ANNUAL FINANCIAL REPORT

CITY OF IDALOU, TEXAS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

CITY OF IDALOU
Idalou, Texas

ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2020

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CITY OF IDALOU
Idalou, Texas

September 30, 2020

CITY COUNCIL

Russ Perkins	Mayor
Troy Stegemoeller	Mayor Pro-Tem
Joe Sisk	Councilmember
Darrell Fuller	Councilmember
Albert Bravo	Councilmember
Eric Geiser	Councilmember

ADMINISTRATIVE STAFF

Suzette Williams	City Administrator
Renee Wilbanks	City Secretary

FINANCIAL SECTION

Terry & King, CPAs, P.C.

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Independent Auditors' Report

Honorable Mayor and City Council
City of Idalou, Texas
P.O. Box 1277
Idalou, Texas 79329

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Idalou, Texas, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Idalou's basic financial statements. The accompanying other schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the City of Idalou's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Idalou's internal control over financial reporting and compliance.

Respectfully submitted,

Terry & King

Terry & King, CPAs, P.C.
Lubbock, Texas
December 11, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Idalou's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2020. Please read this in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's net position increased as a result of this year's operations. While net position of our business-type activities increased by $278,436 or 9%, net position of our governmental activities decreased by $22,500 or 1%.

- During the year, the City had expenses that were $66,475 more than the $1,402,420 generated in tax and other revenues for governmental programs before transfers.

- In the City's business type activities, charges for services increased $38,769 to $1,228,366 (or 3%) while operating expenses decreased $22,243 to $927,817.

- The General Fund reported a deficit this year of $31,630 prior to inter-fund transfers. The Water & Sewer fund transferred $43,975 to the general fund. This resulted in a $12,345 net increase to the general fund fund balance.

- The resources available for appropriation were $3,117 more than budgeted for the General Fund. Expenditures for the General Fund were less than the budgeted amounts by $110,509.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole -- The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 6. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting,* which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in it. You can think of the City's net position—the differences between assets and liabilities—as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the ambulance, fire, police, streets, and parks departments, and general administration. Property taxes, sales taxes, franchise taxes, charges to customers, and state and federal grants finance most of these activities.

- Business-type activities – The City charges a fee to customers to help it cover the cost of certain services it provides. The City's water, sewer, and sanitation services are reported here.

Reporting the City's Most Significant Funds – Fund Financial Statements

Our analysis of the City's major funds begins on page 10. The fund financial statements begin on page 15 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. At times a city council may establish other funds to help it control and manage money for particular purposes, such as special projects or to show that it is meeting legal responsibilities for using certain Federal or State grants. The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds*—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The Governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation on Exhibits C-1R and C-3.

- *Proprietary funds*—When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

The City's combined net position was $5,129,470. Our following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's government and business-type activities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's combined net position was $5,129,470 at September 30, 2020. (See Table A-1).

Table A-1
City of Idalou's Net Position

	Governmental Activities			Business-type Activities			Total Primary Government		
	2020	2019	Percentage Change	2020	2019	Percentage Change	2020	2019	Percentage Change
Current assets:									
Cash in Bank	470,544	426,339	10%	2,551,765	2,243,779	14%	3,022,309	2,670,118	13%
Accounts Receivable-Utilities, net	-	-	0%	166,452	141,148	18%	166,452	141,148	18%
Taxes Receivable, net	31,164	29,077	7%	-	-	0%	31,164	29,077	7%
Due from Other Governments	23,839	32,551	-27%	-	-	0%	23,839	32,551	-27%
Internal Balances	(10,385)	(3,127)	232%	-	-	0%	(10,385)	(3,127)	232%
Total current assets:	515,162	484,840	6%	2,718,217	2,384,927	14%	3,233,379	2,869,767	13%
Noncurrent assets:									
Net Pension Asset	7,077	-	100%	3,359	-	100%	10,436	-	100%
Land	219,899	219,899	0%	37,895	37,895	0%	257,794	257,794	0%
Construction in Progress	40,537	-	100%				40,537	-	100%
Infrastruture	2,215,787	2,144,579	3%	-	-	0%	2,215,787	2,144,579	3%
Less accumulated depreciation, infrastructure	(1,368,578)	(1,260,236)	9%	-	-	0%	(1,368,578)	(1,260,236)	9%
Buildings and Improvements	1,426,442	1,420,928	0%	218,562	218,562	0%	1,645,004	1,639,490	0%
Less accumulated depreciation, buildings & improvements	(786,286)	(720,239)	9%	(60,979)	(51,397)	19%	(847,265)	(771,636)	10%
Water & Sewer System	-	-	0%	3,989,995	3,917,061	2%	3,989,995	3,917,061	2%
Less accumulated depreciation, water & sewer system	-	-	0%	(3,031,552)	(2,913,985)	4%	(3,031,552)	(2,913,985)	4%
Furniture & Equipment	2,129,266	2,118,264	1%	1,359,025	1,328,218	2%	3,488,291	3,446,482	1%
Less accumulated depreciation, furniture & equipment	(1,762,526)	(1,684,355)	5%	(1,195,554)	(1,151,402)	4%	(2,958,080)	(2,835,757)	4%
Total noncurrent assets	2,121,618	2,238,840	-5%	1,320,751	1,384,952	-5%	3,442,369	3,623,792	-5%
Total Assets	2,636,780	2,723,680	-3%	4,038,968	3,769,879	7%	6,675,748	6,493,559	3%
Deferred Outflows of Resources									
Deferred Outflows - Pension	14,883	38,515	-61%	6,103	14,957	-59%	20,986	53,472	-61%
Deferred Outflows - OPEB	2,926	807	263%	1,263	310	307%	4,189	1,117	275%
Total Deferred Outflows	17,809	39,322	-55%	7,366	15,267	-52%	25,175	54,589	-54%
Current liabilities:									
Accounts Payable	21,574	11,823	82%	29,754	2,203	1251%	51,328	14,026	266%
Accrued Interest Expense	4,347	4,653	-7%	2,426	2,601	-7%	6,773	7,254	-7%
Total current liabilities	25,921	16,476	57%	32,180	4,804	570%	58,101	21,280	173%
Noncurrent liabilities:									
Compensated Absences	16,208	11,241	44%	8,537	5,484	56%	24,745	16,725	48%
Customer Deposits	-	-	0%	65,037	65,185	0%	65,037	65,185	0%
Due within one year	80,000	80,000	0%	40,000	40,000	0%	120,000	120,000	0%
Net Pension Liability	-	32,528	-100%	-	14,040	-100%	-	46,568	-100%
Net OPEB Liability	7,975	4,328	84%	3,273	1,649	98%	11,248	5,977	88%
Due in more than one year	790,000	870,000	-9%	440,000	480,000	-8%	1,230,000	1,350,000	-9%
Total noncurrent liabilities	894,183	998,097	-10%	556,847	606,358	-8%	1,451,030	1,604,455	-10%
Deferred Inflows of Resources									
Deferred Inflows - Pension	42,260	33,511	26%	17,984	13,011	38%	60,244	46,522	29%
Deferred Inflows - OPEB	1,518	1,711	-11%	560	646	-13%	2,078	2,357	-12%
Total Deferred Inflows	43,778	35,222	24%	18,544	13,657	36%	62,322	48,879	28%
Net Position:									
Net investment in capital assets	1,244,541	1,288,840	-3%	837,393	864,952	-3%	2,081,934	2,153,792	-3%
Restricted For:									
Debt Service	6,632	1,473	350%	221,479	173,937	27%	228,111	175,410	30%
Unrestricted	439,534	422,894	4%	2,379,891	2,121,438	12%	2,819,425	2,544,332	11%
Total Net Position	1,690,707	1,713,207	-1%	3,438,763	3,160,327	9%	5,129,470	4,873,534	5%

Net position of the City's governmental activities decreased ($1,690,707 compared to $1,713,207). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from $422,894 at September 30, 2019 to $439,534 at the end of this year. Net position of the City's business-type activities increased 9%, from $3,160,327 to $3,438,763.

