

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2021





*ANNUAL COMPREHENSIVE  
FINANCIAL REPORT*

of the

**City of Stephenville, Texas**

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

Prepared by:  
Finance Department

Monica Harris  
Director of Finance

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# City of Stephenville, Texas

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July 15, 2022

TO: The Honorable Mayor, Members of the City Council, and the Citizens of Stephenville (the "City")

The Finance Department and City Manager's Office are pleased to submit the Annual Comprehensive Financial Report for the City of Stephenville, Texas for the fiscal year ended September 30, 2021.

This report provides the city council, city staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the city government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Brooks Watson & Company has issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2021. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## CITY PROFILE



### Location

The City is a political subdivision and municipal corporation of the State of Texas, duly organized and existing under the laws of the state and the City's home rule charter. The City was incorporated in 1889 and chartered a home-rule city under Texas law in 1961. The city is located on the intersection of U.S. Highways 67, 281, and 377. The city occupies approximately 11.79 square miles and serves a population of about 23,110. The City is empowered by state statute to levy a tax on both real and business personal property located within its boundaries.

The city operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and eight (8) council members. The city council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the city manager. The city manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the City, and appointing heads of various departments. The mayor and city council members each serve two-year terms, limited to two terms, and are elected at large. The basic financial statements of the City include all governmental activities, organizations, and functions for which the City is financially accountable as defined by the Government Accounting Standards Board (GASB). The City of Stephenville is financially accountable for a legally separate economic development corporation, which is reported separately within the City of Stephenville's financial statements. Additional information on the legally separate entity can be found in the notes to the financial statements (see note I. B).

## Services Provided

The city provides a full range of services, including public safety (police, fire, emergency medical, and municipal court), maintenance of streets and infrastructure, sanitation services, maintenance of the treated water distribution system and both sanitary and storm sewer collection and transmission systems, recreational activities and cultural events, landfill operations, airport facility maintenance, as well as, general administrative services.

## Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received, and the liabilities incurred. Accounting records for the City's utilities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annual budget serves as the foundation of the City's financial planning and control. The city council formally adopts the budget and legally appropriates available monies for activities of the General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Fund.

No later than August 16<sup>th</sup> of each year, the city manager submits to the city council a proposed budget, which provides a complete plan for the fiscal year commencing October 1. The budget includes proposed expenditures and means of financing them. The proposed budget is made available for public inspection, and a public hearing is held to allow for citizen comment. After the public hearing, council may make changes to any item in the budget, except those fixed by law. No later than September 23, the budget is legally enacted by ordinance, which sets the limit on expenditures during the fiscal year. Additional expenditures may be authorized in the case of public necessity to meet unusual and unforeseen conditions, which could not have reasonably been foreseen at the time the budget was adopted.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the departmental level; however, expenditures are monitored monthly at the department level to ensure financial accountability by department directors. Management control of budgets is further maintained at the line-item level within the department. The city also maintains an encumbrance accounting system to further accomplish budgetary control. Appropriations not spent or legally encumbered lapse at year-end. Encumbrances are generally re-appropriated as a part of the following year's budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.



## ECONOMIC CONDITION

### Local Economy

The City serves as the center of commerce and recreation to over 46,000 Erath County residents and has a commercial trade area of over 85,000. The city is the county seat and the principal commercial, medical, retail, educational and industrial center of Erath County. The city currently enjoys a fairly stable and diversified economic environment, bolstered by the strength of both the Cross Timbers area and the State of Texas. Our economy is based on agriculture, manufacturing, and Tarleton State University. Agriculture has long been Erath County's leading industry with livestock, especially beef, dairy, and other livestock production. Erath County accounts for over 8% of the state's total milk production. The city is fortunate to have several manufacturing industries in town. Local manufacturing includes coated abrasives, oilfield related products, cream cheese, fiber gratings and fasteners, metal processing of electrical products, trailer customization, and forged pipe unions. Tarleton State University, a member of the Texas A & M System, provides further economic stability as the largest employer. The Stephenville student body includes representatives from 226 Texas counties, 41 states, and 25 foreign countries. Tarleton's Stephenville Campus 2021 fall enrollment was more than 9,500 students with total enrollment across all Tarleton Campuses, including online, almost reaching 14,000 students.

Stephenville ranks high in the state for a quality of work environment. As of September 2021, with unemployment at 6.4% statewide, Stephenville's unemployment was 4.1%. The city has adequate—yet below-average—wealth and income. According to the U. S. Census Bureau's 2020 American Community Survey published in 2021, Stephenville's median household income is \$48,602 compared to \$54,747 for Dallas and \$63,826 for Texas. In addition, according to the survey, the workforce is educated with 33.4% of the population having a bachelor's degree or higher, compared to 34.7% for Dallas and 30.7% for Texas.

The stable property values, sales tax receipts and building activity reflect the area's positive economic climate. The City continues to have new residential, commercial, and educational building construction, adding over thirteen million dollars in new taxable value for the 2021 property tax rolls. A major multi-family housing project was completed, and an adjoining single-family subdivision was developed in the last year. Several apartment complexes and student housing projects have been completed, and additional multi-family dwellings are in varying stages from planning to construction. Several single-family subdivisions are currently in planning and construction as well. Tarleton State University, an NCAA Division 1 school, continues to experience steady growth in student enrollment. Tarleton is currently building a multi-level parking garage and an Olympic size track and field facility. In addition, Tarleton is in the planning stage of a hotel and convocation center. The city completed one and a half million dollars of street improvements in fiscal year 2020-2021 and has appropriated over one million in routine street improvement for fiscal year 2021-2022. Another eight and a half million has been appropriated for the complete reconstruction of a major thoroughfare designated as a minor arterial with completion in twenty-four months. A major fast food restaurant franchise opened their largest and newest model in the state, and a complex of up to five fast casual restaurants are slated to open by the end of 2022. A retail sales complex completed construction in early 2022 with projected retail sales of \$40 to \$50 million per year. The Stephenville Economic Development Authority (SEDA) continues to work on several major projects and continues to receive many new economic development inquiries from companies interested in locating their business in Stephenville.

### Long-Term Financial Planning

The City's ability to respond to on-going economic challenges will require careful long-range planning. The City has responded to the economy by fiscal conservatism and implementing operating budget efficiencies that have resulted in maintaining healthy fund balances in its general fund and water/wastewater funds.

Users of this document are encouraged to read the City's Fiscal Year 2021-2022 Budget. The document details the City's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City's capital improvement program. Also available for reference is the City of Stephenville's Comprehensive Plan, which maps out the City's future strategies.

In addition, the City continues to recognize the long-term financial implications of its pension and retiree health benefits. Regarding pensions, the City's TMRS net pension asset far exceeds the other post-employment benefits liability created by the supplemental death benefit offered to retirees. In addition, the city offers a one percent match to the deferred compensation plan offered to employees. The city does not provide for retiree health care, as the city provides a sustainable benefit to our employees without shifting costs to future taxpayers.

### Relevant Financial Policies

The City Council has adopted a series of financial standards and policies for operating and debt management. Management of the City has made every effort to comply with these standards and policies and believe we are currently in compliance.

The City Council Finance Committee meets on an as-needed basis to discuss financial and budgetary information, financial policies, fund balance reserve requirements and tax rate setting information. None of the City's financial policies had a significant impact on the current period's financial statements, as the City was able to maintain reserve levels within the stated policies for the governmental funds. Constant review of revenue and expenditure trends and reserve levels is maintained with specific responsibility assigned to the Finance Director and City Manager. The City's Finance Department publishes a monthly financial report which provides internal and external users with the general awareness of the City's financial positions and economic activity.

### Major Initiatives

The city currently has several projects underway. The Clark Field Municipal Airport is working on a runway extension project. This is a \$10 million dollar project with a 90/10 match coming from TXDOT Aviation. The environmental study has been completed; surveys and appraisals of surrounding properties have been performed, and a significant portion of the land needed has been purchased. A major sewer project is underway with completion anticipated in twenty-four months. This project is a three-phase project to alleviate sanitary sewer overflow issues and expand servicing areas, affecting 80% of the City. A \$2 million dollar storm water drainage project was completed with Community Development Block Grant funding through the Texas General Land Office. The City issued certificates of obligations to fund two million in ball field improvements and twenty million in water and sewer system improvements, including a new well field with transmission line and replacing utility mains under a main thoroughfare to be completed by summer 2024.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Stephenville for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This award was the 33<sup>rd</sup> consecutive year that the City of Stephenville has achieved this prestigious award. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire city staff. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Mayor and City Council Members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,



Jason M. King  
Interim City Manager



Monica D. Harris  
Director of Finance & Administration



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Stephenville  
Texas**

For its Annual Comprehensive  
Financial Report  
for the Fiscal Year Ended

**September 30, 2020**

*Christopher P. Morill*

Executive Director/CEO

# Organizational Chart

## Citizens of Stephenville

### City Council

City Secretary

City Attorney

Boards and Commissions

Municipal Judge

Municipal Court

### City Manager

#### Assistant City Manager

##### Development Services

Code Compliance

Inspections

Planning

Permitting

##### Public Works

Water Production

Wastewater Collection

Engineering

Water Distribution

Wastewater Treatment

Streets

Customer Service

Storm Water Drainage

Landfill

Garbage

##### Parks & Leisure Services

Recreation

Parks/Cemeteries

Visitor & Tourism

Senior Center

Splashville

Library

Main Street

##### General Services

GIS

Human Resources

Airport

Information Technology

#### Finance Department

Accounting

Budget

Purchasing

Investment and Insurance

Utility Billing

Audit

#### Fire Department

Fire Suppression

Fire Prevention

Emergency Services

#### Police Department

Criminal Investigations

Animal Control

Patrol

Records

Communications



## City Council

Mayor	Doug Svien
Place 1	LeAnn Durfey
Place 2	Justin Haschke
Place 3	Daron Trussell
Place 4	Brady Pendleton
Pace 5	Ricky Thurman
Place 6	Alan Nix
Place 7	Gerald Cook
Place 8	Brandon Huckabee

## Staff

City Manager	Allen L. Barnes
Assistant City Manager	Jason M. King
Director of Finance & Administration	Monica D. Harris
Director of Utilities	Nick Williams
Police Chief	Dan M. Harris, Jr.
Interim Fire Chief	Charles W. Elliott
Director of Development Services	Steve Killen
Director of Parks & Leisure Services	Kelli Votypka
City Secretary	Staci L. King

***FINANCIAL SECTION***

*Stephenville*  
TE★AS





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

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

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

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

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity 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, the general fund budgetary comparison information, the schedule of changes in net pension liabilities and related ratios, the schedule of employer contributions to pension plan, and schedule of changes in the other postemployment benefits liability and related ratios, 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 an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.



Brooks Watson & Co.  
Certified Public Accountants  
Houston, Texas  
July 15, 2022

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

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# City of Stephenville, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### September 30, 2021

As management of the City of Stephenville, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

#### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2021 by \$98,458,173.
- The City's total net position increased by \$11,556,742. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$22,564,308 at September 30, 2021, a decrease of \$1,840,429 from the prior fiscal year; this includes an increase of \$1,938,031 in the general fund, a decrease of \$4,016,621 in the capital projects fund, and an increase of \$238,161 in the nonmajor governmental funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$11,282,011 or 70% of total general fund expenditures.
- The City's outstanding bonds and certificates of obligation payable decreased by \$1,515,000 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$37,060,000.
- The City's net pension asset totaled \$3,193,618 as of year end.

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

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

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

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

# City of Stephenville, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2021

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, culture and recreation, community development, public safety, and public works. The business-type activities of the City include water and wastewater, stormwater drainage, airport and sanitary landfill operations.

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

The government-wide financial statements can be found on pages 30-35 of this report.

### FUND FINANCIAL STATEMENTS

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

#### Governmental Funds

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



# City of Stephenville, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2021

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

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and capital project funds, which are the only major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, debt service, capital projects and special revenue funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 36-41 of this report.

### **Proprietary Funds**

The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and wastewater services, airport, storm water drainage operations, and sanitary landfill operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, production and distribution, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major water and sewer, storm water drainage funds and the nonmajor airport, and sanitary landfill funds.

The basic proprietary fund financial statements can be found on pages 44-49 of this report.

**City of Stephenville, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
September 30, 2021

**Component Unit**

The City maintains the accounting and financial statements for two component units. The Stephenville Economic Development Authority is a discretely presented component unit displayed on the government-wide financial statements.

The Tax Increment Financing fund ("TIF") is a special purpose fund that collects property taxes within its boundaries for the purpose of infrastructure development. The fund's board consists of the City Council and is reported as a blended component unit, as it functions similar to a department of the City.

**Notes to Financial Statements**

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

The notes to the financial statements can be found on pages 55-95 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the general fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Stephenville, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by \$98,458,173 as of September 30, 2021, in the primary government.

The largest portion of the City's net position, \$72,325,862, reflects its investments in capital assets (e.g., land, city hall complex, recreation hall, streets, water and wastewater system, airport hanger, sanitary landfill systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**City of Stephenville, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2021**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 24,080,231	\$ 25,684,029	\$ 49,764,260	\$ 26,351,076	\$ 20,581,406	\$ 46,932,482
Capital assets, net	30,489,316	60,319,938	90,809,254	26,654,604	58,599,440	85,254,044
Net pension asset	2,757,051	373,653	3,130,704	2,102,774	314,517	2,417,291
<b>Total Assets</b>	<b>57,326,598</b>	<b>86,377,620</b>	<b>143,704,218</b>	<b>55,108,454</b>	<b>79,495,363</b>	<b>134,603,817</b>
<b>Deferred Outflows</b>	<b>2,016,119</b>	<b>306,677</b>	<b>2,322,796</b>	<b>2,644,380</b>	<b>433,381</b>	<b>3,077,761</b>
Other liabilities	1,970,857	3,347,541	5,318,398	2,711,224	3,221,485	5,932,709
Long-term liabilities	16,558,913	22,590,738	39,149,651	16,750,115	24,272,023	41,022,138
<b>Total Liabilities</b>	<b>18,529,769</b>	<b>25,938,279</b>	<b>44,468,048</b>	<b>19,461,339</b>	<b>27,493,508</b>	<b>46,954,847</b>
<b>Deferred Inflows</b>	<b>2,730,710</b>	<b>370,083</b>	<b>3,100,793</b>	<b>3,327,585</b>	<b>497,715</b>	<b>3,825,300</b>
Net Position:						
Net investment						
in capital assets	23,272,989	49,052,873	72,325,862	21,847,814	45,293,731	67,141,545
Restricted	3,266,475	956,437	4,222,912	1,976,474	1,089,229	3,065,703
Unrestricted	11,542,774	10,366,625	21,909,399	11,139,622	5,554,561	16,694,183
<b>Total Net Position</b>	<b>\$ 38,082,238</b>	<b>\$ 60,375,935</b>	<b>\$ 98,458,173</b>	<b>\$ 34,963,910</b>	<b>\$ 51,937,521</b>	<b>\$ 86,901,431</b>

Current assets of governmental activities were \$24,080,231 and \$26,351,076 as of September 30, 2021 and September 30, 2020, respectively. The decrease of \$2,270,845 was primarily attributable to available cash being spent on capital improvements and repayment of outstanding vendor payables. Current assets of business-type activities were \$25,684,029 and \$20,581,406 as of September 30, 2021 and September 30, 2020, respectively. The increase of \$5,102,623 was primarily attributable to greater cash on hand resulting from operating surpluses over the course of the year and higher grant revenues. Business-type activities had an overall positive change in net position of \$8,438,414. Overall capital assets increased by \$5,555,210 due to ongoing investment in City infrastructure and other capital assets.

