	0.08%	100.0%
2020	0.09%	0.09%	100.0%
2021	0.27%	0.27%	100.0%

The City's contributions to the TMRS SDBF for the years ended 2021, 2020, and 2019 were \$1,686, \$1,693, and \$2,274, respectively, which equaled the required contributions each year.

**Total OPEB Liability – Supplemental Death Benefits Insurance Fund**

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2020, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**Actuarial assumptions:**

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	2.00%
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

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

**Discount Rate:**

The discount rate used to measure the Total OPEB Liability was 2.00%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability (asset) 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 (1.00%)	Current Single Rate Assumption 2.00%	1% Increase (3.00%)
\$ 344,303	\$ 288,639	\$ 244,121

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/19</b>	\$ 251,654
Changes for the year:	
Service Cost	9,845
Interest	7,024
Difference between expected and actual experience	(11,871)
Changes of assumptions	34,320
Benefit payments	(2,333)
Net changes	36,985
<b>Balance at 12/31/20</b>	\$ 288,639

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$30,440.

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Difference between expected and actual experience	\$ -	(7,385)
Changes in assumptions	46,541	-
Contributions subsequent to measurement date	1,686	-
<b>Total</b>	<u><u>\$ 48,227</u></u>	<u><u>\$ (7,385)</u></u>

The City reported \$1,686 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2022.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31:</b>		
2021	\$	13,571
2022		11,588
2023		11,911
2024		2,086
2025		-
Thereafter		-
	<u><u>\$</u></u>	<u><u>39,156</u></u>

**F. Other Post-Employment Benefits**

Health Care Benefit Provided by Plan

The City provides medical benefits to eligible retirees through an unfunded single-employer defined benefit plan (the "Plan"). Employees, along with their spouse and/or eligible dependents, are eligible for retiree health benefits if they have a minimum of 10 years of consecutive coverage immediately prior to retirement from the City and meeting the TMRS retirement criteria. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

# City of Bellville, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

### September 30, 2021

#### Benefits

The contribution requirements of Plan members established by the City and may be amended as needed. Medical coverage levels for retirees are the same coverage provided to active City employees in accordance with terms and conditions of the current City benefit plan. The City contributes up to \$500 of the monthly premium for group health care coverage.

#### Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.40%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2021.

#### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 2.40%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.40%) or 1-percentage-point higher (3.40%) than the current rate:

1% Decrease (1.40%)	Current Single Rate Assumption 2.40%	1% Increase (3.40%)
\$ 2,423,821	\$ 2,103,585	\$ 1,841,164

#### Healthcare Costs Trend Rate Assumptions

The following presents the Total OPEB Liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the assumed trend rates if that rate was one percentage point lower or one percentage point higher than the current trend rates:

1% Decrease	Current Healthcare Costs Trend Rate Assumption	1% Increase
\$ 2,007,605	\$ 2,103,585	\$ 2,215,759

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at 9/30/2020</b>	<b>\$ 2,173,657</b>
Changes for the year:	
Service Cost	69,005
Interest	77,909
Change in benefit terms	-
Difference between expected and actual experience	(469,274)
Changes of assumptions	285,984
Benefit payments	(33,696)
Net changes	(70,072)
<b>Balance at 9/30/2021</b>	<b>\$ 2,103,585</b>

OPEB Expense for healthcare and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Healthcare

For the year ended September 30, 2021, the City recognized OPEB expense of \$36,452. There were no deferred inflows or outflows related to this plan.

Employees covered by benefit terms

At the September 30, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

<b><u>Subscribers by Status</u></b>	<b><u>Employee</u></b>
Inactive employees or beneficiaries currently receiving benefits	10
Active employees	34
Total	44

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the Program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of

**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent-of-Payroll
Asset Valuation Method	N/A
Discount Rate	2.40%
Salary Growth	3.0%
Average Retirement Age	62
Medical cost trend rate	4.6% - 4.8%
Pharmacy cost trend rate	4.7% - 7.6%
Dental cost trend rate	3.0% - 3.5%
Vision cost trend rate	3.0% - 3.0%
Mortality Table	RP 2000 Mortality Table
Turnover Assumption	Based on data from U.S. Office of Personnel Management for recent experience of the employee group covered by the Federal Employees Retirement System.
Amortization Period	20 years

**G. Restatement**

The City restated beginning fund balance of the general fund and a nonmajor special revenue fund to correct the misallocation of cash in the prior year. The below tables summarize the changes to net position/fund balance as a result of these changes.