Table A-2
Changes in City of Idalou's Net Position

	Governmental Activities			Business-type Activities			Total Primary Government		
	2020	2019	Percentage Change	2020	2019	Percentage Change	2020	2019	Percentage Change
Program Revenues:									
Charges for Services	92,814	185,884	-50%	1,228,366	1,189,597	3%	1,321,180	1,375,481	-4%
Grants & Contributions	197,861	379,524	-48%	-	-	0%	197,861	379,524	-48%
General Revenues:									
Property Taxes	723,263	671,482	8%	-	-	0%	723,263	671,482	8%
Nonproperty Taxes	291,182	253,066	15%	-	-	0%	291,182	253,066	15%
Investment Earnings	7,756	14,382	-46%	21,862	38,911	-44%	29,618	53,293	-44%
Other	89,544	97,778	-8%	-	-	0%	89,544	97,778	-8%
	1,402,420	1,602,116	-12%	1,250,228	1,228,508	2%	2,652,648	2,830,624	-6%
Expenses:									
Administration	434,951	419,576	4%	-	-	0%	434,951	419,576	4%
Judicial	43,543	78,182	-44%	-	-	0%	43,543	78,182	-44%
Police Department	390,625	370,240	6%	-	-	0%	390,625	370,240	6%
Fire Department	138,922	114,152	22%	-	-	0%	138,922	114,152	22%
EMS	183,402	226,806	-19%	-	-	0%	183,402	226,806	-19%
Streets	194,157	145,276	34%	-	-	0%	194,157	145,276	34%
Parks	21,223	31,338	-32%	-	-	0%	21,223	31,338	-32%
Library	26,378	24,931	6%	-	-	0%	26,378	24,931	6%
Interest on L-T Debt	35,694	38,078	-6%	-	-	0%	35,694	38,078	-6%
Water and Sewer	-	-	0%	636,218	693,890	-8%	636,218	693,890	-8%
Sanitation	-	-	0%	291,599	256,170	14%	291,599	256,170	14%
	1,468,895	1,448,579	1%	927,817	950,060	-2%	2,396,712	2,398,639	0%
Excess (Deficiency) Before Other Resources, Uses & Transfers	(66,475)	153,537	143%	322,411	278,448	16%	255,936	431,985	-41%
Other Resources (Uses)	-	-	0%	-	-	0%	-	-	0%
Transfers In (Out)	43,975	120,000	-63%	(43,975)	(120,000)	63%	-	-	0%
Increase (Decrease) in Net Position	(22,500)	273,537	108%	278,436	158,448	76%	255,936	431,985	-41%
Net Position - Beginning	1,713,207	1,439,670	19%	3,160,327	3,001,879	5%	4,873,534	4,441,549	10%
Net Position - Ending	1,690,707	1,713,207	-1%	3,438,763	3,160,327	9%	5,129,470	4,873,534	5%

The City's total revenues were $2,652,648. A significant portion, 47%, of the City's total revenue comes from the water and sewer operations. Revenues available to fund governmental activities consist of property taxes (52%), non-property taxes (21%), charges for services (7%), grants and contributions (14%), and other (6%).

The total cost of all programs and services was $2,396,712; 39% of these costs were for water, sewer, and sanitation expenses. Expenses for governmental activities consisted of costs for general administration (30%), public safety (36%), streets (13%), health & welfare (12%), parks and library (3%), other (6%).

Governmental Activities

Revenues for the City's governmental activities decreased approximately 12%, while total expenses increased 1%.

- Property tax rates remained the same at $0.60817 per $100 valuation. The ad valorem tax levy for the previous fiscal year was $664,674, compared to $718,244 for the current year. Total tax collections were $709,979 in the current year of which $599,115 was for maintenance and operation and $110,864 for debt service.

- Grant revenues decreased $181,663. In the prior year, the City received a grant in the amount of $200,000 for the purchase of a fire truck.

- The City started a grant project in FY 2020 for street improvements in the city's downtown area. The City received and expended $40,537 in fiscal year 2020 for this grant.

- The fire department and police department also received grants totaling $48,250 for the purchase of equipment.

- This City received $24,706 a grant in the current fiscal year for reimbursement of COVID-19 related expenses.

- The cost of all *governmental* activities this year was $1,468,895. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through tax collections was $723,263 because some of the costs were paid by those who directly benefited from the programs ($92,814), by nonproperty taxes ($291,182), or grants and contributions ($197,861).

Business-type Activities

Revenues of the City's business-type activities (see table A-2) increased 2% ($1,250,228 from $1,228,508) and expenses decreased 2% ($927,817 from $950,060).

THE CITY'S FUNDS

As the City completed the fiscal year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a *combined* fund balance of $462,424, which is an increase from the prior year's total of $443,940. The following items effecting fund balance should be noted:

- In the prior year, expenditures were more than revenues by $90,215 prior to transfers. In the current year, expenditures were more than revenues by $31,630 prior to transfers.

- The revenues in the governmental funds decreased approximately 12% from the prior period and expenses for the governmental funds increased 1% from the prior period. The decrease in revenues was largely due to a decrease in grant revenues of $181,663 and a decrease in ambulance revenues of $63,440.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City's budget once. Even with these adjustments, actual revenues were $3,117 more than budgeted amounts and expenditures were $110,509 less than final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the City had $11,637,408 invested in a broad range of capital assets, including buildings, furniture and equipment, and utilities facilities (see Table A-3). This amount represents a net increase (including additions and deductions) of $232,002 over last year.

Table A-3
Fixed Assets

Governmental Activities:	Balance 10-01-19	Additions	Deletions/ Reclassifications	Balance 09-30-20
Land	$ 219,899	-	-	219,899
Construction in Progress	-	40,537	-	40,537
Infrastructure	2,144,579	71,208	-	2,215,787
Buildings& Improvements	1,420,928	5,514	-	1,426,442
Furniture & Equipment	2,118,264	38,201	(27,199)	2,129,266
Accumulated Depreciation	(3,664,830)	(279,758)	(27,199)	(3,917,389)
Net Capital Assets	$ 2,238,840	$ (124,298)	$ -	$ 2,114,542

Business-Type Activities:	Balance 10-01-19	Additions	Deletions/ Reclassifications	Balance 09-30-20
Land	$ 37,895	-	-	37,895
Improvements	218,562	-	-	218,562
Water & Sewer System	3,917,061	72,934	-	3,989,995
Vehicles & Equipment	1,328,218	30,807	-	1,359,025
Accumulated Depreciation	(4,116,784)	(171,301)	-	(4,288,085)
Net Capital Assets	$ 1,384,952	$ (67,560)	$ -	$ 1,317,392

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

Debt

A municipal government can finance activities such as capital improvements and acquisitions through general tax bonds or revenue bonds. Additionally, a government may purchase items through the use of capital leases or notes payable with a financial institution.

At year-end, the City had $1,350,000 in debt outstanding as compared to $1,470,000 at the end of the prior fiscal year.