**City of Stephenville, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2021**

**Statement of Activities:**

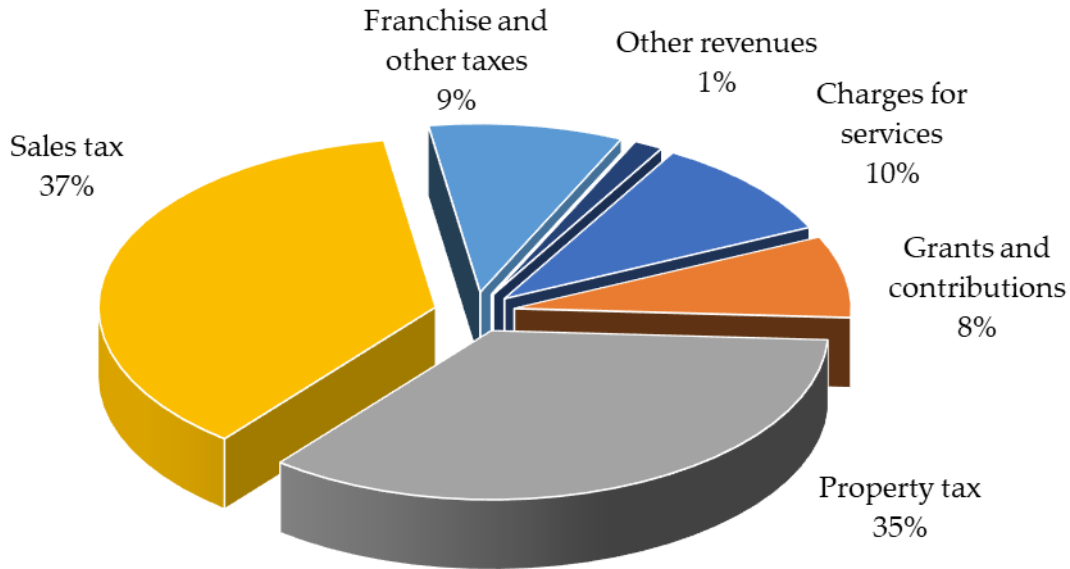
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2021			For the Year Ended September 30, 2020		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,877,701	\$ 10,886,281	\$ 12,763,982	\$ 1,446,661	\$ 10,015,289	\$ 11,461,950
Grants and contributions	1,501,164	4,685,293	6,186,457	2,413,762	287,600	2,701,362
General revenues:						
Property tax	6,711,935	-	6,711,935	6,324,119	-	6,324,119
Sales tax	7,075,224	-	7,075,224	5,940,857	-	5,940,857
Franchise and other taxes	1,794,406	-	1,794,406	1,675,634	-	1,675,634
Investment income	11,277	8,039	19,316	115,763	195,341	311,104
Other revenues	269,196	64,745	333,941	1,030,088	287,971	1,318,059
<b>Total Revenues</b>	<b>19,240,903</b>	<b>15,644,358</b>	<b>34,885,261</b>	<b>18,946,884</b>	<b>10,786,201</b>	<b>29,733,085</b>
<b>Expenses</b>						
General government	2,831,782	-	2,831,782	2,512,975	-	2,512,975
Culture and recreation	2,511,374	-	2,511,374	2,254,992	-	2,254,992
Community development	488,792	-	488,792	493,019	-	493,019
Public safety	8,953,779	-	8,953,779	9,637,871	-	9,637,871
Streets	1,495,367	-	1,495,367	1,501,306	-	1,501,306
Interest and fiscal charges	402,914	409,486	812,400	530,646	453,686	984,332
Water and wastewater	-	5,088,848	5,088,848	-	4,966,867	4,966,867
Airport	-	205,951	205,951	-	178,661	178,661
Storm water drainage	-	296,706	296,706	-	364,971	364,971
Sanitary landfill	-	643,520	643,520	-	599,166	599,166
<b>Total Expenses</b>	<b>16,684,008</b>	<b>6,644,511</b>	<b>23,328,519</b>	<b>16,930,809</b>	<b>6,563,351</b>	<b>23,494,160</b>
<b>Change in Net Position Before Transfers</b>	<b>2,556,895</b>	<b>8,999,847</b>	<b>11,556,742</b>	<b>2,016,075</b>	<b>4,222,850</b>	<b>6,238,925</b>
Transfers	561,433	(561,433)	-	1,442,405	(1,442,405)	-
<b>Total</b>	<b>561,433</b>	<b>(561,433)</b>	<b>-</b>	<b>1,442,405</b>	<b>(1,442,405)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>3,118,328</b>	<b>8,438,414</b>	<b>11,556,742</b>	<b>3,458,480</b>	<b>2,780,445</b>	<b>6,238,925</b>
Beginning Net Position	34,963,910	51,937,521	86,901,431	31,505,430	49,157,076	80,662,506
<b>Ending Net Position</b>	<b>\$ 38,082,238</b>	<b>\$ 60,375,935</b>	<b>\$ 98,458,173</b>	<b>\$ 34,963,910</b>	<b>\$ 51,937,521</b>	<b>\$ 86,901,431</b>

**City of Stephenville, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2021**

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

**Governmental Activities Revenues**

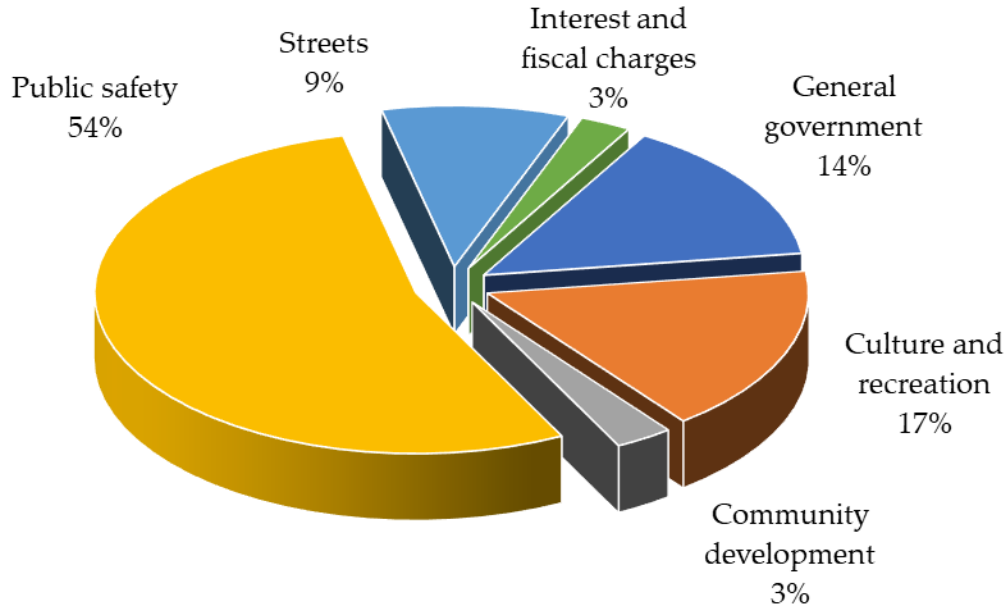


For the year ended September 30, 2021, revenues from governmental activities totaled \$19,240,903. Property tax and sales tax are the City's largest general revenue sources. Overall revenue increased \$294,019 or 2% from the prior year. Property tax revenues increased \$387,816 or 6% due to an increase in appraised property values and a growing tax base. Sales tax revenues increased by \$1,134,367 or 19% primarily due to economic growth fueled by local purchases. Charges for services increased by \$431,040 or 30% primarily due to greater aquatic center fees, youth program activity revenues, and lot mowing/demolition fees. Grants and contributions decreased \$912,598 primarily as a result of nonrecurring capital grants received in the prior year. Investment income decreased by \$104,486 or 90% primarily as a result of a reduction in interest-bearing account balances and the realization of lower interest rates in the current year. Other revenue decreased by \$760,892 due to nonrecurring insurance proceeds received in the prior year. All other revenues remained relatively stable when compared to the previous year.

**City of Stephenville, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2021**

This graph shows the governmental function expenses of the City:

**Governmental Activities Expenses**

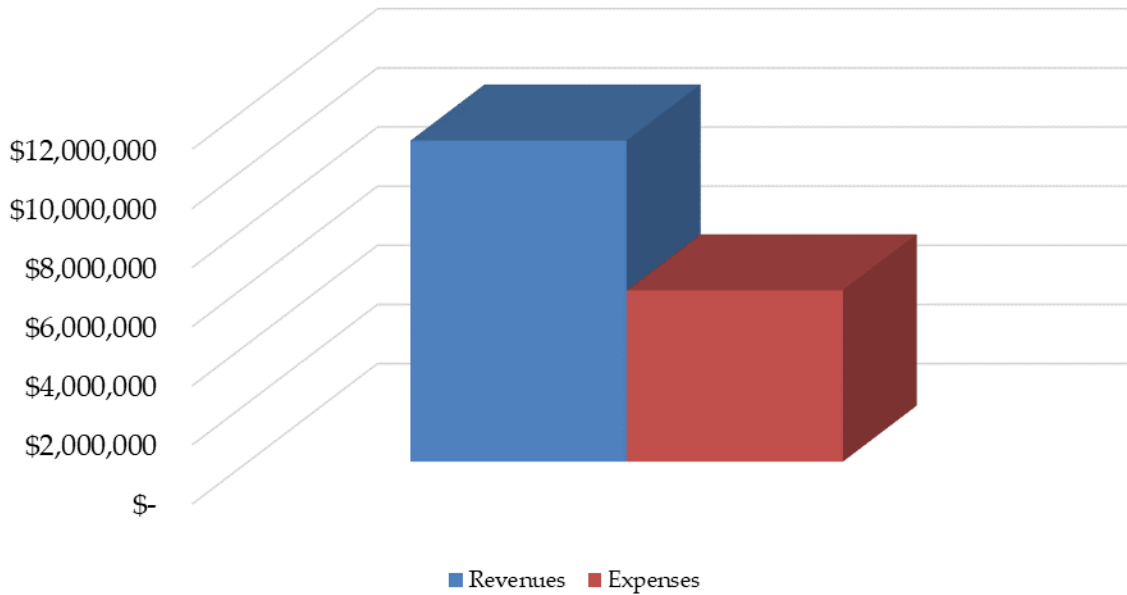


For the year ended September 30, 2021, expenses for governmental activities totaled \$16,684,008. This represents a decrease of \$246,801 or 1% from the prior year. The City's largest functional expense is public safety totaling \$8,953,779. Public safety decreased \$684,092 or 7% primarily due to nonrecurring damage claim expenses resulting from storm damage in the prior year. Culture and recreation increased by \$256,382 or 11% as a result of increased professional fees, annual depreciation, and special events expense. In addition, the City incurred greater personnel, concession supplies, and utility expenses for the aquatic center. Interest and fiscal charges decreased by \$127,732 or 24% primarily due to nonrecurring bond issuance costs recognized in the prior year. All other expenses remained relatively stable when compared to the previous year.

**City of Stephenville, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2021**

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

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



For the year ended September 30, 2021, charges for services by business-type activities totaled \$10,886,281. This is an increase of \$870,992, or 9%, from the previous year. This is primarily a result of increased sewer service consumption and greater nonresidential service accounts compared to the prior year.

Total expenses increased \$81,160 or 1% to a total of \$6,644,511. Water and wastewater department expenses increased by \$121,981 or 2% primarily due to greater water facility maintenance, online credit card fees, and annual depreciation in the current year. Interest and fiscal charges decreased by \$44,200 or 10% as a result of outstanding debt approaching maturity.

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

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

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

At September 30, 2021, the City's governmental funds reported combined fund balances of \$22,564,308, a decrease of \$1,840,429 in comparison with the prior year. Approximately 50% of this amount,

**City of Stephenville, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2021**

\$11,271,979, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Nonspendable fund balance totaled \$34,481 for inventories/prepays and committed fund balance totaled \$764,377. The remainder of the fund balance is restricted for particular purposes totaling \$10,493,471.

As of the end of the year, the general fund reflected a total fund balance of \$12,053,148. General fund balance increased by \$1,938,031. This increase is a result of greater than anticipated sales tax revenues and less than anticipated expenditures over the course of the year.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$11,282,011 is 70% of total general fund operating expenditures.

As of the end of the year, the capital projects reflected a total fund balance of \$9,638,333, a decrease of \$4,016,621 compared to the prior year. The change was primarily due to capital outlay expenditures greatly exceeding revenues during the current year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's largest proprietary fund, the water and wastewater fund, totaled \$43,930,844. Unrestricted net position at the close of the fiscal year amounted to \$7,624,341, and overall net position increased \$5,932,582 from the previous year. Total investment in capital assets, net of related debt of was \$35,486,201, and capital assets, net of depreciation totaled \$41,524,753.

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

Supplemental budget amendments were approved during the fiscal year increasing total budgeted expenditures by \$1,046,368 and increasing total revenues by \$1,586,430, resulting in an increase in final budgeted fund balance of \$350,306. Total budgeted revenues of \$17,433,637 were less than actual revenues of \$18,048,659, resulting in a total positive revenue variance of \$615,022. Total budgeted expenditures of \$17,004,619 were greater than actual expenditures of \$16,086,434, resulting in a total positive expenditure variance of \$918,185.

#### **CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$30,489,316 in a variety of capital assets and infrastructure. The City's business-type activities funds had invested \$60,319,938 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, improvements, and infrastructure. Major capital asset events during the current year include the following:



# City of Stephenville, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2021

- Investment in public easement at Washington for \$2,952,283.
- Purchase land for airport operations for \$349,410.
- Downtown revitalization sidewalk improvements for \$285,068.
- Ground storage tank rehab improvements totaling \$509,383.
- Airport pump station expansion project improvements of \$239,340.
- Washington water and sewer line improvements totaling \$495,315.
- Eastside relief interceptor sewer lift station updates for \$100,158.
- Grosebeck CDBG GLO project improvements of \$1,755,650.
- Micro-surfacing and street maintenance project improvements totaling \$1,133,992.
- Continued Harbin Dr. street widening improvements for \$305,470.
- Purchased Spillman NIBRS software for \$84,686.
- Purchased three 2021 Chevy Tahoes totaling \$109,080.

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

### LONG-TERM DEBT

The City's outstanding bonds and certificates of obligation (excluding premiums and discounts) payable decreased by \$1,515,000 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$37,060,000. The City made \$2,163,225 in principal payments on outstanding bonds, certificates of obligation, and capital lease obligations. More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The local economy has remained stable and is experiencing continued growth as evidenced by sales tax revenue, property tax valuations, and construction permits issued. Not only were sales tax collections for fiscal year 2020-2021 \$1.2 million more than fiscal year 2019-2020, during the COVID-19 pandemic; sales tax collections for the fiscal year were also \$1.2 million more than the fiscal year 2018-2019 pre-pandemic totals. In addition, the sales tax collections for fiscal year 2021-2022, thus far, exceed last fiscal year to date by over 11%. Taxable assessed property values for 2020 exceeded 2019 by 5.36%, and the 2021 taxable assessed values exceeded 2020 by 5.49%. Furthermore, the City issued 241 building permits in fiscal year 2020-2021 with a value exceeding \$36 million. It is anticipated that new assessed taxable value for 2022 will exceed \$20 million.

The City of Stephenville is committed to maintaining and improving the services provided to its citizens, budgeting over \$1.1 million in street improvements. The City also re-appropriated unspent 2020-2021 funds of over \$11 million for the Eastside Sewer project, and over \$8 million for the Harbin Drive water, sewer, and street project. The City issued debt in April 2022 to fund \$20 million in water and sewer projects and \$2 million in park improvements. The city is mindful of the impact of the budget on the citizens, and continues to strive for cost savings, efficiencies in operations, charging

# City of Stephenville, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2021

adequate user fees, and applying for grant funding. The city refunded a 2013 revenue bond saving over \$200,000 over the next eleven years. The General Fund budget for fiscal year 2021-2022 is a balanced budget with a very small positive variance. All other funds, except for the Storm Water Drainage Fund, also have a positive variance or the negative variance is caused by the carryover of funds unspent from previous years or are a planned reduction of fund balance. The Storm Water Drainage Fund negative variance is for needed system improvements. In addition, almost \$1.5 million was budgeted in the general fund for capital expenditures. The City again increased water and sewer rates to fund the debt service on the above-mentioned water and sewer system improvements, which include a new water well field with transmission line and replacement of water and sewer utilities under a main thoroughfare.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Monica D. Harris, Director of Finance, 298 West Washington, Stephenville, Texas 76401-4257 or call (254) 918-1211.