	<b>General Fund</b>	<b>Nonmajor Governmental</b>
Prior year ending fund balance, as reported	\$ 494,294	\$ (11,839)
Correct misallocation of cash to special revenue fund	(14,102)	14,102
Restated beginning fund balance	<u>\$ 480,192</u>	<u>\$ 2,263</u>



**City of Bellville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**H. Extraordinary Items**

In February 2021 Winter Storm Uri hit the City of Bellville and the State of Texas. The storm was an unprecedented winter event based on how it impacted the state's energy grid. The market impact to spot energy prices caused price increases in the same day of many multiples of typical prices. The City purchases natural gas at spot prices from wholesale suppliers and sells to its residents at fixed prices. These price increases caused a significant increase to the City's natural gas bill for the month of February 2021. They received a bill for \$1,883,600. This bill was negotiated and settled in August of 2022 for \$847,620. The City accrued \$847,620 within accounts payable as of September 30, 2021 for this bill. Due to this exorbitant monthly expense being considered both infrequent and unusual, it was reported as an extraordinary item within the financial statements.

**I. Subsequent Events**

In August of 2022 the City settled a natural gas bill for \$847,620. This matter is discussed in more detail within footnote H.

There were no other material subsequent events through January 13, 2023, the date the financial statements were available to be issued.

**J. Related Party**

The City purchased property and casualty insurance from LKL Insurance. One of the council members, Mr. Garrett Dornon, works for LKL Insurance. The amount paid to this Company during the year ended September 30, 2021 was \$106,030, respectively.

During the year ended September 30, 2021, the City purchased land for \$318,745. The seller's listing agent was the wife of councilmen Kendrick.

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## ***REQUIRED SUPPLEMENTARY INFORMATION***

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# City of Bellville, Texas

## *SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL- GENERAL FUND For the Year Ended September 30, 2021*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b><u>Revenues</u></b>				
Property tax	\$ 979,446	\$ 979,446	\$ 976,389	\$ (3,057)
Sales tax	570,000	570,000	641,052	71,052
Franchise and local taxes	25,200	31,639	31,638	(1)
License and permits	62,750	93,050	95,754	2,704
Charges for services	27,000	27,000	20,546	(6,454)
Contributions and donations	34,855	71,630	542,396	470,766
Fines and forfeitures	61,900	63,265	22,126	(41,139)
Investment income	10,500	10,500	4,150	(6,350)
Other revenue	1,000	232,779	76,124	(156,655)
<b>Total Revenues</b>	<b>1,772,651</b>	<b>2,079,309</b>	<b>2,410,175</b>	<b>330,866</b>
<b><u>Expenditures</u></b>				
Current:				
General government	1,036,533	1,034,879	1,005,659	29,220
Police department	1,347,964	1,632,532	1,619,125	13,407
Municipal court	96,554	93,508	88,696	4,812
Parks and recreation	708,416	720,529	710,761	9,768
Public works	251,678	267,258	257,929	9,329
<b>Total Expenditures</b>	<b>3,441,145</b>	<b>3,748,706</b>	<b>3,682,170</b>	<b>66,536</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(1,668,494)</b>	<b>\$ (1,669,397)</b>	<b>\$ (1,271,995)</b>	<b>\$ 397,402</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	1,697,377	\$ 1,697,377	\$ 1,540,807	\$ (156,570)
Sale of capital assets	-	-	10,078	10,078
<b>Total Other Financing Sources (Uses)</b>	<b>1,697,377</b>	<b>1,697,377</b>	<b>1,550,885</b>	<b>(146,492)</b>
<b>Net Change in Fund Balance</b>	<b>28,883</b>	<b>\$ 27,980</b>	<b>278,890</b>	<b>\$ 250,910</b>
Beginning fund balance			480,192	
<b>Ending Fund Balance</b>			<b>\$ 759,082</b>	

### Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

# City of Bellville, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years ended December 31,

	2020	2019	2018
Total pension liability			
Service cost	\$ 303,127	\$ 293,474	\$ 266,812
Interest (on the Total Pension Liability)	871,945	828,776	801,293
Changes in benefit terms	-	-	-
Differences between expected and actual experience	1,105	62,591	(87,731)
Changes of assumptions	-	8,554	-
Benefit payments, including refunds of participant contributions	(540,123)	(577,211)	(595,896)
<b>Net change in total pension liability</b>	<b>636,054</b>	<b>616,184</b>	<b>384,478</b>
<b>Total pension liability - beginning</b>	<b>13,036,209</b>	<b>12,420,025</b>	<b>12,035,547</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 13,672,263</b>	<b>\$ 13,036,209</b>	<b>\$ 12,420,025</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	408,832	397,677	359,543
Contributions - members	129,541	129,284	118,583
Net investment income	790,927	1,404,190	(284,313)
Benefit payments, including refunds of participant contributions	(540,123)	(577,211)	(595,896)
Administrative expenses	(5,121)	(7,932)	(5,493)
Other	(199)	(237)	(287)
<b>Net change in plan fiduciary net position</b>	<b>783,857</b>	<b>1,345,771</b>	<b>(407,863)</b>
<b>Plan fiduciary net position - beginning</b>	<b>10,426,084</b>	<b>9,080,313</b>	<b>9,488,176</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 11,209,941</b>	<b>\$ 10,426,084</b>	<b>\$ 9,080,313</b>
<b>Fund's net pension liability - ending (a) - (b)</b>	<b>\$ 2,462,322</b>	<b>\$ 2,610,125</b>	<b>\$ 3,339,712</b>

**Plan fiduciary net position as a percentage of the total pension liability**

81.99%                      79.98%                      73.11%

**Covered payroll**

\$ 2,590,828                      \$ 2,585,677                      \$ 2,371,665

**Fund's net position as a percentage of covered payroll**

95.04%                      100.95%                      140.82%

### Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

2017	2016	2015	2014 <sup>1</sup>
\$ 274,316	\$ 274,804	\$ 268,064	\$ 237,249
768,321	727,972	706,660	669,190
-	-	-	-
(19,254)	17,185	63,114	(9,556)
-	-	23,857	-
(466,408)	(377,524)	(373,331)	(380,682)
556,975	642,437	688,364	516,201
11,478,572	10,836,135	10,147,771	9,631,570
\$ 12,035,547	\$ 11,478,572	\$ 10,836,135	\$ 10,147,771
\$ 358,310	\$ 338,369	\$ 354,747	\$ 353,738
121,379	120,846	125,264	116,745
1,154,409	522,451	11,241	407,592
(466,408)	(377,524)	(373,331)	(380,682)
(5,981)	(5,899)	(6,847)	(4,256)
(303)	(318)	(338)	(350)
1,161,406	597,925	110,736	492,787
8,326,770	7,728,845	7,618,109	7,125,322
\$ 9,488,176	\$ 8,326,770	\$ 7,728,845	\$ 7,618,109
\$ 2,547,371	\$ 3,151,802	\$ 3,107,290	\$ 2,529,662
78.83%	72.54%	71.32%	75.07%
\$ 2,427,579	\$ 2,416,924	\$ 2,505,274	\$ 2,334,907
104.93%	130.41%	124.03%	108.34%

# City of Bellville, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined employer contributions	\$ 423,460	\$ 403,009	\$ 376,899	\$ 374,282
Contributions in relation to the actuarially determined contribution	\$ 423,460	\$ 403,009	\$ 376,899	\$ 374,282
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 2,583,782	\$ 2,571,431	\$ 2,458,642	\$ 2,486,791
Employer contributions as a percentage of covered payroll	16.39%	15.67%	15.33%	15.05%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

#### Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

#### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.0% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

#### Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.  
Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

#### Other Information:

Notes There were no benefit changes during the year.



<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> <sup>1</sup>
\$ 349,922	\$ 361,762	\$ 360,275
<u>\$ 349,922</u>	<u>\$ 361,762</u>	<u>\$ 360,275</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,404,510	\$ 2,505,274	\$ 2,334,907
14.55%	14.44%	15.43%

# City of Bellville, Texas

## SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM

Years ended December 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<sup>1</sup>
Total OPEB liability					
Service cost	\$ 9,845	\$ 6,723	\$ 6,641	\$ 5,826	
Interest (on the OPEB Liability)	7,024	7,493	6,742	6,750	
Changes in benefit terms	-	-	-	-	
Differences between expected and actual experience	(11,871)	2,563	629	-	
Changes of assumptions	34,320	37,292	(13,317)	14,787	
Benefit payments, including refunds of participant contributions	(2,333)	(2,069)	(2,846)	(2,428)	
<b>Net changes</b>	<u>36,985</u>	<u>52,002</u>	<u>(2,151)</u>	<u>24,935</u>	
<b>Total OPEB liability - beginning</b>	<u>251,654</u>	<u>199,652</u>	<u>201,803</u>	<u>176,868</u>	
<b>Total OPEB liability - ending</b>	<u><u>\$ 288,639</u></u>	<u><u>\$ 251,654</u></u>	<u><u>\$ 199,652</u></u>	<u><u>\$ 201,803</u></u>	<sup>2</sup>
 <b>Covered payroll</b>	 \$ 2,590,828	 \$ 2,585,677	 \$ 2,371,665	 \$ 2,427,579	
<b>Total OPEB Liability as a percentage</b>	11.14%	9.73%	8.42%	8.31%	