Governmental Activities:	Balance 10-01-19	Additions	Decreases	Balance 09-30-20	Due Within One Year
Certificates of Obligation	$ 930,000	$ -	$ 70,000	$ 860,000	$ 70,000
Note Payable – Fire Dept.	20,000	-	10,000	10,000	10,000
	$ 950,000	$ -	$ 80,000	$ 870,000	$ 80,000

Business-Type Activities:	Balance 10-01-19	Additions	Decreases	Balance 09-30-20	Due Within One Year
Certificates of Obligation	$ 520,000	$ -	$ 40,000	$ 480,000	40,000
Total	$ 520,000	$ -	$ 40,000	$ 480,000	$ 40,000

More detailed information about the City's long-term obligations is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected officials considered many factors when setting the fiscal year 2021 budget, tax rates, and fees. Factors considered include the current economy, property tax values and the needs of the City in the coming year. The Council has adopted tax rates, budgets and set fees accordingly.

If these estimates are realized, the City's budgetary general fund fund balance is expected to increase slightly by the close of 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Administrator at the City's office located in Idalou, Texas.

BASIC FINANCIAL STATEMENTS

CITY OF IDALOU
Idalou, Texas

STATEMENT OF NET POSITION
September 30, 2020

	Primary Government				
	Governmental Activities	Business-type Activities	Total	Component Unit	Total Reporting Entity
ASSETS:					
Cash in Bank	$ 470,544	$ 2,330,286	$ 2,800,830	$ 241,460	$ 3,042,290
Cash in Bank - restricted	-	221,479	221,479	-	221,479
Accounts Receivable-Utilities, net	-	166,452	166,452	-	166,452
Taxes Receivable, Net	31,164	-	31,164	-	31,164
Due from Other Governments	23,839	-	23,839	-	23,839
Interfund Balances	(10,385)	-	(10,385)	10,385	-
Noncurrent Assets:					
Net Pension Asset	7,077	3,359	10,436	-	10,436
Land	219,899	37,895	257,794	-	257,794
Construction in Progress	40,537	-	40,537	-	40,537
Streets and Infrastructure	847,209	-	847,209	-	847,209
Buildings & Improvements, net	640,156	157,583	797,739	-	797,739
Utility Systems & Equipment, net	-	958,443	958,443	-	958,443
Furniture & Equipment, net	366,740	163,471	530,211	-	530,211
TOTAL ASSETS	$ 2,636,780	$ 4,038,968	$ 6,675,748	$ 251,845	$ 6,927,593
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Outflows - Pension	$ 14,883	$ 6,103	$ 20,986	$ -	$ 20,986
Deferred Outflows - OPEB	2,926	1,263	4,189	-	4,189
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 17,809	$ 7,366	$ 25,175	$ -	$ 25,175
LIABILITIES:					
Current Liabilities:					
Accounts Payable	$ 21,574	$ 29,754	$ 51,328	$ -	$ 51,328
Accrued Interest Payable	4,347	2,426	6,773	-	6,773
Noncurrent Liabilities:					
Accrued Compensation Payable	16,208	8,537	24,745	-	24,745
Due to Others	-	65,037	65,037	-	65,037
Net Pension Liability	-	-	-	-	-
Net OPEB Liability	7,975	3,273	11,248	-	11,248
Due within one year	80,000	40,000	120,000	-	120,000
Due in more than one year	790,000	440,000	1,230,000	-	1,230,000
Total Liabilities	920,104	589,027	1,509,131	-	1,509,131
DEFERRED INFLOWS OF RESOURCES:					
Deferred Inflows - Pension	42,260	17,984	60,244	-	60,244
Deferred Inflows - OPEB	1,518	560	2,078	-	2,078
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 43,778	$ 18,544	$ 62,322	$ -	$ 62,322
NET POSITION					
Net Investment in capital assets	1,244,541	837,393	2,081,934	-	2,081,934
Restricted for debt service	6,632	221,479	228,111	-	228,111
Unrestricted	439,534	2,379,891	2,819,425	251,845	3,071,270
Total Net Position	$ 1,690,707	$ 3,438,763	$ 5,129,470	$ 251,845	$ 5,381,315

The accompanying notes are an integral part of this statement.

CITY OF IDALOU
Idalou, Texas

STATEMENT OF ACTIVITIES
Year Ended September 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
					Primary Government				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit	Total Reporting Entity
Government Activities:									
General Administration	434,951	$ 12,790	$ 24,706	$ -	$ (397,455)	-	(397,455)	-	(397,455)
Judicial	43,543	-	-	-	(43,543)	-	(43,543)	-	(43,543)
Public Safety - Police Department	390,625	-	907	32,000	(357,718)	-	(357,718)	-	(357,718)
Public Safety - Fire Department	138,922	-	75,911	16,250	(46,761)	-	(46,761)	-	(46,761)
Health and Welfare - EMS	183,402	76,621	-	-	(106,781)	-	(106,781)	-	(106,781)
Public Works - Street Department	194,157	-	-	40,537	(153,620)	-	(153,620)	-	(153,620)
Parks	21,223	-	-	7,550	(13,673)	-	(13,673)	-	(13,673)
Library	26,378	3,403	-	-	(22,975)	-	(22,975)	-	(22,975)
Interest on Long-Term Debt	35,694	-	-	-	(35,694)	-	(35,694)	-	(35,694)
Total Government Activities	1,468,895	92,814	101,524	96,337	(1,178,220)	-	(1,178,220)	-	(1,178,220)
Business-type Activities									
Water and Sewer	636,218	983,265	-	-	-	347,047	347,047	-	347,047
Sanitation	291,599	245,101	-	-	-	(46,498)	(46,498)	-	(46,498)
Total Business-type Activities	927,817	1,228,366	-	-	-	300,549	300,549	-	300,549
Total Primary Government	2,396,712	1,321,180	101,524	96,337	(1,178,220)	300,549	(877,671)	-	(877,671)
Component Unit:									
Economic Development Corporation	$ 27,428	$ -	$ -	$ -				$ (27,428)	$ (27,428)
General Revenues:									
Property Taxes, Levied for General Purposes					610,349	-	610,349	-	610,349
Property Taxes, Levied for Debt Service					112,914	-	112,914	-	112,914
Nonproperty Taxes					291,182	-	291,182	43,166	334,348
Investment Earnings					7,756	21,862	29,618	462	30,080
Miscellaneous					81,044	-	81,044	-	81,044
Gain on Sale of Assets					8,500	-	8,500	-	8,500
Transfers					43,975	(43,975)	-	-	-
Total General Revenue					1,155,720	(22,113)	1,133,607	43,628	1,177,235
Change in Net Assets					(22,500)	278,436	255,936	16,200	272,136
Net Position -- Beginning					1,713,207	3,160,327	4,873,534	235,645	5,109,179
Net Position -- Ending					$ 1,690,707	$ 3,438,763	$ 5,129,470	$ 251,845	$ 5,381,315

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

CITY OF IDALOU
Idalou, Texas

BALANCE SHEET -- GOVERNMENTAL FUNDS
September 30, 2020

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash	$ 462,932	$ 7,612	$ 470,544
Taxes Receivable, net	27,798	3,366	31,164
Due from Other Governments	23,839	-	23,839
TOTAL ASSETS	$ 514,569	$ 10,978	$ 525,547
LIABILITIES			
Current Liabilities			
Accounts Payable	21,574	-	21,574
Due to EDC	10,385	-	10,385
Total Liabilities	31,959	-	31,959
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	27,798	3,366	31,164
Total Deferred Inflows of Resources	27,798	3,366	31,164
FUND BALANCES			
Restricted:			
Debt Service	-	7,612	7,612
Unassigned	454,812	-	454,812
Total Fund Balances	454,812	7,612	462,424
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 514,569	$ 10,978	$ 525,547

The accompanying notes are an integral part of this statement.