## ***FINANCIAL STATEMENTS***

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 21,149,351	\$ 8,667,654	\$ 29,817,005
Restricted cash	63,604	13,732,150	13,795,754
Receivables, net	2,735,840	2,975,808	5,711,648
Prepaid items	27,721	127,859	155,580
Internal balances	55,682	(55,682)	-
Due from component unit	41,273	-	41,273
Inventories	6,760	236,240	243,000
<b>Current Assets</b>	<b>24,080,231</b>	<b>25,684,029</b>	<b>49,764,260</b>
Net pension asset	2,757,051	373,653	3,130,704
Capital assets:			
Non-depreciable	6,420,893	9,784,904	16,205,797
Net depreciable capital assets	24,068,423	50,535,034	74,603,457
<b>Noncurrent Assets</b>	<b>33,246,367</b>	<b>60,693,591</b>	<b>93,939,958</b>
<b>Total Assets</b>	<b>57,326,598</b>	<b>86,377,620</b>	<b>143,704,218</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	12,862	35,182	48,044
Deferred pension outflows	1,877,869	254,501	2,132,370
Deferred OPEB outflows	125,388	16,994	142,382
<b>Total Deferred Outflows of Resources</b>	<b>2,016,119</b>	<b>306,677</b>	<b>2,322,796</b>

<u>Component Unit</u>	
<u>Stephenville</u>	
<u>EDA</u>	
\$	1,052,622
	-
	126,323
	-
	-
	-
	-
	<u>1,178,945</u>
	62,914
	-
	54,999
	<u>117,913</u>
	<u>1,296,858</u>
	-
	42,852
	2,861
	<u>45,713</u>

**City of Stephenville, Texas**  
**STATEMENT OF NET POSITION (page 2 of 2)**  
**September 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	936,091	997,668	1,933,759
Customer deposits	-	524,935	524,935
Accrued interest payable	74,085	49,022	123,107
Compensated absences due within one year	544,118	74,997	619,115
Long-term debt due within one year	416,563	1,688,729	2,105,292
Unearned revenue	-	12,190	12,190
Due to primary government	-	-	-
<b>Current Liabilities</b>	<b>1,970,857</b>	<b>3,347,541</b>	<b>5,318,398</b>
Noncurrent liabilities due in more than one year:			
OPEB liability	593,836	80,480	674,316
Compensated absences, noncurrent	60,458	8,333	68,791
Landfill closure costs	-	186,600	186,600
Debt due in more than one year	15,904,619	22,315,325	38,219,944
	<b>16,558,913</b>	<b>22,590,738</b>	<b>39,149,651</b>
<b>Total Liabilities</b>	<b>18,529,769</b>	<b>25,938,279</b>	<b>44,468,048</b>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred pension inflows	2,716,972	368,222	3,085,194
Deferred OPEB inflows	13,738	1,861	15,599
<b>Total Deferred Inflows of Resources</b>	<b>2,730,710</b>	<b>370,083</b>	<b>3,100,793</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	23,272,989	49,052,873	72,325,862
Restricted for:			
Capital projects	465,668	-	465,668
Tourism	603,245	-	603,245
Pensions	1,917,948	259,932	2,177,880
Municipal court	10,294	-	10,294
Public safety	67,172	-	67,172
Debt service	202,148	696,505	898,653
Economic development	-	-	-
Unrestricted	11,542,774	10,366,625	21,909,399
<b>Total Net Position</b>	<b>\$ 38,082,238</b>	<b>\$ 60,375,935</b>	<b>\$ 98,458,173</b>

See Notes to Financial Statements.

<b>Component Unit</b>	
<b>Stephenville</b>	
<b>EDA</b>	
	13,863
	-
	-
	11,167
	-
	-
	41,273
	<u>66,303</u>
	13,551
	1,241
	-
	-
	<u>14,792</u>
	<u>81,095</u>
	61,999
	313
	<u>62,312</u>
	54,999
	-
	-
	-
	-
	-
	-
	1,144,165
	-
\$	<u><u>1,199,164</u></u>

# City of Stephenville, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 2,831,782	\$ 3,300	\$ 266,926	\$ -
Culture and recreation	2,511,374	325,601	16,929	270,177
Community development	488,792	415,772	-	900
Public safety	8,953,779	1,107,249	855,246	90,986
Streets	1,495,367	25,779	-	-
Interest and fiscal charges	402,914	-	-	-
<b>Total Governmental Activities</b>	<b>16,684,008</b>	<b>1,877,701</b>	<b>1,139,101</b>	<b>362,063</b>
<b>Business-Type Activities</b>				
Water and Wastewater	5,323,323	8,991,212	-	2,632,354
Storm Water Drainage	471,717	757,477	-	1,738,470
Airport	205,951	113,231	-	314,469
Sanitary Landfill	643,520	1,024,361	-	-
<b>Total Business-Type Activities</b>	<b>6,644,511</b>	<b>10,886,281</b>	<b>-</b>	<b>4,685,293</b>
<b>Total Primary Government</b>	<b>\$ 23,328,519</b>	<b>\$ 12,763,982</b>	<b>\$ 1,139,101</b>	<b>\$ 5,047,356</b>
<b>Component Unit</b>				
Stephenville Economic Development Authority	\$ 458,996	\$ -	\$ 34,000	\$ -
<b>Total Component Unit</b>	<b>\$ 458,996</b>	<b>\$ -</b>	<b>\$ 34,000</b>	<b>\$ -</b>

**General Revenues:**

- Taxes
  - Property tax
  - Sales tax
  - Franchise and other taxes
  - Hotel occupancy taxes
- Investment income
- Other revenues

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning Net Position

**Ending Net Position**

See Notes to Financial Statements.



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

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Stephenville EDA</b>
\$ (2,561,556)	\$ -	\$ (2,561,556)	\$ -
(1,898,667)	-	(1,898,667)	-
(72,120)	-	(72,120)	-
(6,900,298)	-	(6,900,298)	-
(1,469,588)	-	(1,469,588)	-
(402,914)	-	(402,914)	-
<u>(13,305,143)</u>	<u>-</u>	<u>(13,305,143)</u>	<u>-</u>
-	6,300,243	6,300,243	-
-	2,024,230	2,024,230	-
-	221,749	221,749	-
-	380,841	380,841	-
<u>-</u>	<u>8,927,063</u>	<u>8,927,063</u>	<u>-</u>
<u>(13,305,143)</u>	<u>8,927,063</u>	<u>(4,378,080)</u>	<u>-</u>
			<u>(424,996)</u>
			<u>(424,996)</u>
6,711,935	-	6,711,935	-
7,075,224	-	7,075,224	643,202
1,204,400	-	1,204,400	-
590,006	-	590,006	-
11,277	8,039	19,316	465
269,196	64,745	333,941	-
561,433	(561,433)	-	-
<u>16,423,471</u>	<u>(488,649)</u>	<u>15,934,822</u>	<u>643,667</u>
3,118,328	8,438,414	11,556,742	218,671
34,963,910	51,937,521	86,901,431	980,493
<u>\$ 38,082,238</u>	<u>\$ 60,375,935</u>	<u>\$ 98,458,173</u>	<u>\$ 1,199,164</u>

# City of Stephenville, Texas

*BALANCE SHEET (Page 1 of 2)*

## GOVERNMENTAL FUNDS

September 30, 2021

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 10,755,196	\$ 9,692,483	\$ 701,672	\$ 21,149,351
Restricted cash	63,604	-	-	63,604
Receivables, net	2,671,948	-	63,892	2,735,840
Inventory	6,760	-	-	6,760
Prepaid items	-	27,721	-	27,721
Due from other funds	-	-	96,031	96,031
Due from component unit	-	-	41,273	41,273
<b>Total Assets</b>	<b>\$ 13,497,508</b>	<b>\$ 9,720,204</b>	<b>\$ 902,868</b>	<b>\$ 24,120,580</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 866,752	\$ 51,554	\$ 17,785	\$ 936,091
Due to other funds	-	30,317	10,032	40,349
<b>Total Liabilities</b>	<b>866,752</b>	<b>81,871</b>	<b>27,817</b>	<b>976,440</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - Fines and fees	87,691	-	-	87,691
Unavailable revenue - EMS	423,653	-	-	423,653
Unavailable revenue - property taxes	66,264	-	2,224	68,488
<b>Total Deferred Inflows of Resources</b>	<b>577,608</b>	<b>-</b>	<b>2,224</b>	<b>579,832</b>

# City of Stephenville, Texas

*BALANCE SHEET (Page 2 of 2)*

## GOVERNMENTAL FUNDS

September 30, 2021

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Fund Balances</u></b>				
Nonspendable:				
Inventories	\$ 6,760	\$ -	\$ -	\$ 6,760
Prepaid items	-	27,721	-	27,721
Committed for:				
Debt service	252,873	-	-	252,873
Recreation Hall	136,750	-	-	136,750
Airport improvement	224,754	-	-	224,754
Grant match	150,000	-	-	150,000
Restricted for:				
Capital projects	-	9,610,612	-	9,610,612
Tourism	-	-	603,245	603,245
Municipal court	-	-	10,294	10,294
Public safety	-	-	67,172	67,172
Debt service	-	-	202,148	202,148
Unassigned reported in:				
General fund	11,282,011	-	-	11,282,011
Special revenue fund	-	-	(10,032)	(10,032)
<b>Total Fund Balances</b>	<b>12,053,148</b>	<b>9,638,333</b>	<b>872,827</b>	<b>22,564,308</b>
<b>Total Liabilities, Deferred</b>				
<b>Inflows and Fund Balances</b>	<b>\$ 13,497,508</b>	<b>\$ 9,720,204</b>	<b>\$ 902,868</b>	<b>\$ 24,120,580</b>

See Notes to Financial Statements.

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# City of Stephenville, Texas

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

September 30, 2021

<b>Fund Balances - Total Governmental Funds</b>	\$ 22,564,308
 <b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	6,420,893
Capital assets - net depreciable	24,068,423
 The net pension asset is not an available resource and, therefore, is not reported in the funds.	
	2,757,051
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Fines and fees receivable	87,691
Property tax receivable	68,488
EMS receivable	423,653
 Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.	
Deferred charges on refunding	12,862
Deferred pension outflows	1,877,869
Deferred OPEB outflows	125,388
 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.	
Deferred pension inflows	(2,716,972)
Deferred OPEB inflows	(13,738)
 Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.	
OPEB liability	(593,836)
Compensated absences	(604,575)
Accrued interest	(74,085)
Bond premium	(956,455)
Bond discount	1,390
Non-current liabilities due in one year	(416,563)
Non-current liabilities due in more than one year	(14,949,554)
<b>Net Position of Governmental Activities</b>	\$ 38,082,238

See Notes to Financial Statements.

# City of Stephenville, Texas

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

### GOVERNMENTAL FUNDS (Page 1 of 2)

For the Year Ended September 30, 2021

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property tax	\$ 6,398,403	\$ -	\$ 270,477	\$ 6,668,880
Sales tax	7,075,224	-	-	7,075,224
Franchise and other taxes	1,204,400	-	-	1,204,400
Hotel occupancy taxes	-	-	590,006	590,006
License and permits	371,076	2,506	-	373,582
Charges for services	403,394	536	-	403,930
Emergency services	819,513	-	-	819,513
Fines and forfeitures	101,482	-	18,171	119,653
Intergovernmental	242,017	-	3,207	245,224
Contributions and donations	1,248,740	900	-	1,249,640
Investment income	4,552	6,444	281	11,277
Other revenues	179,858	20,362	50,867	251,087
<b>Total Revenues</b>	<b>18,048,659</b>	<b>30,748</b>	<b>933,009</b>	<b>19,012,416</b>
<b>Expenditures</b>				
Current:				
General government	2,399,952	-	415,383	2,815,335
Culture and recreation	2,236,700	-	-	2,236,700
Community development	508,857	-	-	508,857
Public safety	8,836,703	-	391	8,837,094
Streets	763,640	444	-	764,084
Debt service:				
Principal retirement	307,316	-	190,000	497,316
Interest and fiscal charges	40,278	-	418,903	459,181
Capital outlay:				
General government	20,500	-	-	20,500
Culture and recreation	636,007	-	-	636,007
Public safety	292,634	-	-	292,634
Streets	43,847	4,519,175	-	4,563,022
<b>Total Expenditures</b>	<b>16,086,434</b>	<b>4,519,619</b>	<b>1,024,677</b>	<b>21,630,730</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	1,962,225	(4,488,871)	(91,668)	(2,618,314)

# City of Stephenville, Texas

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

### GOVERNMENTAL FUNDS (Page 2 of 2)

For the Year Ended September 30, 2021

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	1,132,622	967,565	673,479	2,773,666
Transfers (out)	(1,373,268)	(495,315)	(343,650)	(2,212,233)
Capital lease issuance	105,998	-	-	105,998
Loan issuance	91,003	-	-	91,003
Proceeds from sale of assets	19,451	-	-	19,451
<b>Total Other Financing Sources</b>	<b>(24,194)</b>	<b>472,250</b>	<b>329,829</b>	<b>777,885</b>
<b>Net Change in Fund Balances</b>	<b>1,938,031</b>	<b>(4,016,621)</b>	<b>238,161</b>	<b>(1,840,429)</b>
Beginning fund balances	10,115,117	13,654,954	634,666	24,404,737
<b>Ending Fund Balances</b>	<b>\$ 12,053,148</b>	<b>9,638,333</b>	<b>\$ 872,827</b>	<b>\$ 22,564,308</b>

See Notes to Financial Statements.

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# City of Stephenville, Texas

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

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

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

Net changes in fund balances - total governmental funds	\$ (1,840,429)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	5,512,163
Depreciation expense	(1,676,109)
Adjustment for sale of capital assets	(1,342)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	204,078
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense	576,140
Compensated absences	32,240
Other post employment benefits	(51,295)
Accrued interest	5,324
Amortization of deferred charges on refunding	(1,119)
Amortization of bond premium and discounts	52,062

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	503,616
Lease issuances	(197,001)

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 3,118,328</b>
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See Notes to Financial Statements.