**Notes to schedule:**

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<sup>2</sup> No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

# City of Bellville, Texas

## *SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS RETIREE HEALTHCARE BENEFITS*

**Years Ended September 30,**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<sup>1</sup>
Total OPEB liability					
Service cost	\$ 69,005	\$ 63,139	\$ 150,383	\$ 174,286	
Interest (on the OPEB Liability)	77,909	65,817	124,950	93,219	
Changes in benefit terms	-	-	-	-	
Differences between expected and actual experience	(469,274)	87,891	(1,844,937)	696,267	
Changes of assumptions	285,984	157,762	-	-	
Benefit payments, including refunds of participant contributions	(33,696)	(36,288)	(29,077)	(37,391)	
<b>Net changes</b>	<b>(70,072)</b>	<b>338,321</b>	<b>(1,598,681)</b>	<b>926,381</b>	
<b>Total OPEB liability - beginning</b>	<b>2,173,657</b>	<b>1,835,336</b>	<b>3,434,017</b>	<b>2,507,636</b>	
<b>Total OPEB liability - ending</b>	<b>\$ 2,103,585</b>	<b>\$ 2,173,657</b>	<b>\$ 1,835,336</b>	<b>\$ 3,434,017</b>	<sup>2</sup>
 <b>Covered payroll</b>	 \$ 2,583,782	 \$ 2,600,642	 \$ 2,371,665	 \$ 2,526,535	
<b>Total OPEB liability as a percentage of covered payroll</b>	 81.41%	 83.58%	 77.39%	 135.92%	

### Notes to schedule:

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<sup>2</sup> No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

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***OTHER SUPPLEMENTARY INFORMATION***

***NONMAJOR GOVERNMENTAL FUNDS***

***COURT TECHNOLOGY FUND***

This fund accounts for court fees that are legally restricted for court technology expenses.

***COURT BUILDING SECURITY FUND***

This fund accounts for court fees that are legally restricted for court security expenses.

***HOTEL TAX FUND***

This fund accounts for hotel tax revenues that are legally restricted for tourism.

**City of Bellville, Texas**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2021**

	<b>Court Technology</b>	<b>Court Building Security</b>	<b>Hotel Tax Fund</b>	<b>Total Nonmajor Governmental</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 2,678	\$ 17,936	\$ 16,114	\$ 36,728
<b>Total Assets</b>	<b>\$ 2,678</b>	<b>\$ 17,936</b>	<b>\$ 16,114</b>	<b>\$ 36,728</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Special revenue	2,678	17,936	16,114	36,728
<b>Total Fund Balances</b>	<b>2,678</b>	<b>17,936</b>	<b>16,114</b>	<b>36,728</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,678</b>	<b>\$ 17,936</b>	<b>\$ 16,114</b>	<b>\$ 36,728</b>

# City of Bellville, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2021

	Court Technology	Court Building Security	Hotel Tax Fund	Total Nonmajor Governmental
<b>Revenues</b>				
Fines and forfeitures	\$ 415	\$ 450	\$ -	\$ 865
Hotel occupancy taxes	-	-	8,902	8,902
Investment income	-	93	78	171
<b>Total Revenues</b>	<u>415</u>	<u>543</u>	<u>8,980</u>	<u>9,938</u>
<b>Expenditures</b>				
Current:				
Parks and recreation	-	-	2,500	2,500
Municipal court	-	714	-	714
<b>Total Expenditures</b>	<u>-</u>	<u>714</u>	<u>2,500</u>	<u>3,214</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>415</u>	<u>(171)</u>	<u>6,480</u>	<u>6,724</u>
<b>Net Change in Fund Balances</b>	415	(171)	6,480	6,724
Beginning fund balances	2,263	18,107	9,634	30,004
<b>Ending Fund Balances</b>	<u>\$ 2,678</u>	<u>\$ 17,936</u>	<u>\$ 16,114</u>	<u>\$ 36,728</u>

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