EXHIBIT C-1R

CITY OF IDALOU
Idalou, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2020

Total Fund Balances -- Governmental Funds Balance Sheet		$ 462,424
Amounts reported for governmental activities in the statement of net assets (A-1) are different because:		
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds		31,164
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,114,541
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:		
Accrued interest payable	(4,347)	
Accrued vacation payable	(16,208)	
Note Payable	(10,000)	
Certificates of Obligation	(860,000)	
		(890,555)
Included in the items related to noncurrent assets is the recognition of the City's proportionate share of the net pension asset required by GASB 68 in the amount of $7,077, a deferred resource outflow related to pension in the amount of $14,882, and a deferred resource inflow of $42,260. This resulted in a decrease in net position by $20,300.		(20,300)
Included in the items related to noncurrent liabilities is the recognition of the City's proportionate share of the net OPEB liability required by GASB 75 in the amount of $7,975, a deferred resource outflow related to OPEB in the amount of $2,926, and a deferred resource inflow related to OPEB in the amount of $1,518. This resulted in a decrease in net position by $6,567.		(6,567)
Net Position of Governmental Activities -- Statement of Net Position		$ 1,690,707

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

CITY OF IDALOU
Idalou, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES:			
Property Taxes (Including Penalty & Interest)	$ 609,037	$ 112,139	$ 721,176
Sales Taxes	215,830	-	215,830
Franchise Taxes	75,352	-	75,352
Municipal Court Revenue	44,598	-	44,598
Licenses & Permits	12,790	-	12,790
Interest Income	7,756	-	7,756
Intergovernmental	75,911	-	75,911
Ambulance	76,621	-	76,621
Library Revenue	3,403	-	3,403
Grant Revenues	121,951	-	121,951
Miscellaneous	36,445	-	36,445
Total Revenues	1,279,694	112,139	1,391,833
EXPENDITURES			
Current			
General Administration	388,414		388,414
Judicial	43,543		43,543
Public Safety - Police Department	393,187		393,187
Public Safety - Fire Department	77,150		77,150
Health and Welfare - EMS	177,188		177,188
Public Works - Street Department	197,561		197,561
Parks	7,712		7,712
Library	25,069		25,069
Debt Service			
Principal	10,000	70,000	80,000
Interest	-	36,000	36,000
Total Expenditures	1,319,824	106,000	1,425,824
Excess of Revenues Over (Under) Expenditures	(40,130)	6,139	(33,991)
OTHER FINANCING SOURCES (USES)			
Sale of Assets	8,500	-	8,500
Transfers In	43,975	-	43,975
Total Other Financing Sources (Uses)	52,475	-	52,475
Net Change in Fund Balance	12,345	6,139	18,484
Fund Balance--Beginning of Year	442,467	1,473	443,940
Fund Balance--End of Year	$ 454,812	$ 7,612	$ 462,424

The accompanying notes are an integral part of this statement.

CITY OF IDALOU
Idalou, 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, 2020

Net Change in Fund Balances -- Total Governmental Funds		$ 18,484
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:		
Governmental funds report capital outlays as expenditures. However, in th statement of activities, the cost of those assets is allocated over their usef lives as depreciation expense. This is the amount of capital outlays durir the current period.		155,460
The depreciation of capital assets is not reported in the funds. This is the amount of current depreciation on these assets		(279,758)
Certain property tax revenues are unavailable in the funds. These are the amounts that have not been collected and are therefore do not provide current financia resources. This is the amount that these accounts have changed during the current period.		2,087
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments:		80,000
Some expenses reported in the statement of activities do not require current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in pension expense	7,223	
Change in OPEB expense	(1,335)	
Change in accrued vacation payable	(4,967)	
Change in accrued interest payable	306	
		1,227
Change in Net Position -- Statement of Activities		$ (22,500)

The accompanying notes are an integral part of this statement.

CITY OF IDALOU
Idalou, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2020

	Business-Type Activities Enterprise Funds		
	Water & Sewer Funds	Sanitation	Total
ASSETS			
Current Assets:			
Cash in Bank	$ 2,015,760	$ 314,526	$ 2,330,286
Cash in Bank - Restricted	221,479	-	221,479
Accounts Receivable	174,370	41,336	215,706
Allowance for Uncollectible	(40,822)	(8,432)	(49,254)
Total Current Assets	2,370,787	347,430	2,718,217
Noncurrent Assets:			
Net Pension Asset	3,359	-	3,359
Land	27,022	10,873	37,895
Construction in Progress	-	-	-
Buildings and Improvements, net	157,583	-	157,583
Water & Sewer System, net	958,443	-	958,443
Vehicles, Machinery, Furniture & Fixtures, net	79,402	84,069	163,471
Total Noncurrent Assets	1,225,809	94,942	1,320,751
TOTAL ASSETS	$ 3,596,596	$ 442,372	$ 4,038,968
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	6,103	-	6,103
Deferred Outflows - OPEB	1,263	-	1,263
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 7,366	$ -	$ 7,366
LIABILITIES & NET POSITION			
Current Liabilities			
Accounts Payable	$ 8,675	$ 21,079	$ 29,754
Accrued Interest Payable	2,426	-	2,426
Noncurrent Liabilities			
Accrued Compensation Payable	8,537	-	8,537
Customer Deposits	65,037	-	65,037
Net Pension Liability	-	-	-
Net OPEB Liability	3,273	-	3,273
Due within one year	40,000	-	40,000
Due in more than one year	440,000	-	440,000
TOTAL LIABILITIES	567,948	21,079	589,027
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	17,984	-	17,984
Deferred Inflows - OPEB	560	-	560
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 18,544	$ -	$ 18,544
NET POSITION			
Net investment in capital assets	742,451	94,942	837,393
Restricted for debt service	221,479	-	221,479
Unrestricted	2,053,540	326,351	2,379,891
TOTAL NET POSITION	$ 3,017,470	$ 421,293	$ 3,438,763

The accompanying notes are an integral part of this statement.

EXHIBIT D-2

CITY OF IDALOU
Idalou, Texas

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION--
PROPRIETARY FUNDS
For the Year Ended September 30, 2020

	Business-Type Activities Enterprise Funds		
	Water & Sewer Funds	Sanitation	Total
Operating Revenues			
Sales	$ 960,907	$ 245,101	$ 1,206,008
Penalties	17,197	-	17,197
Tap Fees & Miscellaneous	5,161	-	5,161
Total Operating Revenues	983,265	245,101	1,228,366
Operating Expenses			
Salaries	182,487	8,289	190,776
Payroll Taxes	13,448	-	13,448
Retirement Costs	4,565	-	4,565
Insurance	37,027	-	37,027
Materials and Supplies	35,536	10,590	46,126
Repairs & Maintenance	56,670	16,580	73,250
Vehicle Fuel & Maintenance	15,426	-	15,426
Utilities	30,798	-	30,798
Professional Services	10,152	-	10,152
Credit Card Fees	8,387	-	8,387
Other Contracted Services	64,693	239,371	304,064
Training, Travel & Meals	2,565	-	2,565
Depreciation	154,533	16,769	171,302
Total Operating Expenses	616,287	291,599	907,886
Operating Income (Loss) Before Operating Transfers	366,978	(46,498)	320,480
Non-Operating Revenues (Expenses)			
Interest Income	21,862	-	21,862
Interest Expense	(19,931)	-	(19,931)
Total Non-Operating Revenues (Expenses)	1,931	-	1,931
Transfers and Capital Contributions:			
Transfers In (Out)	(43,975)	-	(43,975)
Total Transfers and Capital Contributions	(43,975)	-	(43,975)
Net Income (Loss)	324,934	(46,498)	278,436
NET POSITION			
Net Position, Beginning of Year	2,692,536	467,791	3,160,327
Net Position, End of Year	3,017,470	421,293	3,438,763

The accompanying notes are an integral part of this statement.