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

	Business-Type Activities Enterprise Funds		
	Water and Wastewater	Storm Water Drainage	Nonmajor Airport
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 7,160,485	\$ 73,883	\$ 5,761
Restricted cash	13,638,670	93,480	-
Receivables, net	1,526,359	1,421,402	314
Prepaid items	6,972	-	120,887
Due from other funds	-	-	360,000
Inventories	236,240	-	-
<b>Total Current Assets</b>	<b>22,568,726</b>	<b>1,588,765</b>	<b>486,962</b>
<b><u>Noncurrent Assets</u></b>			
Net pension asset	312,336	-	1,277
Capital assets:			
Non-depreciable	3,830,206	2,159,382	3,755,316
Net depreciable capital assets	37,694,547	7,752,656	3,515,947
<b>Total Noncurrent Assets</b>	<b>41,837,089</b>	<b>9,912,038</b>	<b>7,272,540</b>
<b>Total Assets</b>	<b>64,405,815</b>	<b>11,500,803</b>	<b>7,759,502</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred charge on refunding	7,554	27,628	-
Deferred pension outflows	212,737	-	870
Deferred OPEB outflows	14,205	-	58
<b>Total Deferred Outflows of Resources</b>	<b>234,496</b>	<b>27,628</b>	<b>928</b>

**Business-Type Activities  
Enterprise Funds**

<b>Nonmajor</b>	
<b>Sanitary Landfill</b>	<b>Total</b>
\$ 1,427,525	\$ 8,667,654
-	13,732,150
27,733	2,975,808
-	127,859
-	360,000
-	236,240
<u>1,455,258</u>	<u>26,099,711</u>
60,040	373,653
40,000	9,784,904
1,571,884	50,535,034
<u>1,671,924</u>	<u>60,693,591</u>
<u>3,127,182</u>	<u>86,793,302</u>
-	35,182
40,894	254,501
2,731	16,994
<u>43,625</u>	<u>306,677</u>

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

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water and Wastewater</b>	<b>Storm Water Drainage</b>	<b>Nonmajor Airport</b>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable and accrued expenses	663,679	300,602	12,600
Customer deposits	521,035	-	-
Compensated absences due within one year	65,683	-	-
Current maturities of			
long-term liabilities	1,358,729	330,000	-
Due to other funds	-	415,682	-
Unearned revenue	-	-	12,190
Accrued interest	26,638	22,384	-
<b>Total Current Liabilities</b>	2,635,764	1,068,668	24,790
<b><u>Noncurrent Liabilities</u></b>			
OPEB liability - TMRS	67,273	-	275
Compensated absences, noncurrent	7,298	-	-
Landfill closure costs	-	-	-
Long-term liabilities	17,689,780	4,625,545	-
<b>Total Liabilities</b>	20,400,115	5,694,213	25,065
<b><u>Deferred Inflows of Resources</u></b>			
Deferred pension inflows	307,796	-	1,259
Deferred OPEB inflows	1,556	-	6
<b>Total Deferred Inflows of Resources</b>	309,352	-	1,265
<b><u>Net Position</u></b>			
Net investment in capital assets	35,486,201	4,683,525	7,271,263
Restricted for:			
Pensions	217,277	-	888
Debt service	603,025	93,480	-
Unrestricted	7,624,341	1,057,213	461,949
<b>Total Net Position</b>	\$ 43,930,844	\$ 5,834,218	\$ 7,734,100

See Notes to Financial Statements.

**Business-Type Activities**

**Enterprise Funds**

<b>Nonmajor Sanitary Landfill</b>	<b>Total</b>
20,787	997,668
3,900	524,935
9,314	74,997
-	1,688,729
-	415,682
-	12,190
-	49,022
<u>34,001</u>	<u>3,763,223</u>
12,932	80,480
1,035	8,333
186,600	186,600
-	22,315,325
<u>234,568</u>	<u>26,353,961</u>
59,167	368,222
299	1,861
<u>59,466</u>	<u>370,083</u>
1,611,884	49,052,873
41,767	259,932
-	696,505
1,223,122	10,366,625
<u>\$ 2,876,773</u>	<u>\$ 60,375,935</u>

# City of Stephenville, Texas

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Water and Wastewater	Storm Water Drainage	Nonmajor Airport
<b><u>Operating Revenues</u></b>			
Water revenue	\$ 5,205,695	\$ -	\$ -
Sewer revenue	3,785,517	-	-
Airport services	-	-	113,231
Storm drainage	-	757,477	-
Sanitation landfill	-	-	-
Other income	53,420	5,205	-
<b>Total Operating Revenues</b>	9,044,632	762,682	113,231
<b><u>Operating Expenses</u></b>			
Personnel services	-	-	4,925
Contractual services	-	-	-
Materials and supplies	-	-	-
Utilities administration and customer service	617,432	-	-
Water and production and distribution	1,489,883	-	-
Wastewater collection and treatment	1,316,671	-	-
Billing and collection	329,336	-	-
Stormwater	-	26,184	-
Airport operations	-	-	79,807
Depreciation	1,335,526	270,522	121,219
<b>Total Operating Expenses</b>	5,088,848	296,706	205,951
<b>Operating Income (Loss)</b>	3,955,784	465,976	(92,720)
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment income	7,150	395	-
Interest expense	(234,192)	(175,011)	-
Bank fees	(283)	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	(227,325)	(174,616)	-
<b>Income (Loss) Before Contributions and Transfers</b>	3,728,459	291,360	(92,720)
<b><u>Transfers</u></b>			
Capital grants and contributions	2,632,354	1,738,470	314,469
Transfers in	530,068	-	160,000
Transfers (out)	(958,299)	(264,439)	-
<b>Change in Net Position</b>	5,932,582	1,765,391	381,749
Beginning net position	37,998,262	4,068,827	7,352,351
<b>Ending Net Position</b>	\$ 43,930,844	\$ 5,834,218	\$ 7,734,100

See Notes to Financial Statements.

**Business-Type Activities  
Enterprise Funds**

<b>Nonmajor</b>	
<b>Sanitary Landfill</b>	<b>Total</b>
\$ -	\$ 5,205,695
-	3,785,517
-	113,231
-	757,477
1,024,361	1,024,361
6,120	64,745
<u>1,030,481</u>	<u>10,951,026</u>
211,220	216,145
45,020	45,020
187,399	187,399
-	617,432
-	1,489,883
-	1,316,671
-	329,336
-	26,184
-	79,807
199,881	1,927,148
<u>643,520</u>	<u>6,235,025</u>
<u>386,961</u>	<u>4,716,001</u>
494	8,039
-	(409,203)
-	(283)
<u>494</u>	<u>(401,447)</u>
387,455	4,314,554
-	4,685,293
-	690,068
(28,763)	(1,251,501)
<u>358,692</u>	<u>8,438,414</u>
2,518,081	51,937,521
<u>\$ 2,876,773</u>	<u>\$ 60,375,935</u>

# City of Stephenville, Texas

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

	Business-Type Activities		
	Enterprise Funds		
	Water and Wastewater	Storm Water Drainage	Nonmajor Airport
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 8,961,982	\$ (331,072)	\$ 113,189
Receipts (payments) from interfund transactions	-	415,682	(360,000)
Payments to suppliers and contractors	(3,447,801)	(26,184)	(39,158)
Payments to employees for salaries and benefits	(645,973)	-	(4,950)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>4,868,208</b>	<b>58,426</b>	<b>(290,919)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfer in	530,068	-	160,000
Transfer (out)	(958,299)	(264,439)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(428,231)</b>	<b>(264,439)</b>	<b>160,000</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Purchases of capital assets	(1,542,584)	(1,755,651)	(349,411)
Capital grants	2,632,354	1,738,470	314,469
Principal paid on capital debt	(1,344,609)	(315,000)	-
Change in landfill closure costs	-	-	-
Bank fees paid	(283)	-	-
Interest paid on capital debt	(243,461)	(184,447)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(498,583)</b>	<b>(516,628)</b>	<b>(34,942)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest on investments	7,150	395	-
<b>Net Cash Provided by Investing Activities</b>	<b>7,150</b>	<b>395</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,948,544</b>	<b>(722,246)</b>	<b>(165,861)</b>
Beginning cash and cash equivalents	16,850,611	889,609	171,622
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 20,799,155</b>	<b>\$ 167,363</b>	<b>\$ 5,761</b>

See Notes to Financial Statements.



**Business-Type Activities**

**Enterprise Funds**

<b>Nonmajor</b>	
<b>Sanitary Landfill</b>	<b>Total</b>
\$ 1,025,974	\$ 9,770,073
-	55,682
(229,013)	(3,742,156)
(222,217)	(873,140)
<u>574,744</u>	<u>5,210,459</u>
-	690,068
(28,763)	(1,251,501)
<u>(28,763)</u>	<u>(561,433)</u>
-	(3,647,646)
-	4,685,293
-	(1,659,609)
11,133	11,133
-	(283)
-	(427,908)
<u>11,133</u>	<u>(1,039,020)</u>
494	8,039
<u>494</u>	<u>8,039</u>
557,608	3,618,045
869,917	18,781,759
<u>\$ 1,427,525</u>	<u>\$ 22,399,804</u>

# City of Stephenville, Texas

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

	Business-Type Activities		
	Enterprise Funds		
	Water and Wastewater	Storm Water Drainage	Nonmajor Airport
<b>Reconciliation of Operating Income (Loss)</b>			
<b>to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ 3,955,784	\$ 465,976	\$ (92,720)
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,335,526	270,522	121,219
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	(228,402)	(1,342,481)	(42)
Inventory	2,322	-	-
Prepaid items	-	-	32,950
Deferred Outflows of Resources:			
Deferred pension charges	118,520	-	934
OPEB charges	(5,677)	-	(12)
<b>Increase (Decrease) in:</b>			
Accounts payable and accrued expenses	(314,233)	248,727	7,699
Customer deposits	145,752	-	-
Compensated absences	16,443	-	-
Due to (from) other funds	-	415,682	(360,000)
Net pension liability (asset)	(40,708)	-	202
OPEB liability	3,373	-	(73)
Deferred Inflows of Resources:			
Pension inflows	(121,759)	-	(1,080)
OPEB inflows	1,267	-	4
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 4,868,208</b>	<b>\$ 58,426</b>	<b>\$ (290,919)</b>

See Notes to Financial Statements.

**Business-Type Activities**

**Enterprise Funds**

<b>Nonmajor</b>		
<b>Sanitary Landfill</b>		<b>Total</b>
\$ 386,961	\$	4,716,001
199,881		1,927,148
(4,607)		(1,575,532)
-		2,322
-		32,950
9,606		129,060
(1,431)		(7,120)
3,406		(54,401)
100		145,852
2,332		18,775
-		55,682
(18,630)		(59,136)
3,190		6,490
(6,319)		(129,158)
255		1,526
<u>\$ 574,744</u>	<u>\$</u>	<u>5,210,459</u>

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# City of Stephenville, Texas

## NOTES TO FINANCIAL STATEMENTS

September 30, 2021

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

#### B. Reporting Entity

The City of Stephenville, Texas (the "City"), was incorporated in 1889, and operates as a home rule City. The City operates under a council-manager form of government and provides the following services as authorized by its charter: general government, public safety (police, fire, and EMS), highway and streets, culture and recreation, community development (planning and zoning, licensing, permitting, and inspection), water and wastewater system, storm water drainage, airport, and sanitary landfill.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Stephenville Economic Development Authority (the "SEDA") although legally separate, is considered part of the reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

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

such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Discretely Presented Component Unit**

Stephenville Economic Development Authority

The SEDA is governed by a board of seven members, all of whom are appointed by the City Council of the City of Stephenville, Texas and whom can be removed from office by the City Council at its will. SEDA has potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. SEDA was incorporated in the state of Texas in 2015. The nature and significance of the relationship between the primary government and SEDA is such that exclusion would cause the City's financial statements to be misleading and incomplete.

Separate financial statements for SEDA as of and for the fiscal year ended September 30, 2021 are not prepared.

**Blended Component Unit**

Tax Increment Financing Fund

The Tax Increment Financing fund was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. The tax increment is derived from the difference in appraised value between the year in which the reinvestment zone is established (base year) and each year the reinvestment zone is in existence. The Board is comprised of eight City Council Members, the Mayor, and two members appointed by the Stephenville Economic Development Authority. The TIF Board is substantially the same as City Council and the fund functions similar to a department of the City. As such, the TIF Fund is reported as a blended component unit/special revenue fund. Separate audited financial statements are not available.

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

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

As discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

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

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

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

The government reports the following major governmental funds:

**General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, emergency services, and charges for services. Expenditures include general government, public safety, streets, culture and recreation, and community development.

**Capital Projects Fund**

This fund was established to account for resources to be used for the acquisition or construction of general major capital facilities. Financing is provided primarily from bond proceeds and transfers from the general fund.

The government reports the following major enterprise funds:

**Water and Wastewater Fund**

The water and wastewater fund accounts for the operation of the water distribution system and the wastewater treatment plants, wastewater pumping stations, and collection systems.

**Storm Water Drainage Fund**

The storm water drainage fund is used to account for the activities necessary for the provisions of storm water drainage services.

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

Additionally, the government reports the following fund types:

**Special Revenue Funds**

The City accounts for resources restricted to, or designated for, specific purposes (not including expendable trusts or major capital projects) in a special revenue fund. These funds consist of the hotel/motel tax, child safety, public safety, municipal court technology, and TIF funds.

**Debt Service Fund**

The City's debt service fund accounts for the accumulation of resources to service the City's governmental long-term debt.

**Airport Fund**

The Airport fund accounts for municipal airport services and to support air transportation and charter services. This fund is presented as a nonmajor proprietary fund.

**Sanitary Landfill Fund**

This fund is used to account for solid waste collection and disposal services provided to the residents of the City. This fund is presented as a nonmajor proprietary fund.

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

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



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

**D. Measurement focus and basis of accounting**

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities. The City of Stephenville does not have any pension and other postemployment benefit trust, private-purpose trust or agency funds.

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

**E. Assets, Liabilities, Deferred Outflows / Inflows, and Fund Equity or Net Position**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price. The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

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

**2. Fair Value**

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

**3. Receivables and Interfund Transactions**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

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

**4. Inventories and Prepaid Items**

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

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and capital items received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

<b>Asset Description</b>	<b>Estimated Useful Life</b>
Airport improvements	40 years
Waterworks and sanitation system	33 1/3 years
Infrastructure	20 years
Buildings and improvements	20 - 40 years

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

**6. 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. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, fines and fees, and EMS. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**7. Net Position Flow Assumption**

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

**8. Fund Balance Flow Assumptions**

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

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

unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**9. Fund Balance Policies**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

The government has adopted a policy to maintain a minimum reserve of unassigned fund balance in the general fund at an amount equal to or greater than 25% of budgeted expenditures of that fund.

**10. Long-Term Obligations**

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims

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

and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

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

**11. Pensions**

For purposes of measuring the net pension liability (asset), 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.

**12. Other Postemployment Benefits ("OPEB")**

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers

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

and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

**13. Estimates**

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

**F. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

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

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislature creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for a State Property Tax Board which commenced operation in January 1980. The appraisal of property within the City is the responsibility of the Erath County Tax Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment rations. The value of real property within the Appraisal District must be reviewed at least every four years. The City, at its own expense, may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. If the adopted tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements and revaluation, exceeds the rate of the previous year by more than three & one-half percent (voter-approval tax rate), an automatic property tax election is required. However, Cities with a population under 30,000, have the option to calculate a de minimis tax rate that would generate \$500,000 in more property tax revenue than that of the previous year. If the approved tax rate is above the voter-approval rate but less than the de minimis rate, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than three and one-half percent above the rate of the previous year.

**3. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits up to specified limits. Employees can carry forward unused sick leave benefits, however, no liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide, and proprietary fund type statement of net position. Compensated absences are reported in governmental funds only if they have matured for example, as a result of employee's resignation and retirement.

**4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund, storm water drainage, airport, and sanitary landfill funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and



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

depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general fund, special revenue funds, and debt service fund. Budgets are adopted for the proprietary fund annually only as a management tool. Capital projects funds do not present a budget comparison since project length financial plans usually extend into two or more fiscal years, thus making comparisons confusing and misleading. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year, unless legally encumbered. Several supplemental budget appropriations were made during the year.

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

**A. Restricted Fund Equity**

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

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

		<u>Restricted</u>	
Tourism	\$	603,245	*
Municipal court		10,294	*
Public safety		67,172	*
Debt service		202,148	
Capital projects		9,610,612	
<b>Total</b>	<b>\$</b>	<b>10,493,471</b>	

\* Restricted by enabling legislation

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 43,661,385	0.10
Total value	<u>\$ 43,661,385</u>	
Portfolio weighted average maturity		0.10

As of September 30, 2021, the SEDA, a discretely presented component unit, had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 1,052,622	0.10
Total value	<u>\$ 1,052,622</u>	
Portfolio weighted average maturity		0.10

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

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

*Credit risk:* The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2021, the City's investment in investment pools were rated AAAM by Standard & Poor's.

*Custodial credit risk – deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of at least 102% of the principal amount of the deposits. As of September 30, 2021, the market values of pledged securities and FDIC exceeded bank balances and State requirements.