EXHIBIT D-3

CITY OF IDALOU
Idalou, Texas

STATEMENT OF CASH FLOWS--
PROPRIETARY FUNDS
For the Year Ended September 30, 2020

	Business-Type Activities Enterprise Funds		
	Water & Sewer Funds	Sanitation	Total
Cash Flows from Operating Activities:			
Receipts from Customers	$ 962,952	$ 239,961	$ 1,202,913
Payments to Suppliers	(254,782)	(245,462)	(500,244)
Payments to Employees	(200,434)	(8,289)	(208,723)
Net Cash Provided (Used) by Operating Activities	507,736	(13,790)	493,946
Cash Flows from Non-Capital Financing Activities:			
Operating Transfers	(43,975)	-	(43,975)
Net Cash Provided (Used) by Non-Capital Financing Activities	(43,975)	-	(43,975)
Cash Flows from Capital & Related Financing Activites:			
Acquisition of Fixed Assets	(103,741)	-	(103,741)
Payments on Debt Acquired for Fixed Assets	(40,000)	-	(40,000)
Interest Paid on Long-Term Debt	(20,106)	-	(20,106)
Net Cash Provided (Used) by Capital & Related Financing Activites	(163,847)	-	(163,847)
Cash Flows from Investing Activities:			
Interest Income	21,862	-	21,862
Net Cash Provided by Investing Activities	21,862	-	21,862
Net Increase (Decrease) in Cash & Cash Equivalents	321,776	(13,790)	307,986
Cash & Cash Equivalents--Beginning of Year	1,915,463	328,316	2,243,779
Cash & Cash Equivalents--End of Year	2,237,239	314,526	2,551,765
Reconciliaton of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating Income (Loss)	366,978	(46,498)	320,480
Adjustments to Reconcile to Net Cash Provided (Used) by Operating Activities:			
Depreciation	154,533	16,769	171,302
(Increase) Decrease in Net Pension Asset/Liability	(17,399)	-	(17,399)
(Increase) Decrease in Deferred Inflows/Outflows Pensions	13,827	-	13,827
(Increase) Decrease in Net OPEB Asset/Liability	1,624	-	1,624
(Increase) Decrease in Deferred Inflows/Outflows OPEB	(1,039)	-	(1,039)
(Increase) Decrease in Receivables	(20,165)	(5,140)	(25,305)
Increase (Decrease) in Liabilities	9,377	21,079	30,456
Net Cash Provided (Used) by Operating Activities	507,736	(13,790)	493,946

The accompanying notes are an integral part of this statement.

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

Note A: Summary of Significant Accounting Policies

The City of Idalou, Texas (the City) operates under a mayor – council (5 council members) form of government and provides the following services: Public Safety (Police, Fire, and Ambulance), Highways and Streets, Sanitation, Public Improvements (Water and Sewer Systems), Planning and Zoning, and General Administrative Services. Volunteers staff the fire department.

The accounting and reporting policies of the City relating to the activities included in the accompanying financial statements conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

1. The Reporting Entity

As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units, if applicable. The City's financial statements include accounts of all City operations. Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organizations to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statement of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- The is fiscal dependency by the organization on the City

Note A: Summary of Significant Accounting Polices (Continued)

Based on the aforementioned criteria, the City of Idalou has a single component unit, the Idalou Economic Development Corporation (EDC). The EDC was formed to provide economic growth in the City. The governing board of the EDC is appointed by the City Council. The City has assigned a portion of its sales tax revenues to the EDC for future economic development of the City. The EDC does not issue separate financial statements. During the fiscal year ended September 30, 2020 the City allocated $43,166 of its sales tax revenue to the EDC.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the over-reporting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all of taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

Debt Service Fund: This fund accounts for financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term debt of governmental activities.

Note A: Summary of Significant Accounting Polices (Continued)

In addition, the City reports the following fund types:

Enterprise Funds: Enterprise Funds are used to account for operations (a) that are financed and operated in a 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 be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources

Note A: Summary of Significant Accounting Policies--Continued

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus utilizing the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated in net investment in capital assets, restricted net position, and unrestricted net position.

c. Fund Balance Classification

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Currently, the City's restricted fund balances are made up of $7,612 restricted for governmental activities debt service. Additionally, there was $221,479 restricted for debt service in the water & sewer fund.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. Currently, the City does not have any committed fund balances.

Unassigned: This classification includes the residual fund balance for the General Fund.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

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

The District reserves the right to selectively spend Unassigned/Unrestricted resources first to defer the use of these other classified funds.

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 5
September 30, 2020

Note A: Summary of Significant Accounting Policies (continued)

3. Financial Statement Amounts

a. 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 purposes of the statement of cash flows, the City considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

Investments for the City are reported at fair value.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1st 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 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables are based upon historical experience in collecting property taxes. As of September 30, 2020, the amount deemed uncollectible by this estimate was $14,067. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

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

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

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 6
September 30, 2020

Note A: Summary of Significant Accounting Policies (continued)

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair market value at the date of the donation. The City has elected not to retroactively report its infrastructure assets. Infrastructure assets acquired after the implementation of GASB 34 will be capitalized. The cost of normal maintenance and repairs that do not add to the value of the assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	20
Buildings	10-40
Building Improvements	10-40
Vehicles	5-10
Office Equipment and Furniture	5-10
Computer Equipment	3

e. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

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

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 7
September 30, 2020

Note A: Summary of Significant Accounting Policies (continued)

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

h. Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximum depending on tenure with the City. The City's policy allows full time, permanent employees to accumulate up to 240 hours of earned but unused vacation leave. Upon separation from service in good standing employees are paid for any unused vacation leave subject to the 240 hour rule. Full time, permanent employees are allowed to accrue up to 240 hours of sick leave. Upon separation of service from the City, accrued sick leave is cancelled without compensation to the employee. For the period ended September 30, 2020, the accrued vacation and comp time payable was $24,745.

i. 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.

Governmental Funds: 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. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available.

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

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 8
September 30, 2020

Note A: Summary of Significant Accounting Policies (continued)

k. Other Post-Employment Benefits

The City provides a supplemental death benefit for retirees that is considered an other post-employment benefit (OPEB) covered by GASB No. 75. This plan benefit is administered by TMRS. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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 purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. There are no investments.

Note B: Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violations	Action Taken
None Reported	Not Applicable

Note C: Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits

At September 30, 2020, the carrying amount of the City's deposits (cash, certificates of deposit, and interest bearing saving accounts included in temporary investments) was $3,022,309 and the bank balance was $3,083,436. The City's cash deposits at September 30 and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 9
September 30, 2020

Note C: Deposits and Investments (continued)

Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports an establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

State statutes and Council policy authorize the City to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of state, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 3) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; 4) obligations of the state of Texas or its agencies; 5) other obligations guaranteed by the U.S. or the state of Texas or their agencies and instrumentalities; 6) fully collateralized repurchase agreements; and 7) public funds investment pools. Temporary investments are reported at cost, which approximates market, and are secured, when necessary, by the FDIC or obligations of items 1-4 above at 102% of the investment's market value.

The City's investments at September 30, 2020 included certificates of deposit ($154,936), and investment pools ($100,067).