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

**TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must

**City of Stephenville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

**TexSTAR**

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

**B. Receivables**

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

	<b>Governmental Activities</b>			
	<b>Nonmajor</b>		<b>Total</b>	
	<b>General</b>	<b>Governmental</b>		
Property taxes	\$ 125,325	\$ 7,374	\$ 132,699	
Sales and mixed beverage tax	1,393,005	-	1,393,005	
Franchise tax	25,261	-	25,261	
Hotel/motel taxes	-	60,194	60,194	
Court	297,925	-	297,925	
Ambulance billing	1,617,419	-	1,617,419	
Other	527,033	365	527,398	
Allowance	(1,314,020)	(4,041)	(1,318,061)	
	\$ 2,671,948	\$ 63,892	\$ 2,735,840	

	<b>Business-Type Activities</b>				<b>Total</b>
	<b>Water and Wastewater</b>	<b>Storm Water Drainage</b>	<b>Airport</b>	<b>Sanitary Landfill</b>	
	Accounts	\$ 2,177,262	\$ 1,444,673	\$ -	
Other	38,114	-	314	-	38,428
Allowance	(689,017)	(23,271)	-	-	(712,288)
	\$ 1,526,359	\$ 1,421,402	\$ 314	\$ 27,733	\$ 2,975,808

**City of Stephenville, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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The SEDA, a discretely presented component unit, had receivables of \$126,323 as of yearend which consisted entirely of sales tax.

**C. Capital Assets**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 2,676,079	\$ 2,952,283	\$ -	\$ 5,628,362
Construction in progress	673,453	729,022	(609,944)	792,531
Total capital assets not being depreciated	<u>3,349,532</u>	<u>3,681,305</u>	<u>(609,944)</u>	<u>6,420,893</u>
Capital assets, being depreciated:				
Buildings and improvements	7,275,602	182,380	-	7,457,982
Machinery and equipment	11,081,390	387,437	249,184	11,718,011
Infrastructure	28,264,517	1,261,041	347,345	29,872,903
Total capital assets being depreciated	<u>46,621,509</u>	<u>1,830,858</u>	<u>596,529</u>	<u>49,048,896</u>
Less accumulated depreciation				
Buildings and improvements	2,451,482	188,335	-	2,639,817
Machinery and equipment	7,088,872	540,834	(12,073)	7,617,633
Infrastructure	13,776,083	946,940	-	14,723,023
Total accumulated depreciation	<u>23,316,437</u>	<u>1,676,109</u>	<u>(12,073)</u>	<u>24,980,473</u>
Net capital assets being depreciated	23,305,072	154,749	608,602	24,068,423
<b>Total Capital Assets</b>	<u>\$ 26,654,604</u>	<u>\$ 3,836,054</u>	<u>\$ (1,342)</u>	<u>\$ 30,489,316</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 75,165
Public safety	529,495
Streets	747,544
Culture and recreation	323,905
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 1,676,109</u>

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

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 4,408,826	\$ 438,401	\$ -	\$ 4,847,227
Construction in progress	8,755,578	2,430,197	(6,248,098)	4,937,677
Total capital assets not being depreciated	<u>13,164,404</u>	<u>2,868,598</u>	<u>(6,248,098)</u>	<u>9,784,904</u>
Capital assets, being depreciated:				
Buildings and improvements	19,935,627	-	-	19,935,627
Machinery and equipment	5,463,708	30,324	-	5,494,032
Infrastructure	60,884,223	748,724	6,248,098	67,881,045
Total capital assets being depreciated	<u>86,283,558</u>	<u>779,048</u>	<u>6,248,098</u>	<u>93,310,704</u>
Less accumulated depreciation				
Buildings and improvements	6,302,316	487,109	-	6,789,425
Machinery and equipment	3,504,367	259,393	-	3,763,760
Infrastructure	31,041,839	1,180,646	-	32,222,485
Total accumulated depreciation	<u>40,848,522</u>	<u>1,927,148</u>	<u>-</u>	<u>42,775,670</u>
Net capital assets being depreciated	45,435,036	(1,148,100)	6,248,098	50,535,034
<b>Total Capital Assets</b>	<u>\$ 58,599,440</u>	<u>\$ 1,720,498</u>	<u>\$ -</u>	<u>\$ 60,319,938</u>

Depreciation was charged to business-type activities as follows:

Water	\$ 668,378
Sewer	667,148
Storm water drainage	270,522
Airport Fund	121,219
Landfill	199,881
<b>Total Business-type Activities Depreciation Expense</b>	<u>\$ 1,927,148</u>

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

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ -	\$ 60,438	\$ -	\$ 60,438
Total capital assets being depreciated	<u>-</u>	<u>60,438</u>	<u>-</u>	<u>60,438</u>
Less accumulated depreciation				
Machinery and equipment	-	5,439	-	5,439
Total accumulated depreciation	<u>-</u>	<u>5,439</u>	<u>-</u>	<u>5,439</u>
Net capital assets being depreciated	<u>-</u>	<u>54,999</u>	<u>-</u>	<u>54,999</u>
<b>Total Capital Assets</b>	<u>\$ -</u>	<u>\$ 54,999</u>	<u>\$ -</u>	<u>\$ 54,999</u>

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

**D. Long-term Debt**

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2021. In general, the City uses the debt service fund and general fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
Certificates of Obligation	\$ 14,465,000	\$ -	\$ (190,000)	\$ 14,275,000	\$ 200,000
Capital lease obligations	1,207,732	105,998	(313,616)	1,000,114	199,538
Notes payable	-	91,003	-	91,003	17,025
Less deferred amounts:					
For discounts	(1,523)	-	133	(1,390)	-
For premiums	1,008,650	-	(52,195)	956,455	-
<b>Total Governmental Activities</b>	<u>\$ 16,679,859</u>	<u>\$ 197,001</u>	<u>\$ (555,678)</u>	<u>\$ 16,321,182</u>	<u>\$ 416,563</u>
				<u>\$ 15,904,619</u>	
					<u>\$ 15,904,619</u>
<b>Business-Type Activities:</b>					
General Obligation Bonds	\$ 3,250,000	\$ -	\$ (75,000)	\$ 3,175,000	\$ 80,000
Certificates of Obligation	20,860,000	-	(1,250,000)	19,610,000	1,280,000
Capital lease obligations	1,415,018	-	(334,609)	1,080,409	328,729
Less deferred amounts:					
For discounts	(19,724)	-	1,578	(18,146)	-
For premiums	170,424	-	(13,633)	156,791	-
<b>Total Business-Type Activities</b>	<u>\$ 25,675,718</u>	<u>\$ -</u>	<u>\$ (1,671,664)</u>	<u>\$ 24,004,054</u>	<u>\$ 1,688,729</u>
				<u>\$ 22,315,325</u>	
					<u>\$ 22,315,325</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.



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

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

	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Total</b>
<b>Certificates of Obligation:</b>			
\$4,000,000 Certificates of Obligation, Series 2011, due in annual installments through 2031, interest at 1.75-4.25%	\$ 2,415,000	\$ -	\$ 2,415,000
\$11,860,000 Certificates of Obligation, Series 2020, due in annual installments through 2040, interest at 2-4%	11,860,000	-	11,860,000
\$4,300,000 Certificates of Obligation, Series 2006A, due in annual installments through 2027, interest at 3.92% semi-annually	-	1,660,000	1,660,000
\$1,000,000 Certificates of Obligation, Series 2013 due in annual installments through 2024, interest at 2.49% semi-annually	-	555,000	555,000
\$2,040,000 Certificates of Obligation Bonds, Series 2016 due in annual installments through 2027, interest at 1.84% semi-annually	-	1,950,000	1,950,000
\$17,030,000 Certificates of Obligation Bonds, Series 2018, due in annual installments through 2039, interest at 0.18% to 1.33% semi-annually	-	15,445,000	15,445,000
<b>Total Certificates of Obligation</b>	<b>\$ 14,275,000</b>	<b>\$ 19,610,000</b>	<b>\$ 33,885,000</b>
<b>General Obligation Bonds:</b>			
\$4,775,000 General Obligation Refunding, Series 2013, due in annual installments through 2033, interest at 2.0% to 4.0%	\$ -	\$ 3,175,000	\$ 3,175,000
<b>Total General Obligation Bonds</b>	<b>\$ -</b>	<b>\$ 3,175,000</b>	<b>\$ 3,175,000</b>
Less deferred amounts:			
Issuance premium	\$ 956,455	\$ 156,791	\$ 1,113,246
Issuance discounts	(1,390)	(18,146)	(19,536)
Total deferred amounts	\$ 955,065	\$ 138,645	\$ 1,093,710
Notes payable	91,003	-	91,003
Capital lease obligations	1,000,114	1,080,409	2,080,523
<b>Total Long-Term Debt</b>	<b>\$ 16,321,182</b>	<b>\$ 24,004,054</b>	<b>\$ 40,325,236</b>

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

The annual requirements to amortize the City's long-term activities debt issues outstanding at year ending were as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Combination Tax and Revenue Certificates of Obligations</u>		
	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 200,000	\$ 413,100	\$ 613,100
2023	695,000	397,225	1,092,225
2024	725,000	370,925	1,095,925
2025	755,000	343,525	1,098,525
2026	785,000	315,025	1,100,025
2027	820,000	300,481	1,120,481
2028	855,000	266,356	1,121,356
2029	885,000	230,906	1,115,906
2030	930,000	193,925	1,123,925
2031	955,000	162,163	1,117,163
2032	680,000	142,550	822,550
2033	695,000	128,800	823,800
2034	710,000	114,750	824,750
2035	725,000	100,400	825,400
2036	740,000	85,750	825,750
2037	755,000	70,800	825,800
2038	770,000	55,550	825,550
2039	785,000	36,075	821,075
2040	810,000	12,150	822,150
	<u>\$ 14,275,000</u>	<u>\$ 3,740,456</u>	<u>\$ 18,015,456</u>

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

Combination Tax and Revenue Certificates of Obligations

<u>Year ending</u> <u>September 30,</u>	<u>Business-Type Activites</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,280,000	\$ 261,767	\$ 1,541,767
2023	1,265,000	243,345	1,508,345
2024	1,285,000	223,826	1,508,826
2025	1,695,000	199,761	1,894,761
2026	1,730,000	171,085	1,901,085
2027	1,755,000	140,876	1,895,876
2028	830,000	121,510	951,510
2029	840,000	113,368	953,368
2030	845,000	104,731	949,731
2031	855,000	95,635	950,635
2032	865,000	86,088	951,088
2033	875,000	76,082	951,082
2034	885,000	65,565	950,565
2035	895,000	54,528	949,528
2036	910,000	43,020	953,020
2037	920,000	31,125	951,125
2038	935,000	18,881	953,881
2039	945,000	6,332	951,332
	<u>\$ 19,610,000</u>	<u>\$ 2,057,524</u>	<u>\$ 21,667,524</u>

General Obligation Bonds

<u>Year ending</u> <u>September 30,</u>	<u>Business-Type Activites</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 80,000	\$ 113,200	\$ 193,200
2023	80,000	111,200	191,200
2024	80,000	108,800	188,800
2025	85,000	106,325	191,325
2026	85,000	103,775	188,775
2027	90,000	101,150	191,150
2028	405,000	93,725	498,725
2029	420,000	80,825	500,825
2030	440,000	65,200	505,200
2031	450,000	47,400	497,400
2032	470,000	29,000	499,000
2033	490,000	9,800	499,800
	<u>\$ 3,175,000</u>	<u>\$ 970,400</u>	<u>\$ 4,145,400</u>

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

Governmental assets under capital lease consist of vehicles and have an original purchase value of \$1,566,519 and a current net book value of \$1,278,611 of year end.

Business-type assets under capital lease consist of water meters and infrastructure and have an original purchase value of \$2,988,450 and a current net book value of \$2,494,598 of year end.

The annual requirements to amortize capital leases outstanding at year ending were as follows:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 199,538	\$ 33,433	\$ 232,971
2023	146,162	26,195	172,357
2024	144,619	21,438	166,057
2025	121,419	16,517	137,936
2026	125,353	12,583	137,936
2027	129,414	8,522	137,936
2028	133,609	4,329	137,938
<b>Total</b>	<u>\$ 1,000,114</u>	<u>\$ 123,016</u>	<u>\$ 1,123,130</u>

<u>Year ending September 30,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 328,729	\$ 25,545	\$ 354,274
2023	371,065	16,868	387,934
2024	380,615	7,317	387,932
<b>Total</b>	<u>\$ 1,080,409</u>	<u>\$ 49,730</u>	<u>\$ 1,130,139</u>

The annual requirements to amortize notes payable outstanding at year ending were as follows:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 17,025	\$ 2,876	\$ 19,901
2023	17,684	2,217	19,901
2024	18,213	1,688	19,901
2025	18,759	1,142	19,901
2026	19,322	579	19,901
<b>Total</b>	<u>\$ 91,003</u>	<u>\$ 8,502</u>	<u>\$ 99,505</u>

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

**E. Other Long-term Liabilities**

The following is a summary of changes in the City's total other long-term liabilities for the year ended September 30, 2021. In general, the City uses the general fund to liquidate governmental compensated absences.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 636,815	\$ 523,038	\$ (555,278)	\$ 604,575	\$ 544,118
<b>Total Governmental Activities</b>	<u>\$ 636,815</u>	<u>\$ 523,038</u>	<u>\$ (555,278)</u>	<u>\$ 604,575</u>	<u>\$ 544,118</u>
				<u>Long-term liabilities due in more than one year</u>	<u>\$ 60,457</u>
<b>Business-Type Activities:</b>					
Estimated landfill closure and postclosure cost	\$ 175,467	\$ 11,133	\$ -	\$ 186,600	-
Compensated Absences	64,555	75,259	(56,484)	83,330	74,997
<b>Total Business-Type Activities</b>	<u>\$ 240,022</u>	<u>\$ 86,392</u>	<u>\$ (56,484)</u>	<u>\$ 269,930</u>	<u>\$ 74,997</u>
				<u>Long-term liabilities due in more than one year</u>	<u>\$ 194,933</u>
<b>Component Unit Activities:</b>					
Compensated Absences	\$ 10,964	\$ 1,444	\$ -	\$ 12,408	\$ 11,167
<b>Total Component Unit Activities</b>	<u>\$ 10,964</u>	<u>\$ 1,444</u>	<u>\$ -</u>	<u>\$ 12,408</u>	<u>\$ 11,167</u>
				<u>Long-term liabilities due in more than one year</u>	<u>\$ 1,241</u>

**F. Deferred Charges on Refunding**

Deferred charges resulting from the issuance of general obligation refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding bonds. Current year balances for governmental and business-type activities totaled \$12,862 and \$35,182, respectively. Current year amortization expense for governmental and business-type activities totaled \$1,119 and \$4,764, respectively.

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

**G. Interfund Transactions**

Transfers between the primary government funds during the 2021 year were as follows:

<b>Transfer out:</b>	<b>Transfer In:</b>					<b>Total</b>
	<b>General</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental</b>	<b>Water &amp; Wastewater</b>	<b>Airport</b>	
General	\$ -	\$ 967,565	\$ 245,703	\$ -	\$ 160,000	\$ 1,373,268
Capital projects	-	-	-	495,315	-	495,315
Nonmajor Govt	-	-	343,650	-	-	343,650
Water & Wastewater	939,604	-	18,695	-	-	958,299
Stormwater Drainage	164,255	-	65,431	34,753	-	264,439
Nonmajor Enterprise	28,763	-	-	-	-	28,763
<b>Total</b>	<b>\$ 1,132,622</b>	<b>\$ 967,565</b>	<b>\$ 673,479</b>	<b>\$ 530,068</b>	<b>\$ 160,000</b>	<b>\$ 3,463,734</b>

Transfers between funds were primarily to support capital projects, internal administration costs, debt service, and operation of funds.

The compositions of interfund balances as of the year ended September 30, 2021 were as follows:

<b>Due to (payable):</b>	<b>Due from (receivable):</b>		
	<b>Nonmajor</b>		<b>Total</b>
	<b>Govt</b>	<b>Airport</b>	
Capital projects	\$ 30,317	\$ -	30,317
Stormwater drainage	55,682	360,000	415,682
Nonmajor governmental	10,032	-	10,032
<b>Total</b>	<b>\$ 96,031</b>	<b>\$ 360,000</b>	<b>\$ 456,031</b>

<b>Due to (payable):</b>	<b>Due from (receivable):</b>
	<b>Nonmajor</b>
SEDA (Component Unit)	\$ 41,273
<b>Total</b>	<b>\$ 41,273</b>

Interfund receivables and payables related to negative cash positions in pooled cash equity and various amounts used to cover operational and capital expenditures. All balances are expected to be resolved in the subsequent year.

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

**V. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Commitments and Contingent Liabilities**

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

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

The City had the following construction commitments as of year end:

Project	Spent to Date	Contract Amount	Remaining Commitment
Eastside Sewer Project - Engineering	\$ 706,238	\$ 707,182	\$ 944
Eastside Sewer Project - Construction Materials Testing	20,565	34,458	13,893
Eastside Sewer Project - Project Management	138,955	165,000	26,045
Green Ribbon Grant Median Improvements	40,400	41,000	600
536 Well Field Development - Engineering	79,075	450,000	370,925
Airport Extension	281,232	294,953	13,721
377 Ground Storage Tank - Engineering	82,555	85,200	2,645
Airport Pump Station Expansion	186,270	287,500	101,230
South Lockhart Rd Engineering	86,909	92,378	5,469
CDBG GLO Project Grosebeck Storm Drainage-Engineering	165,640	202,000	36,360
CDBG GLO Project Grosebeck Storm Drainage-Admin Svcs	92,850	108,000	15,150
	<u>\$ 1,880,689</u>	<u>\$ 2,467,671</u>	<u>\$ 586,982</u>

**C. Municipal Solid Waste Landfill Closure and Post Closure Costs**

The City has constructed a Type IV sanitary landfill, which began operations on December 1, 1995. This facility is permitted to accept only brush and/or construction demolition wastes and rubbish free of household wastes.

State and federal laws and regulation require the City to place a final cover on the landfill site when it stops accepting waste to perform certain maintenance and monitoring functions at the site for a period of five years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City will report a portion of these closure and post closure costs as an operating expense in each period based on landfill capacity used to date. Estimated closure and 5-year post closure costs are approximately \$443,581. The landfill site has an estimate net capacity of 1,216,156 cubic yards and is expected to be closed within the next 20-30 years; approximately 42.07% of the landfill was used at yearend. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City has received written authorization from the state that no annual contributions are required, thus the intent of the City is to fund the required expenses as incurred.

**D. Defined Benefit Pension Plans**

**1. Plan Description**

The City of Stephenville, Texas participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal



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

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 annual comprehensive financial report (ACFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**2. Benefits Provided**

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

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

The general and enterprise funds have typically been used to liquidate the liability for pension and OPEB balances.

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

Plan provisions for the City were as follows:

	<u>Plan Year 2020</u>	<u>Plan Year 2019</u>
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	0% of CPI	0% of CPI
Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

**Employees covered by benefit terms**

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

Inactive employees or beneficiaries currently receiving benefits	110
Inactive employees entitled to but not yet receiving benefits	132
Active employees	<u>158</u>
<b>Total</b>	<b><u>400</u></b>

**3. Contributions**

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, 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 City's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Stephenville, Texas were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Stephenville, Texas were 6.67% and 7.05% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$642,735, and were equal to the required contributions.

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

**4. Net Pension Liability (Asset)**

The City's Net Pension Liability (Asset) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions**

The Total Pension Liability (Asset) in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

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

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

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

recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

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

**Discount Rate**

The discount rate used to measure the Total Pension Liability (Asset) 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 members. 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 (Asset). Of the total pension (asset), \$3,130,704 is related to the primary government and \$62,914 is attributable to discretely presented component units.

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

**Changes in the Net Pension Liability (Asset)**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Total Net Pension Liability (Asset) (a) – (b)</b>	<b>Primary Government</b>	<b>Component Unit</b>
<b>Balance at 12/31/2019</b>	\$ 41,990,975	\$ 44,455,838	\$ (2,464,863)	\$ (2,417,291)	\$ (47,572)
Changes for the year:					
Service cost	1,239,233	-	1,239,233	1,214,820	24,413
Interest	2,803,005	-	2,803,005	2,747,786	55,219
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(264,202)	-	(264,202)	(258,997)	(5,205)
Changes of assumptions	-	-	-	-	-
Contributions – employer	-	609,114	(609,114)	(597,115)	(11,999)
Contributions – employee	-	547,929	(547,929)	(537,135)	(10,794)
Net investment income	-	3,372,435	(3,372,435)	(3,305,998)	(66,437)
Benefit payments, including refunds of emp. contributions	(2,169,177)	(2,169,177)	-	-	-
Administrative expense	-	(21,835)	21,835	21,405	430
Other changes	-	(852)	852	1,821	(969)
Net changes	1,608,859	2,337,614	(728,755)	(713,413)	(15,342)
<b>Balance at 12/31/2020</b>	<b>\$ 43,599,834</b>	<b>\$ 46,793,452</b>	<b>\$ (3,193,618)</b>	<b>\$ (3,130,704)</b>	<b>\$ (62,914)</b>

The components of the beginning and ending net pension liability for the primary government and component unit were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) – (b)</b>
<b>Beginning</b>			
Primary Government	\$ 41,180,547	\$ 43,597,838	\$ (2,417,291)
Component Unit	810,428	858,000	(47,572)
<b>Balance at 12/31/2019</b>	<b>\$ 41,990,975</b>	<b>\$ 44,455,838</b>	<b>\$ (2,464,863)</b>
<b>Ending</b>			
Primary Government	\$ 42,740,921	\$ 45,871,625	\$ (3,130,704)
Component Unit	858,913	921,827	(62,914)
<b>Balance at 12/31/2020</b>	<b>\$ 43,599,834</b>	<b>\$ 46,793,452</b>	<b>\$ (3,193,618)</b>

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

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) 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:

**Primary Government**

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 2,305,234	\$ (3,130,704)	\$ (7,649,513)

**Component Unit**

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 46,326	\$ (62,914)	\$ (153,723)

**Total**

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 2,351,560	\$ (3,193,618)	\$ (7,803,236)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2021, the City recognized pension expense of \$18,482. Of this amount, \$18,118 is related to the primary government and \$364 is attributable to discretely presented component unit.

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

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

	<u>Deferred</u> <u>Outflows of Resources</u>	<u>Deferred</u> <u>(Inflows) of Resources</u>
<b>Primary Government:</b>		
Difference between projected and actual investment earnings	\$ 1,565,861	\$ (2,802,079)
Differences between expected and actual economic experience	35,987	(283,115)
Difference in assumption changes	20,697	-
Contributions subsequent to the measurement date	509,825	-
<b>Component Unit:</b>		
Difference between projected and actual investment earnings	31,477	(56,310)
Differences between expected and actual economic experience	723	(5,689)
Difference in assumption changes	416	-
Contributions subsequent to the measurement date	10,236	-
<b>Total</b>	<u>\$ 2,175,222</u>	<u>\$ (3,147,193)</u>

The primary government and component unit reported \$509,825 and \$10,236, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2022.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<u>Total</u>	<u>Primary</u> <u>Government</u>	<u>Component</u> <u>Unit</u>
2021	\$ (554,920)	\$ (543,988)	\$ (10,932)
2022	(16,935)	(16,601)	(334)
2023	(824,587)	(808,343)	(16,244)
2024	(95,590)	(93,717)	(1,873)
2025	-	-	-
Thereafter	-	-	-
	<u>\$ (1,492,032)</u>	<u>\$ (1,462,649)</u>	<u>\$ (29,383)</u>

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

**Other Postemployment Benefits**

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

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

The City offers supplemental death to:	Plan Year 2020	Plan Year 2019
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

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

**Employees covered by benefit terms**

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

Inactive employees or beneficiaries currently receiving benefits	84
Inactive employees entitled to but not yet receiving benefits	26
Active employees	158
<b>Total</b>	<b>268</b>

The City’s contributions to the TMRS SDBF for the years ended 2021, 2020, and 2019 were \$11,334, \$4,567, and \$4,366, respectively, which equaled the required contributions each year.



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

Schedule of Contribution Rates  
*(RETIREE-only portion of the rate)*

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2019	0.05%	0.05%	100.0%
2020	0.05%	0.05%	100.0%
2021	0.15%	0.15%	100.0%

**Total OPEB Liability**

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

**Actuarial assumptions:**

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	2.00%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. For service retirees and beneficiary mortality rates, the OPEB liability and the OPEB contribution rates utilized the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. For disabled annuitants mortality rates, the OPEB liability and the OPEB contribution rates utilized the 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% 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.

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

**Discount Rate:**

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

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

**Primary Government:**

1% Decrease 1.00%	Current Single Rate Assumption 2.00%	1% Increase 3.00%
\$ 824,124	\$ 674,316	\$ 559,957

**Component Unit:**

1% Decrease 1.00%	Current Single Rate Assumption 2.00%	1% Increase 3.00%
\$ 16,561	\$ 13,551	\$ 11,253

**Total:**

1% Decrease 1.00%	Current Single Rate Assumption 2.00%	1% Increase 3.00%
\$ 840,685	\$ 687,867	\$ 571,210

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

**Changes in the Total OPEB Liability:**

	<u>Total OPEB Liability</u>	<u>Primary Government</u>	<u>Component Unit</u>
<b>Balance at 12/31/2019</b>	\$ 579,852	\$ 568,661	\$ 11,191
Changes for the year:			
Service Cost	22,830	22,380	450
Interest	16,197	15,878	319
Difference between expected and actual experience	(16,587)	(16,260)	(327)
Changes of assumptions	90,141	88,365	1,776
Benefit payments	(4,566)	(4,476)	(90)
Other changes	-	(232)	232
Net changes	108,015	105,655	2,360
<b>Balance at 12/31/2020</b>	<u>\$ 687,867</u>	<u>\$ 674,316</u>	<u>\$ 13,551</u>

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$64,781. Of this amount, \$63,527 is related to the primary government and \$1,254 is attributable to discretely presented component unit.

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

<u>Primary Government</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ (15,599)
Differences in assumptions	132,520	-
Contributions subsequent to measurement date	9,862	-
<b>Total</b>	<u>\$ 142,382</u>	<u>\$ (15,599)</u>

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

<u>Component Unit</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ (313)
Differences in assumptions	2,663	-
Contributions subsequent to measurement date	198	-
<b>Total</b>	<u>\$ 2,861</u>	<u>\$ (313)</u>

The primary government and component unit reported \$9,862 and \$198, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2022.

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

<b>Year ended December 31:</b>	<b>Total</b>	<b>Primary Government</b>	<b>Component Unit</b>
2021	\$ 25,754	\$ 25,247	\$ 507
2022	25,754	25,247	507
2023	24,282	23,804	478
2024	22,183	21,746	437
2025	18,244	17,885	359
Thereafter	3,054	2,994	60
	<u>\$ 119,271</u>	<u>\$ 116,921</u>	<u>\$ 2,350</u>

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

**E. Tax Abatement Disclosures**

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with one entity as of September 30, 2021:

<u>Purpose</u>	Percentage of Taxes Abated during	Amount of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
	the Fiscal Year	Property Tax	Sales Tax
Construction of a well service pump facility by F.M.C. Technologies, Inc. for commercial or industrial purposes.	35%	\$ 19,906	\$ -
Purchase of capital machine tools and modification of existing structure by F.M.C. Technologies, Inc. This agreement is between F.M.C. Technologies Inc. and Erath County.	29%	19,906	-
<b>Total</b>		<b>\$ 39,812</b>	<b>\$ -</b>

Each agreement was negotiated under Article III, Section 52-a, Texas Constitution, and Chapter 312, Texas Tax Code, stating that the City may establish and provide for the administration of a program for making loans and grants of public money to promote state or local economic development and to stimulate business and commercial activity in the municipality. Taxes were abated through a reduction of taxes owed.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City has chosen to disclose information about its tax abatement agreements individually. It established a quantitative threshold of 100% percent of the total dollar amount of taxes abated during the year.

**F. Subsequent Events**

Subsequent to yearend, the City entered into five separate capital lease obligations to finance various equipment and vehicle purchases. The contract values range from \$149,495 to \$1,990,403, with stated interest rates of 2.684% to 3.192%

In April 2022, the City issued \$2,825,000 worth of series 2022 general obligation refunding bonds. The bonds carry interest rates of 3-5% and are due in biannual installments through 2033.

There were no other material subsequent events through July 15, 2022, the date the financial statements were issued.

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***REQUIRED SUPPLEMENTARY INFORMATION***

**City of Stephenville, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND (Page 1 of 2)**  
**For the Year Ended September 30, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Property tax	\$ 6,405,836	\$ 6,405,836	\$ 6,398,403	\$ (7,433)
Sales tax	5,712,368	5,712,368	7,075,224	1,362,856
Franchise and other taxes	1,277,000	1,277,000	1,204,400	(72,600)
License and permits	302,562	302,562	371,076	68,514
Charges for services	510,737	510,737	403,394	(107,343)
Emergency services	613,000	846,313	819,513	(26,800)
Fines and forfeitures	117,850	117,850	101,482	(16,368)
Intergovernmental	200,000	200,000	242,017	42,017
Contributions and donations	648,485	2,001,602	1,248,740	(752,862)
Investment income	19,979	19,979	4,552	(15,427)
Other revenues	39,390	39,390	179,858	140,468
<b>Total Revenues</b>	<b>15,847,207</b>	<b>17,433,637</b>	<b>18,048,659</b>	<b>615,022</b>
<b>Expenditures</b>				
Current:				
General government				
City council	140,757	304,081	288,146	15,935
City administrator	428,220	431,765	418,782	12,983
City secretary	129,688	181,499	154,072	27,427
Emergency management	20,802	20,802	16,619	4,183
Financial services	511,624	541,955	515,999	25,956
Municipal building	95,292	98,859	87,836	11,023
Municipal services center	95,033	95,033	88,436	6,597
Information technology	312,572	354,077	330,114	23,963
Legal counsel	119,842	119,842	118,491	1,351
Human resources	187,799	200,299	198,902	1,397
Downtown	59,132	59,132	36,412	22,720
Tax	170,031	170,031	166,643	3,388
Total general government	<b>2,270,792</b>	<b>2,577,375</b>	<b>2,420,452</b>	<b>156,923</b>
Culture and recreation				
Library	250,197	250,538	238,766	11,772
Parks and recreation	2,521,899	2,323,984	2,270,016	53,968
Senior citizens	141,110	141,110	109,502	31,608
Aquatic	254,859	254,859	254,423	436
Total culture and recreation	<b>3,168,065</b>	<b>2,970,491</b>	<b>2,872,707</b>	<b>97,784</b>



# City of Stephenville, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community development				
Planning and development	624,279	624,279	508,857	115,422
Total community development	624,279	624,279	508,857	115,422
Public safety				
Municipal court	114,217	114,217	111,119	3,098
Fire department	3,238,807	3,608,252	3,573,822	34,430
Police department	5,244,230	5,783,724	5,444,396	339,328
Total public safety	8,597,254	9,506,193	9,129,337	376,856
Public works				
Street maintenance	978,687	978,687	807,487	171,200
Total public works	978,687	978,687	807,487	171,200
Debt service:				
Principal retirement	279,195	307,316	307,316	-
Interest and fiscal charges	39,979	40,278	40,278	-
Total debt service	319,174	347,594	347,594	-
<b>Total Expenditures</b>	15,958,251	17,004,619	16,086,434	918,185
<b>Revenues Over (Under) Expenditures</b>	(111,044)	429,018	1,962,225	1,533,207
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,098,054	1,098,054	1,132,622	34,568
Transfers (out)	(1,373,268)	(1,373,268)	(1,373,268)	-
Capital lease issuance	-	105,999	105,998	(1)
Loan issuance	-	90,503	91,003	500
Proceeds from sale of assets	-	-	19,451	19,451
<b>Total Other Financing Sources (Uses)</b>	(275,214)	(78,712)	(24,194)	54,518
<b>Net Change in Fund Balance</b>	\$ (386,258)	\$ 350,306	1,938,031	\$ 1,587,725
Beginning fund balance			10,115,117	
<b>Ending Fund Balance</b>			\$ 12,053,148	