Investment Pool	Fund Rating (Standard & Poor's)	Wtd Average Maturity	Amount
Texpool	AAAm	49 Days	$ 100,067

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of now lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 10
September 30, 2020

Note C: Deposits and Investments (continued)

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

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

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

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 11
September 30, 2020

Note D: Capital Assets

Capital asset activity for the period ended September 30, 2020, was as follows:

Governmental Activities:	Balance 10-01-19	Additions	Deletions/ Reclassifications	Balance 9-30-20
Land	$ 219,899	-	-	$ 219,899
Construction in Progress	-	40,537	-	40,537
Infrastructure	2,144,579	71,208	-	2,215,787
Buildings& Improvements	1,420,928	5,514	-	1,426,442
Furniture & Equipment	2,118,264	38,201	(27,199)	2,129,266
Total Capital Assets	$ 5,903,670	$ 155,460	$ (27,199)	$ 6,031,931
Less Accumulated Depreciation:				
Infrastruture	$ 1,260,236	$ 108,342	-	$ 1,368,578
Buildings& Improvements	720,238	66,048	-	786,286
Furniture & Equipment	1,684,356	105,368	(27,199)	1,762,525
Total Accumulated Depreciation	$ 3,664,830	$ 279,758	$ (27,199)	$ 3,917,389
Net Capital Assets	$ 2,238,840	$(124,298)	$ -	$ 2,114,542

Water and Sewer Activities:	Balance 10-01-19	Additions	Deletions/ Reclassifications	Balance 9-30-20
Land	$ 27,022	-	-	$ 27,022
Buildings& Improvements	218,562	-	-	218,562
Water & Sewer System	3,917,061	72,934	-	3,989,995
Vehicles, Machinery & Furniture & Fixtures	695,600	30,807	-	726,407
Total Capital Assets	$ 4,858,245	$ 103,741	$ -	$ 4,961,986

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 12
September 30, 2020

Note D: Capital Assets (continued)

Less Accumulated Depreciation:	Balance 10-01-19	Additions	Deletions/ Reclassifications	Balance 9-30-20
Buildings& Improvements	$ 51,397	$ 9,582	-	$ 60,979
Water & Sewer System	2,913,984	117,568	-	3,031,552
Vehicles, Machinery & Furiture & Fixtures	619,621	27,384	-	647,005
Total Accumulated Depreciation	$ 3,585,002	$ 154,534	$ -	$3,739,536
Net Capital Assets	$ 1,273,243	$ (50,793)	$ -	$1,222,450

Sanitation Activities:	Balance 10-01-19	Additions	Deletions/ Reclassifications	Balance 9-30-20
Land	$ 10,873	-	-	$ 10,873
Vehicles, Machinery & Furniture & Fixtures	632,618	-	-	632,618
Total Capital Assets	$ 643,491	$ -	$ -	$ 643,491

Less Accumulated Depreciation:	Balance 10-01-19	Additions	Deletions/ Reclassifications	Balance 9-30-20
Vehicles, Machinery & Furniture & Fixtures	$ 531,780	$ 16,769	$ -	$ 548,549
Total Accumulated Depreciation	$ 531,780	$ 16,769	$ -	$ 548,549
Net Capital Assets	$ 111,711	$(16,769)	$ -	$ 94,942

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

General Administration	$ 45,077
Public Safety – Police	44,959
Public Safety – Fire Department	61,772
Public Safety - EMS	4,788
Public Works – Street Department	108,342
Parks	13,511
Library	1,309
Water and Sewer	154,534
Sanitation	16,769
	$ 451,061

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 13
September 30, 2020

Note E: Interfund Balances and Activities

Interfund balances at September 30, 2020 consisted of the following individual fund balances:

Fund	Due from Other Funds	Due to Other Funds
General Fund:		
Component Unit	$ -	10,385
Total General Fund	-	10,385
Component Unit:		
General Fund	10,385	-
Total	$ 10,385	$ 10,385

These interfund receivables and payables arise out of the normal course of business where the general fund is allocating sales tax revenues to the Idalou EDC. All balances are expected to be paid within one year.

Note F: Interfund Transfers

Interfund transfers for the year ended September 30, 2020 consisted of the following:

Fund	Transfers In	Transfers Out
General Fund:		
Proprietary Fund	43,975	-
Total General Fund	43,975	-
Proprietary Fund:		
General Fund	-	43,975
Total	$ 43,975	$ 43,975

These interfund transfers represent cash flow transfers to the general fund in the normal course of business.

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 14
September 30, 2020

Note G: Long-Term Obligations

Interest expense charged to various functions within the City government is as follows:

	9/30/2019	9/30/2020
Governmental Activities	$ 38,078	$ 35,694
Business-type Activities	$ 21,331	$ 19,931

At September 30, 2020 debt consisted of the following individual issues:

Series 2010 Revenue Certificates of Obligation are 3.5% - 4.125% interest bearing. Principal is due in annual payments on February 15 and interest is due in semi-annual payments on February 15 and August 15. The balance at September 30, 2020 was $1,160,000 of which $95,000 is due within one year.

A note payable to Lubbock County dated August 6, 2016 which bears no interest. The note is due in annual installments of $10,000. The balance at September 30, 2020 was $10,000 of which $10,000 is due within one year.

Revenue Certificates of Obligation

Tax and Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of tax revenues and the net revenues of the water and sewer system. The Revenue Bonds are collateralized by a debt service tax and the revenue of the water and sewer system. The City levies a debt service tax sufficient to cover 64% of the required payments. The bond ordinances provide that the revenue of the water and sewer system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenues may then be used for any lawful purpose. The City is in compliance with all significant financial requirements as of September 30, 2020.

General Obligation Bonds

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. At September 30, 2020, the City had no General Obligation Bonds or Certificates of Obligation outstanding.

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 15
September 30, 2020

Note G: Long-Term Obligations (continued)

Changes in long-term obligations for the year ended September 30, 2020 are as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue Certificates Of Obligation	$ 930,000	$ -	$ 70,000	$ 860,000	$ 70,000
Note Payable	20,000	-	10,000	10,000	10,000
Compensated Absences	11,241	4,967	-	16,208	-
Net Pension Liability-TMRS	32,528	-	39,605	(7,077)	-
Total OPEB Liability	4,328	3,647	-	7,975	-
Total Governmental Funds:	$ 998,097	$ 8,614	$119,605	$ 887,106	$ 80,000

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue Certificates Of Obligation	$ 520,000	$ -	$ 40,000	$ 480,000	$ 40,000
Compensated Absences	5,484	3,053	-	8,537	-
Net Pension Liability-TMRS	14,040	-	17,399	(3,359)	-
Total OPEB Liability	1,649	1,624	-	3,273	-
Total Governmental Funds:	$ 541,173	$ 4,677	$ 57,399	$ 488,451	$ 40,000

The debt service fund is used to liquidate the governmental activities long-term debt and the water and sewer fund liquidates the business-type activities long-term debt. The annual aggregate maturities of bonds, certificates of obligation, and notes payable for the years subsequent to September 30, 2020 are as follows:

Debt Service Requirements	Governmental Activities		Business-Type Activities	
Year Ending September 30,	Principal	Interest	Principal	Interest
2021	$ 80,000	$ 33,375	$ 40,000	$ 18,606
2022	75,000	30,475	40,000	17,006
2023	75,000	27,475	40,000	15,406
2024	80,000	24,375	45,000	13,706
2025	85,000	21,075	50,000	11,806
2026-2030	475,000	50,825	265,000	27,822
Total	$ 870,000	$ 187,600	$ 480,000	$ 104,352

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 16
September 30, 2020

Note H: TMRS-Pension Plan

Plan Description

Plan Description

The City of Idalou participates as one of 888 plans in the non-traditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8 Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment 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.