Notes to Required Supplementary Information

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

# City of Stephenville, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

Years Ended:

	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>
Total pension liability			
Service cost	\$ 992,735	\$ 1,076,600	\$ 1,240,408
Interest	2,494,034	2,637,868	2,673,757
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(36,585)	(270,060)	341,014
Changes of assumptions	-	86,443	-
Benefit payments, including refunds of participant contributions	(1,370,731)	(1,503,966)	(1,866,778)
<b>Net change in total pension liability</b>	<u>2,079,453</u>	<u>2,026,885</u>	<u>2,388,401</u>
<b>Total pension liability - beginning</b>	<u>35,818,058</u>	<u>37,897,511</u>	<u>39,924,396</u>
<b>Total pension liability - ending (a)</b>	<u>37,897,511</u>	<u>39,924,396</u>	<u>42,312,797</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,060,235	\$ 1,056,595	\$ 1,152,678
Contributions - members	436,423	439,450	487,390
Net investment income	1,840,969	50,357	2,307,288
Benefit payments, including refunds of participant contributions	(1,370,731)	(1,503,966)	(1,866,778)
Administrative expenses	(19,219)	(30,670)	(26,054)
Other	(1,580)	(1,514)	(1,403)
<b>Net change in plan fiduciary net position</b>	<u>1,946,097</u>	<u>10,252</u>	<u>2,053,121</u>
<b>Plan fiduciary net position - beginning</b>	<u>32,178,872</u>	<u>34,124,969</u>	<u>34,135,221</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 34,124,969</u>	<u>\$ 34,135,221</u>	<u>\$ 36,188,342</u>
<b>Fund's net pension liability(asset) - ending (a) - (b)</b>	<u>\$ 3,772,542</u>	<u>\$ 5,789,175</u>	<u>\$ 6,124,455</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b>	 90.05%	 85.50%	 85.53%
<b>Covered-employee payroll</b>	\$ 6,901,589	\$ 7,215,815	\$ 8,123,168
<b>Fund's net pension liability as a percentage of covered-employee payroll</b>	54.66%	80.23%	75.39%

**Notes to schedule:**

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

	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u> <sup>1</sup>
\$	1,250,973	\$ 1,168,137	\$ 1,185,079	\$ 1,239,233
	2,424,723	2,540,193	2,679,331	2,803,005
	(6,087,924)	-	-	-
	(149,716)	97,553	(105,017)	(264,202)
	-	-	38,003	-
	(1,857,064)	(1,690,739)	(1,815,354)	(2,169,177)
	<u>(4,419,008)</u>	<u>2,115,144</u>	<u>1,982,042</u>	<u>1,608,859</u>
	<u>42,312,797</u>	<u>37,893,789</u>	<u>40,008,933</u>	<u>41,990,975</u>
	<u>37,893,789</u>	<u>40,008,933</u>	<u>41,990,975</u>	<u>43,599,834</u>
\$	1,163,749	\$ 591,042	\$ 571,828	\$ 609,114
	488,628	523,047	537,993	547,929
	5,016,931	(1,227,648)	6,052,577	3,372,435
	(1,857,064)	(1,690,739)	(1,815,354)	(2,169,177)
	(25,993)	(23,720)	(34,194)	(21,835)
	(1,321)	(1,238)	(1,028)	(852)
	<u>4,784,930</u>	<u>(1,829,256)</u>	<u>5,311,822</u>	<u>2,337,614</u>
	<u>36,188,342</u>	<u>40,973,272</u>	<u>39,144,016</u>	<u>44,455,838</u>
\$	<u>40,973,272</u>	<u>\$ 39,144,016</u>	<u>\$ 44,455,838</u>	<u>\$ 46,793,452</u>
\$	<u>(3,079,483)</u>	<u>\$ 864,917</u>	<u>\$ (2,464,863)</u>	<u>\$ (3,193,618)</u>
	108.13%	97.84%	105.87%	107.32%
\$	8,133,762	\$ 8,717,442	\$ 8,843,876	\$ 9,132,155
	-37.86%	9.92%	-27.87%	-34.97%

# City of Stephenville, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2015	9/30/2016	9/30/2017
Actuarially determined employer contributions	\$ 1,050,537	\$ 1,105,140	\$ 1,147,185
Contributions in relation to the actuarially determined contribution	\$ 1,050,537	\$ 1,105,140	\$ 1,147,185
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Annual covered-employee payroll	\$ 7,179,688	\$ 7,752,867	\$ 8,042,962
Employer contributions as a percentage of covered-employee payroll	14.63%	14.25%	14.26%

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

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

**Valuation Date:**

Notes

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
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.

<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u> <sup>1</sup>
\$ 746,654	\$ 565,648	\$ 601,275	\$ 642,735
<u>\$ 746,654</u>	<u>\$ 565,648</u>	<u>\$ 601,275</u>	<u>\$ 642,735</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,525,408	\$ 8,732,879	\$ 9,133,053	\$ 9,254,121
8.76%	6.48%	6.58%	6.95%

# City of Stephenville, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended:

	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<sup>1</sup>
Total OPEB liability					
Service cost	\$ 16,268	\$ 20,050	\$ 16,803	\$ 22,830	
Interest	15,405	15,629	17,124	16,197	
Changes in benefit terms	-	-	-	-	
Differences between expected and actual experience	-	(8,185)	3,706	(16,587)	
Changes of assumptions	35,257	(32,062)	91,264	90,141	
Benefit payments, including refunds of participant contributions	(4,068)	(4,359)	(4,422)	(4,566)	
<b>Net change in total OPEB liability</b>	<u>62,862</u>	<u>(8,927)</u>	<u>124,475</u>	<u>108,015</u>	
<b>Total OPEB liability - beginning</b>	<u>401,442</u>	<u>464,304</u>	<u>455,377</u>	<u>579,852</u>	
<b>Total OPEB liability - ending</b>	<u><u>\$ 464,304</u></u>	<u><u>\$ 455,377</u></u>	<u><u>\$ 579,852</u></u>	<u><u>\$ 687,867</u></u>	<sup>2</sup>
<b>Covered-employee payroll</b>	\$ 8,133,762	\$ 8,717,442	\$ 8,843,876	\$ 9,132,155	
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	5.71%	5.22%	6.56%	7.53%	

**Notes to schedule:**

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

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

***COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES***

# City of Stephenville, Texas

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS

September 30, 2021

	Hotel/ Motel Tax	Child Safety	Public Safety	Municipal Court Technology
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 517,641	\$ 5,040	\$ 64,978	\$ 10,294
Accounts receivable, net	60,194	-	-	-
Due from component unit	-	-	-	-
Due from other funds	30,317	-	10,032	-
<b>Total Assets</b>	<b>\$ 608,152</b>	<b>\$ 5,040</b>	<b>\$ 75,010</b>	<b>\$ 10,294</b>
 <b><u>Liabilities</u></b>				
Accounts payable	\$ 4,907	\$ -	\$ 12,878	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>4,907</b>	<b>-</b>	<b>12,878</b>	<b>-</b>
 <b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	-	-	-	-
 <b><u>Fund Balances</u></b>				
Restricted for:				
Tourism	603,245	-	-	-
Municipal court	-	-	-	10,294
Public safety	-	5,040	62,132	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>603,245</b>	<b>5,040</b>	<b>62,132</b>	<b>10,294</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 608,152</b>	<b>\$ 5,040</b>	<b>\$ 75,010</b>	<b>\$ 10,294</b>



<u>TIF</u>	<u>Total Nonmajor Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental</u>
\$ -	\$ 597,953	\$ 103,719	\$ 701,672
-	60,194	3,698	63,892
-	-	41,273	41,273
-	40,349	55,682	96,031
<u>\$ -</u>	<u>\$ 698,496</u>	<u>\$ 204,372</u>	<u>\$ 902,868</u>
\$ -	\$ 17,785	\$ -	\$ 17,785
10,032	10,032	-	10,032
<u>10,032</u>	<u>27,817</u>	<u>-</u>	<u>27,817</u>
-	-	2,224	2,224
	603,245	-	603,245
	10,294	-	10,294
	67,172	-	67,172
	-	202,148	202,148
<u>(10,032)</u>	<u>(10,032)</u>	<u>-</u>	<u>(10,032)</u>
<u>(10,032)</u>	<u>670,679</u>	<u>202,148</u>	<u>872,827</u>
<u>\$ -</u>	<u>\$ 698,496</u>	<u>\$ 204,372</u>	<u>\$ 902,868</u>

**City of Stephenville, Texas**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2021**

	<u>Hotel/ Motel Tax</u>	<u>Child Safety</u>	<u>Public Safety</u>	<u>Municipal Court Technology</u>
<b><u>Revenues</u></b>				
Hotel occupancy tax	\$ 590,006	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Fines and forfeitures	-	1,897	12,007	4,267
Intergovernmental	-	-	3,207	-
Investment income	153	2	35	4
Other revenue	50,867	-	-	-
<b>Total Revenues</b>	<u>641,026</u>	<u>1,899</u>	<u>15,249</u>	<u>4,271</u>
<b><u>Expenditures</u></b>				
General government	415,083	-	-	-
Public safety	-	-	391	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total Expenditures</b>	<u>415,083</u>	<u>-</u>	<u>391</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	<u>225,943</u>	<u>1,899</u>	<u>14,858</u>	<u>4,271</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	225,943	1,899	14,858	4,271
Beginning fund balances	377,302	3,141	47,274	6,023
<b>Ending Fund Balances</b>	<u>\$ 603,245</u>	<u>\$ 5,040</u>	<u>\$ 62,132</u>	<u>\$ 10,294</u>

<u>TIF</u>	<u>Total Nonmajor Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental</u>
\$ -	\$ 590,006	\$ -	\$ 590,006
3,789	3,789	266,688	270,477
-	18,171	-	18,171
-	3,207	-	3,207
-	194	87	281
-	50,867	-	50,867
<u>3,789</u>	<u>666,234</u>	<u>266,775</u>	<u>933,009</u>
-	415,083	300	415,383
-	391	-	391
-	-	190,000	190,000
-	-	418,903	418,903
<u>-</u>	<u>415,474</u>	<u>609,203</u>	<u>1,024,677</u>
<u>3,789</u>	<u>250,760</u>	<u>(342,428)</u>	<u>(91,668)</u>
329,829	329,829	343,650	673,479
(343,650)	(343,650)	-	(343,650)
<u>(13,821)</u>	<u>(13,821)</u>	<u>343,650</u>	<u>329,829</u>
(10,032)	236,939	1,222	238,161
-	433,740	200,926	634,666
<u>\$ (10,032)</u>	<u>\$ 670,679</u>	<u>\$ 202,148</u>	<u>\$ 872,827</u>

**City of Stephenville, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOTEL/MOTEL TAX**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
Hotel occupancy tax	\$ 408,148	\$ 408,148	\$ 590,006	\$ 181,858
Investment income	660	660	153	(507)
Other revenue	42,000	62,867	50,867	(12,000)
<b>Total Revenues</b>	<u>450,808</u>	<u>471,675</u>	<u>641,026</u>	<u>169,351</u>
<b><u>Expenditures</u></b>				
General government	450,223	508,076	415,083	92,993
<b>Total Expenditures</b>	<u>450,223</u>	<u>508,076</u>	<u>415,083</u>	<u>92,993</u>
<b>Net Change in Fund Balance</b>	<u>\$ 585</u>	<u>\$ (36,401)</u>	225,943	<u>\$ 262,344</u>
Beginning fund balance			377,302	
<b>Ending Fund Balance</b>			<u>\$ 603,245</u>	

Notes to Supplementary Information

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

**City of Stephenville, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CHILD SAFETY**  
**For the Year Ended September 30, 2021**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 2,500	\$ 1,897	\$ (603)
Investment income	3	2	(1)
<b>Total Revenues</b>	2,503	1,899	(604)
<b>Excess of Revenues Over (Under) Expenditures</b>	2,503	1,899	(604)
<b>Net Change in Fund Balance</b>	\$ 2,503	1,899	\$ (604)
Beginning fund balance		3,141	
<b>Ending Fund Balance</b>		\$ 5,040	

Notes to Supplementary Information

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

**City of Stephenville, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PUBLIC SAFETY**  
**For the Year Ended September 30, 2021**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 3,500	\$ 12,007	\$ 8,507
Intergovernmental	-	3,207	3,207
Interest income	80	35	(45)
<b>Total Revenues</b>	3,580	15,249	11,669
<b><u>Expenditures</u></b>			
Public safety	13,000	391	12,609
<b>Total Expenditures</b>	13,000	391	12,609
<b>Net Change in Fund Balance</b>	\$ (9,420)	14,858	\$ 24,278
Beginning fund balance		47,274	
<b>Ending Fund Balance</b>		\$ 62,132	

Notes to Supplementary Information

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

**City of Stephenville, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**MUNICIPAL COURT TECHNOLOGY**  
**For the Year Ended September 30, 2021**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 8,900	\$ 4,267	\$ (4,633)
Interest income	23	4	(19)
<b>Total Revenues</b>	<b>8,923</b>	<b>4,271</b>	<b>(4,652)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 8,923</b>	<b>4,271</b>	<b>\$ (4,652)</b>
Beginning fund balance		6,023	
<b>Ending Fund Balance</b>		<b>\$ 10,294</b>	

Notes to Supplementary Information

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

**City of Stephenville, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE**  
**For the Year Ended September 30, 2021**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Property taxes	\$ 265,289	\$ 266,688	\$ 1,399
Interest income	311	87	(224)
<b>Total Revenues</b>	265,600	266,775	1,175
<b><u>Expenditures</u></b>			
General government	300	300	-
Debt service			
Principal	190,000	190,000	-
Interest	418,950	418,903	47
<b>Total Expenditures</b>	609,250	609,203	47
<b>Excess of Revenues Over (Under) Expenditures</b>	(343,650)	(342,428)	1,222
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	343,650	343,650	-
<b>Total Other Financing Sources (Uses)</b>	343,650	343,650	-
<b>Net Change in Fund Balance</b>	\$ -	1,222	\$ 1,222
Beginning fund balance		200,926	
<b>Ending Fund Balance</b>		\$ 202,148	

Notes to Supplementary Information

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



**City of Stephenville, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
License and permits	\$ 14,840	\$ 14,840	\$ 2,506	\$ (12,334)
Charges for services	536	536	536	-
Interest income	1,200	1,200	6,444	5,244
Contributions and donations	-	-	900	900
Other revenue	-	-	20,362	20,362
<b>Total Revenues</b>	<u>16,576</u>	<u>16,576</u>	<u>30,748</u>	<u>14,172</u>
<b><u>Expenditures</u></b>				
Streets	13,428,066	13,713,936	4,519,619	9,194,317
<b>Total Expenditures</b>	<u>13,428,066</u>	<u>13,713,936</u>	<u>4,519,619</u>	<u>9,194,317</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(13,411,490)</u>	<u>(13,697,360)</u>	<u>(4,488,871)</u>	<u>9,208,489</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	967,565	967,565	967,565	-
Transfers (out)	(495,315)	(495,315)	(495,315)	-
<b>Total Other Financing Sources (Uses)</b>	<u>472,250</u>	<u>472,250</u>	<u>472,250</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (12,939,240)</u>	<u>\$ (13,225,110)</u>	<u>(4,016,621)</u>	<u>\$ 9,208,489</u>
Beginning fund balance			13,654,954	
<b>Ending Fund Balance</b>			<u>\$ 9,638,333</u>	

Notes to Supplementary Information

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

**City of Stephenville, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**TIF FUND**  
**For the Year Ended September 30, 2021**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Property taxes	\$ 13,821	\$ 3,789	\$ (10,032)
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	329,829	329,829	-
Transfers (out)	(343,650)	(343,650)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(13,821)</b>	<b>(13,821)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>(10,032)</b>	<b>\$ (10,032)</b>
Beginning fund balance		-	
<b>Ending Fund Balance</b>		<b>\$ (10,032)</b>	

Notes to Supplementary Information

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

**City of Stephenville, Texas**  
**BALANCE SHEET**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**September 30, 2021**

		<b>Stephenville Economic Development Authority</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$	1,052,622
Receivables, net		126,323
<b>Total Assets</b>	<b>\$</b>	<b>1,178,945</b>
<b><u>Liabilities</u></b>		
Accounts payable and accrued liabilities	\$	13,863
Due to primary government		41,273
<b>Total Liabilities</b>		<b>55,136</b>
<b><u>Fund Balances</u></b>		
Restricted for:		
Economic development		1,123,809
<b>Total Fund Balance</b>		<b>1,123,809</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$</b>	<b>1,178,945</b>

See Notes to Financial Statements.