	Plan Year 2019	Plan Year 2018
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	0%	0%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 17
September 30, 2020

Note H: TMRS-Pension Plan (continued)

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	16
Active employees	12
Total	28

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 Idalou were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Idalou were 4.35% and 4.05% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were $24,368, and were equal to the required contributions.

Net Pension Liability

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

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

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 18
September 30, 2020

Note H: TMRS-Pension Plan (continued)

Salary increases were 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-forward for females. In addition, a 3.5% and 3.0% minimum 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, 2019 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 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 19
September 30, 2020

Note H: TMRS-Pension Plan (continued)

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.

Change in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/18	$ 568,647	$ 522,079	$ 46,568
Changes for the year:			
Service cost	52,976		52,976
Interest	39,938		39,938
Change of benefit terms			
Difference between expected and actual experience	(14,378)		(14,378)
Changes of assumptions	1,278		1,278
Contributions - employer		26,396	(26,396)
Contributions - employee		30,341	(30,341)
Net investment income		80,553	(80,553)
Benefit payments, including refunds of employee contributions	(6,913)	(6,913)	-
Administrative expense		(456)	456
Other changes		(14)	14
Net changes	72,901	129,907	(57,006)
Balance at 12/31/19	$ 641,548	$ 651,986	$ (10,438)

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 118,423	$ (10,438)	$ (111,502)

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 20
September 30, 2020

Note H: TMRS-Pension Plan (continued)

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*.

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

For the year ended September 30, 2020, the city recognized pension expense of $13,566.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 43,072
Changes in actuarial assumptions	$ 3,256	$ -
Difference between projected and actual investment earnings	$ -	$ 17,171
Contributions subsequent to the measure date December 31, 2019	$ 17,729	$ -
Total	$ 20,985	$ 60,243

$17,729 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2020	$ (17,485)
2021	(16,531)
2022	(9,213)
2023	(13,138)
2024	(620)
Thereafter	-
Total	$ (56,987)

CITY OF IDALOU
Idalou, Texas

NOTES TO FINANCIAL STATEMENTS, Page 21
September 30, 2020

Note I: Supplemental Death Benefits Plan

1. Plan Description

The City participates in the single-employer unfunded 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 under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

2. OPEB Plan Fiduciary Net Position

Detailed information about the fiduciary net position of the Supplemental Death Benefits Fund is available in the separately-issued TMRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.tmrs.com or by writing to TMRS at P.O. Box 149153, Austin, TX 78714-9153.

3. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retiree is considered an other postemployment benefit (“OPEB”) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

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

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	3
Active employees	12
Total	15

4. Contributions

The City contributes to the SDBF monthly based on the covered payroll of employee members. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees’ entire careers.

CITY OF IDALOU
Idalou, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 22
September 30, 2020

Note I: Supplemental Death Benefits Plan (continued)

As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Contribution Rates

	2019	2020
City	**0.07%**	**0.06%**
Current Fiscal Year Employer Contributions	**$ 370**	

5. Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Summary of Actuarial Methods and Assumptions

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount Rate*	2.75%*
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

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

CITY OF IDALOU
Idalou, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 23
September 30, 2020

Note I: Supplemental Death Benefits Plan (continued)

6. Discount Rate

As of December 31, 2019, the discount rate used in the development of the Total OPEB Liability was 2.75% compared to 3.71% as of December 31, 2018. In accordance with GASB No. 75, paragraph 155, the applicable discount rate for an unfunded OPEB is based on an index of tax exempt 20-year municipal bond rates rated as AA or higher. The projection of cash flows used to determine the discount rate assumed that contributions are made at the actuarially determined rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.71%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB Liability	$ 15,934	$ 11,248	$ 8,060

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At September 30, 2020, the City reported a liability of $11,248 for total OPEB liability. The total OPEB liability was measured as of December 31, 2019 by an actuarial valuation as of that date.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

As of December 31, 2019, the discount rate used in the development of the Total OPEB Liability was 2.75% compared to 3.71% as of December 31, 2018. Beginning with the December 31, 2019 actuarial valuation, mortality rates are based on the 2019 Municipal Retirees of Texas Mortality Tables. Prior to the December 31, 2019 actuarial valuation, mortality rates were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment.

For the year ended September 30, 2020, the City recognized OPEB expense of $1,867.

CITY OF IDALOU
Idalou, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 24
September 30, 2020

Note I: Supplemental Death Benefits Plan (continued)

Change in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 12/31/18	$ 5,977
Changes for the year:	
Service cost	1,396
Interest	248
Change of benefit terms	
Difference between expected and actual experience	489
Changes of assumptions	3,138
Benefit payments, including refunds of employee contributions	-
Other changes	
Net changes	5,271
Balance at 12/31/19	$ 11,248

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	$ 436	$ 1,355
Changes in actuarial assumptions	$ 3,489	$ 722
Difference between projected and actual Investment earnings	$ -	$ -
Changes in proportion and difference between The employer's contributions and the Proportionate share of contributions	$ -	$ -
Total as of Dec. 31, 2018 measurement date	$ 3,925	$ 2,077
Contributions paid to TRS subsequent to the measurement date	$ 263	$ -
Total as of fiscal year-end	$ 4,188	$ 2,077

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	OPEB Expense Amount
2020	$ 223
2021	223
2022	223
2023	223
2024	223
Thereafter	733

CITY OF IDALOU
Idalou, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 25
Year Ended September 30, 2020

Note J: Contingent Liabilities

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be significant.

From time to time the City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a significant adverse impact on the affected funds of the City.

Note K: Risk Management

The City manages risk by purchasing commercial insurance. The City provides health insurance as a fringe benefit for full time, permanent employees through the Texas Municipal League health insurance program.

Workers compensation coverage is also provided for all employees through the Texas Municipal League Intergovernmental Risk Pool (the Pool). The Pool provides property, liability and workers' compensation coverage for certain governmental entities of the State of Texas. Member entities include municipalities, housing authorities, councils of governments, hospital districts, water districts and tax appraisal districts. The Pool consists of five separate funds: the Workers' Compensation Fund, the Liability Fund, the Property Fund, and the Reinsurance Fund and the Stability Fund. The financial results of these coverages are accounted for in separate funds by the Pool.

The Texas Workers' Compensation Fund Joint Insurance Fund (the Workers' Compensation Fund) was created in 1974 by the Texas Municipal League. This Fund provides coverage that conforms to the workers' compensation laws of Texas. As part of the coverage, the Pool provides risk management services with emphasis on loss control.

The premiums paid for Workers' Compensation Coverage are based on estimated payroll amounts and are subject to fluctuations based upon an audit of payroll costs by the insurer. Any increase or decrease is not expected to be material to the financial statements.

For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three preceding years.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E-1

CITY OF IDALOU
Idalou, Texas

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2020

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property Taxes (Including Penalty and Interest)	$ 603,489	$ 609,037	$ 5,548
Sales Taxes	175,000	215,830	40,830
Franchise Taxes	85,000	75,352	(9,648)
Municipal Court Revenue	41,800	44,598	2,798
License & Permits	7,500	12,790	5,290
Interest Income	2,000	7,756	5,756
Intergovernmental	81,588	75,911	(5,677)
Ambulance	135,000	76,621	(58,379)
Library Revenue	3,200	3,403	203
Grant Revenues	122,000	121,951	(49)
Miscellaneous	20,000	36,445	16,445
Total Revenues	1,276,577	1,279,694	3,117
Expenditures			
Current			
General Administration	391,054	388,414	2,640
Judicial	53,549	43,543	10,006
Public Safety - Police Department	393,362	393,187	175
Public Safety - Fire Department	77,712	77,150	562
Health and Welfare - EMS	213,753	177,188	36,565
Public Works - Street Department	256,000	197,561	58,439
Parks	8,000	7,712	288
Library	26,903	25,069	1,834
Debt Service			
Principal	10,000	10,000	-
Interest	-	-	-
Total Expenditures	1,430,333	1,319,824	110,509
Other Financing Sources (Uses)			
Operating Transfers In	156,500	52,475	(104,025)
Total Other Financing Sources (Uses)	156,500	52,475	(104,025)
Ex Over (Under) Expenditures and Other Uses	2,744	12,345	9,601
Fund Balance, Beginning of Year	442,467	442,467	-
Fund Balance, End of Year	$ 445,211	$ 454,812	$ 9,601

CITY OF IDALOU
Idalou, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/ASSET
AND RELATED RATIOS - TMRS
(unaudited)

	Measurement Year					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	$ 52,976	$ 46,621	$ 49,071	$ 50,244	$ 48,215	$ 44,756
Interest (on the Total Pension Liability)	39,938	38,110	34,932	30,296	26,672	23,541
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(14,378)	(35,833)	(13,344)	(5,326)	(20,549)	(12,462)
Change of assumptions	1,278	-	-	-	21,066	-
Benefit payments, including refunds of employee contributions	(6,913)	(43,078)	(1,618)	(10,274)	(6,966)	(18,704)
Net change in Total Pension Liability	72,901	5,820	69,041	64,940	68,438	37,131
Total Pension Liability - Beginning	568,647	562,827	493,786	428,846	360,408	323,277
Total Pension Liability - Ending (a)	$641,548	$ 568,647	$ 562,827	$ 493,786	$ 428,846	$ 360,408
Plan Fiduciary Net Position						
Contributions - employer	26,396	23,764	26,249	22,764	22,486	15,206
Contributions - employee	30,341	26,702	28,105	28,069	28,462	28,056
Net investment income	80,553	(15,881)	58,237	24,036	460	15,564
Benefit payments, including refunds of employee contributions	(6,913)	(43,078)	(1,618)	(10,274)	(6,966)	(18,704)
Administrative expense	(456)	(307)	(302)	(272)	(280)	(162)
Other	(14)	(16)	(15)	(15)	(14)	(13)
Net Change in Plan Fiduciary Net Position	129,907	(8,816)	110,656	64,308	44,148	39,947
Plan Fiduciary Net Position - Beginning	522,079	530,895	420,239	355,931	311,783	271,836
Plan Fiduciary Net Position - Ending (b)	$651,986	$ 522,079	$ 530,895	$ 420,239	$ 355,931	$ 311,783
Net Pension Liability/(Asset) - Ending (a) - (b)	$ (10,438)	$ 46,568	$ 31,932	$ 73,547	$ 72,915	$ 48,625
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.63%	91.81%	94.33%	85.11%	83.00%	86.51%
Covered Employee Payroll	$606,828	$ 534,033	$ 562,100	$ 561,389	$ 569,245	$ 561,123
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-1.72%	8.72%	5.68%	13.10%	12.81%	8.67%

The accompanying notes are an integral part of this statement.

EXHIBIT E-2

CITY OF IDALOU
Idalou, Texas

SCHEDULE OF CONTRIBUTIONS - TMRS PENSION
(unaudited)

	Fiscal Year					
	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 24,368	$ 26,111	$ 24,125	$ 25,164	$ 23,131	$ 21,227
Contributions in relation to the actuarially determined contribution	24,368	26,111	24,125	25,164	23,131	21,227
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 591,240	$ 596,868	$ 535,030	$ 556,962	$ 573,832	$ 579,580
Contributions as a percentage of covered employee payroll	4.12%	4.37%	4.51%	4.52%	4.03%	3.66%

The accompanying notes are an integral part of this statement.

CITY OF IDALOU
Idalou, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - TMRS
(unaudited)

	Measurement Year		
	2019	2018	2017
Total OPEB Liability			
Service Cost	$ 1,396	$ 908	$ 843
Interest (on the Total OPEB Liability)	248	261	219
Changes of benefit terms	-	-	-
Difference between expected and actual experience	489	(1,721)	-
Change of assumptions	3,138	(916)	1,017
Benefit payments, including refunds of employee contributions	-	-	-
Net change in Total OPEB Liability	5,271	(1,468)	2,079
Total OPEB Liability - Beginning	5,977	7,445	5,366
Total OPEB Liability - Ending	$ 11,248	$ 5,977	$ 7,445
Covered Employee Payroll	$ 606,828	$ 534,033	$ 562,100
Total OPEB Liability/(Asset) as a Percentage of Covered Payroll	1.85%	1.12%	1.32%

The accompanying notes are an integral part of this statement.

CITY OF IDALOU
Idalou, Texas

SCHEDULE OF CONTRIBUTIONS - TMRS OPEB
(unaudited)

	Fiscal Year		
	2020	2019	2018
Actuarially Determined Contribution	$ 370	$ 416	$ 389
Contributions in relation to the actuarially determined contribution	370	416	389
Contribution (deficiency) excess	$ -	$ -	$ -
Covered employee payroll	$ 591,240	$ 596,868	$ 535,030
Contributions as a percentage of covered employee payroll	0.0626%	0.0697%	0.0727%

The accompanying notes are an integral part of this statement.

CITY OF IDALOU
Idalou, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2020

Schedule of Pension Contributions – TMRS

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	N/A
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% 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.

CITY OF IDALOU
Idalou, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2020

Schedule of Contributions for OPEB – TMRS

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
Asset Valuation	For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.
Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Discount Rate*	2.75%
Retirees' share of benefit-related costs	0$
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF IDALOU
Idalou, Texas

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended September 30, 2020

Years Ended September 30	Tax Rate Per $100 Value	Assessed/Appraised Value for Tax Purposes	Balance 10/01/19	Add: Current Levy	Less: Collections	Total Year's Adjustments	Balance 09/30/20
2011 and prior	$ --	$ --	$ 8,917	$ -	$ 1,228	$ (1,307)	$ 6,382
2012			1,338	-	101	-	1,237
2013			1,359	-	101	-	1,258
2014			1,325	-	10	-	1,315
2015	0.585820	94,084,019	1,596	-	130	-	1,466
2016	0.608170	97,191,904	2,260	-	130	10	2,140
2017	0.608170	101,034,579	3,398	-	130	-	3,268
2018	0.608170	103,780,357	5,710	-	1,170	-	4,540
2019	0.608170	109,290,823	13,396	-	6,946	7	6,457
2020	0.608170	118,099,216	-	718,244	700,033	(1,043)	17,168
		Totals	$ 39,299	$ 718,244	$ 709,979	$ (2,333)	$ 45,231

EXHIBIT G-1

Terry & King, CPAs, P.C.

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Independent Auditors' Report

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

To the Honorable Mayor and City Council
City of Idalou
P.O. Box 1277
Idalou, Texas 79329

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Idalou, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Idalou's basic financial statements, and have issued our report thereon dated December 11, 2020.

Internal Control Over Financial Reporting

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

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

Independent Auditors' Report
Page 2

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

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

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

Respectfully submitted,

Terry & King

Terry & King, CPAs, P.C.
Lubbock, Texas
December 11, 2020