# City of Stephenville, Texas

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNIT

September 30, 2021

<b>Fund Balance</b>	1,123,809
<b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - net depreciable	54,999
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.	
Deferred pension outflows	42,852
Deferred OPEB outflows	2,861
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.	
Deferred pension inflows	(61,999)
Deferred OPEB inflows	(313)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Compensated absences	(12,408)
Net pension asset	62,914
OPEB liability	(13,551)
<b>Net Position of the Discretely Presented Component Unit</b>	<u><u>1,199,164</u></u>

See Notes to Financial Statements.

# City of Stephenville, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2021

	<b>Stephenville Economic Development Authority</b>
<b><u>Revenues</u></b>	
Sales tax	\$ 643,202
Grant revenues	34,000
Investment income	465
<b>Total Revenues</b>	<b><u>677,667</u></b>
<b><u>Expenditures</u></b>	
Current:	
Economic development	524,708
<b>Total Expenditures</b>	<b><u>524,708</u></b>
<b>Revenue Over (Under) Expenditures</b>	152,959
<b>Net Change in Fund Balance</b>	152,959
Beginning fund balance	970,850
<b>Ending Fund Balance</b>	<b><u><u>\$ 1,123,809</u></u></b>

See Notes to Financial Statements.

**City of Stephenville, Texas**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF THE DISCRETELY PRESENTED**  
**COMPONENT UNIT TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2021**

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

Net changes in fund balance	\$	152,959
-----------------------------	----	---------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		60,438
Depreciation expenses		(5,439)

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

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

Pension expense		13,411
Other post employment benefits		(1,254)
Compensated absences		(1,444)
<b>Change in Net Position of the Discretely Presented Component Unit</b>	<b>\$</b>	<b><u>218,671</u></b>

See Notes to Financial Statements.

## STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
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Financial Trends	123
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*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Revenue Capacity	133
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*These schedules contain information to help the reader assess the City's most significant local revenue sources.*

Debt Capacity	141
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*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

Demographic and Economic Information	147
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*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

Operating Information	151
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*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

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## City of Stephenville, Texas

### NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities:										
Invested in capital assets, net of related debt	\$ 17,500,689	\$ 17,032,179	\$ 18,024,389	\$ 18,038,284	\$ 19,789,241	\$ 19,963,873	\$ 20,176,273	\$ 20,416,468	\$ 21,847,814	\$ 23,272,989
Restricted	450,527	870,780	523,019	427,493	593,600	581,054	2,621,264	2,008,149	1,976,474	3,266,475
Unrestricted	<u>7,680,873</u>	<u>8,355,906</u>	<u>9,150,340</u>	<u>8,142,434</u>	<u>5,976,217</u>	<u>5,115,547</u>	<u>7,993,562</u>	<u>9,080,813</u>	<u>11,139,622</u>	<u>11,542,774</u>
Total governmental activities net position	<u>\$ 25,632,089</u>	<u>\$ 26,258,865</u>	<u>\$ 27,697,748</u>	<u>\$ 26,608,211</u>	<u>\$ 26,359,058</u>	<u>\$ 25,660,474</u>	<u>\$ 30,791,099</u>	<u>\$ 31,505,430</u>	<u>\$ 34,963,910</u>	<u>\$ 38,082,238</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 28,438,665	\$ 30,014,882	\$ 32,099,918	\$ 33,151,854	\$ 34,339,443	\$ 36,926,841	\$ 38,174,605	\$ 43,079,879	\$ 45,293,731	\$ 49,052,873
Restricted	842,224	2,706,411	1,023,271	1,019,719	1,054,111	1,456,900	2,477,403	1,045,392	1,089,229	956,437
Unrestricted	<u>5,243,744</u>	<u>3,030,924</u>	<u>4,112,342</u>	<u>4,382,362</u>	<u>4,795,330</u>	<u>4,810,634</u>	<u>5,312,381</u>	<u>5,031,805</u>	<u>5,554,561</u>	<u>10,366,625</u>
Total business-type activities net position	<u>\$ 34,524,633</u>	<u>\$ 35,752,217</u>	<u>\$ 37,235,531</u>	<u>\$ 38,553,935</u>	<u>\$ 40,188,884</u>	<u>\$ 43,194,375</u>	<u>\$ 45,964,389</u>	<u>\$ 49,157,076</u>	<u>\$ 51,937,521</u>	<u>\$ 60,375,935</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 45,939,354	\$ 47,047,061	\$ 50,124,307	\$ 51,190,138	\$ 54,128,684	\$ 56,890,714	\$ 58,350,878	\$ 63,496,347	\$ 67,141,545	\$ 72,325,862
Restricted	1,292,751	3,577,191	1,546,290	1,447,212	1,647,711	2,037,954	5,098,667	3,053,541	3,065,703	4,222,912
Unrestricted	<u>12,924,617</u>	<u>11,386,830</u>	<u>13,262,682</u>	<u>12,524,796</u>	<u>10,771,547</u>	<u>9,926,181</u>	<u>13,305,943</u>	<u>14,112,618</u>	<u>16,694,183</u>	<u>21,909,399</u>
Total primary government net position	<u>\$ 60,156,722</u>	<u>\$ 62,011,082</u>	<u>\$ 64,933,279</u>	<u>\$ 65,162,146</u>	<u>\$ 66,547,942</u>	<u>\$ 68,854,849</u>	<u>\$ 76,755,488</u>	<u>\$ 80,662,506</u>	<u>\$ 86,901,431</u>	<u>\$ 98,458,173</u>

Source: City Audited Financials.

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# City of Stephenville, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 1,518,207	\$ 2,076,100	\$ 2,353,191	\$ 1,922,897	\$ 2,004,366	\$ 1,999,694	\$ 2,271,044	\$ 2,555,641	\$ 2,512,975	\$ 2,831,782
Culture and recreation	2,509,599	2,157,175	2,037,539	1,705,654	2,254,963	2,457,781	2,467,345	2,402,357	2,254,992	2,511,374
Community development	433,360	521,710	444,401	471,855	980,992	1,031,830	486,602	588,612	493,019	488,792
Public Safety	6,496,290	6,786,524	6,948,549	7,879,067	7,929,307	8,617,164	8,561,797	8,885,222	9,637,871	8,953,779
Streets	1,567,117	1,432,818	1,274,173	1,462,172	1,604,054	1,566,786	1,507,920	1,644,724	1,501,306	1,495,367
Interest on long-term debt	151,197	128,398	108,289	77,063	68,008	100,245	107,588	124,539	530,646	402,914
Total governmental activities expenses	<u>12,675,770</u>	<u>13,102,725</u>	<u>13,166,142</u>	<u>13,518,708</u>	<u>14,841,690</u>	<u>15,773,500</u>	<u>15,402,296</u>	<u>16,201,095</u>	<u>16,930,809</u>	<u>16,684,008</u>
Business-type activities:										
Water & Wastewater	4,833,953	5,018,940	5,237,160	5,326,721	5,690,857	5,688,473	5,032,780	5,508,559	5,234,741	5,323,323
Storm water drainage	562,207	535,056	528,208	558,501	505,829	546,509	415,779	593,199	550,783	471,717
Airport	313,978	282,952	305,179	395,474	442,822	465,063	542,252	178,613	178,661	205,951
Sanitary landfill	181,904	183,145	193,368	207,538	224,233	256,121	194,000	579,206	599,166	643,520
Total business-type activities expenses	<u>5,892,042</u>	<u>6,020,093</u>	<u>6,263,915</u>	<u>6,488,234</u>	<u>6,863,741</u>	<u>6,956,166</u>	<u>6,184,811</u>	<u>6,859,577</u>	<u>6,563,351</u>	<u>6,644,511</u>
Total primary government program revenues	<u>\$ 18,567,812</u>	<u>\$ 19,122,818</u>	<u>\$ 19,430,057</u>	<u>\$ 20,006,942</u>	<u>\$ 21,705,431</u>	<u>\$ 22,729,666</u>	<u>\$ 21,587,107</u>	<u>\$ 23,060,672</u>	<u>\$ 23,494,160</u>	<u>\$ 23,328,519</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General Government	\$ 219,082	\$ 217,686	\$ 205,782	\$ 22,648	\$ 8,274	\$ 5,704	\$ 11,141	\$ 12,722	\$ 3,600	\$ 3,300
Culture and recreation	363,650	346,442	288,540	321,565	377,192	347,603	289,065	313,847	245,570	325,601
Community development	193,592	413,762	265,863	217,805	320,353	215,731	245,391	474,426	321,774	415,772
Public Safety	1,077,514	959,364	1,073,838	989,630	817,156	721,112	664,449	1,056,364	875,103	1,107,249
Streets	95,954	30,443	28,170	42,749	15,567	15,352	20,836	30,442	614	25,779
Operating grants and contributions	29,142	53,796	63,038	147,200	160,504	514,199	219,853	238,763	935,242	1,139,101
Capital grants and contributions	159,402	-	188,262	3,654	3,596	49,905	170,239	49,672	1,478,520	362,063
Total governmental activities program revenues	<u>2,138,336</u>	<u>2,021,493</u>	<u>2,113,493</u>	<u>1,745,251</u>	<u>1,702,642</u>	<u>1,869,606</u>	<u>1,620,974</u>	<u>2,176,236</u>	<u>3,860,423</u>	<u>3,378,865</u>
Business-type activities:										
Charges for services:										
Water and Wastewater	\$ 6,055,936	\$ 6,443,152	\$ 6,708,108	\$ 6,485,177	\$ 7,014,095	\$ 7,264,479	\$ 7,596,037	\$ 7,762,515	\$ 8,152,610	\$ 8,991,212
Storm water drainage	604,231	620,595	618,993	611,827	632,583	629,673	657,356	646,904	638,126	757,477
Municipal airport	93,493	110,200	104,440	107,544	111,088	107,484	108,097	111,927	110,919	113,231
Sanitary landfill	200,546	297,650	457,086	955,391	856,649	665,681	628,731	863,829	1,113,634	1,024,361
Operating grants and contributions	7,868	-	-	-	17,857	7,086	-	-	-	-
Capital grants and contributions	813,212	27,652	109,614	175,651	48,054	1,672,182	175,274	316,254	287,600	4,685,293
Total business-type activities program revenues	<u>7,775,286</u>	<u>7,499,249</u>	<u>7,998,241</u>	<u>8,335,590</u>	<u>8,680,326</u>	<u>10,346,585</u>	<u>9,165,495</u>	<u>9,701,429</u>	<u>10,302,889</u>	<u>15,571,574</u>
Total primary government program revenues	<u>\$ 9,913,622</u>	<u>\$ 9,520,742</u>	<u>\$ 10,111,734</u>	<u>\$ 10,080,841</u>	<u>\$ 10,382,968</u>	<u>\$ 12,216,191</u>	<u>\$ 10,786,469</u>	<u>\$ 11,877,665</u>	<u>\$ 14,163,312</u>	<u>\$ 18,950,439</u>

Source: City Audited Financials.

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**City of Stephenville, Texas**  
**CHANGES IN NET POSITION (Continued)**  
**Last Ten Fiscal Years (Unaudited)**  
**(accrual basis of accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>NET (EXPENSE) REVENUES</b>										
Governmental activities	\$( 10,537,434)	\$( 11,081,232)	\$( 11,052,649)	\$( 11,773,457)	\$( 13,139,048)	\$( 13,903,894)	\$( 13,781,322)	\$( 14,024,859)	\$( 13,070,386)	\$( 13,305,143)
Business-type activities	<u>1,883,244</u>	<u>1,479,156</u>	<u>1,734,326</u>	<u>1,847,356</u>	<u>1,816,585</u>	<u>3,390,419</u>	<u>2,980,684</u>	<u>2,841,852</u>	<u>3,739,538</u>	<u>8,927,063</u>
Total primary government net expense	<u>( 8,654,190)</u>	<u>( 9,602,076)</u>	<u>( 9,318,323)</u>	<u>( 9,926,101)</u>	<u>( 11,322,463)</u>	<u>( 10,513,475)</u>	<u>( 10,800,638)</u>	<u>( 11,183,007)</u>	<u>( 9,330,848)</u>	<u>( 4,378,080)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes										
Property -general purposes	3,787,828	4,049,755	4,321,370	4,386,134	4,715,959	4,806,351	5,286,326	5,577,304	6,067,879	6,446,356
Property -debt services	593,543	589,867	595,444	576,847	484,490	481,603	492,536	465,640	256,240	265,579
Sales	5,191,213	5,281,663	5,485,705	5,718,579	5,285,142	5,264,443	5,644,834	5,943,343	5,940,857	7,075,224
Franchise	1,122,934	1,097,564	1,166,503	1,525,602	1,501,457	1,381,186	1,199,890	1,317,544	1,276,928	1,204,400
Other	393,461	374,806	450,456	502,017	480,036	515,043	474,199	510,185	398,706	590,006
Proceeds from sale of capital assets		10,056	110,122		16,162	30,274	-	-	-	18,109
Investment earnings	14,651	11,546	6,157	5,990	52,123	68,163	139,025	264,034	115,763	11,277
Insurance Proceeds	-	-	-	63,740	58,576	18,537	-	-	-	-
Miscellaneous	18,320	35,902	100,731	164,842	37,080	135,230	153,598	260,645	1,030,088	251,087
Transfers	21,161	256,849	255,044	208,824	258,870	504,479	750,852	400,495	1,442,405	561,433
Special item - change in employee benefits	-	-	-	-	-	-	5,110,168	-	-	-
Total governmental activities	<u>11,143,111</u>	<u>11,708,008</u>	<u>12,491,532</u>	<u>13,152,575</u>	<u>12,889,895</u>	<u>13,205,309</u>	<u>19,251,428</u>	<u>14,739,190</u>	<u>16,528,866</u>	<u>16,423,471</u>
Business-type activities:										
Investment earnings	7,716	6,780	4,032	4,891	23,477	49,082	118,108	501,577	195,341	8,039
Gain on Sale of Capital Assets				17,106	8,630	( 1,600)	-	-	-	-
Miscellaneous	-	( 1,504)		33,292	45,127	72,069	106,639	249,753	287,971	64,745
Transfers	( 21,161)	( 256,849)	( 255,044)	( 208,824)	( 258,870)	( 504,479)	( 750,852)	( 400,495)	( 1,442,405)	( 561,433)
Total business-type activities	<u>( 13,445)</u>	<u>( 251,573)</u>	<u>( 251,012)</u>	<u>( 153,535)</u>	<u>( 181,636)</u>	<u>( 384,928)</u>	<u>( 526,105)</u>	<u>350,835</u>	<u>( 959,093)</u>	<u>( 488,649)</u>
Total primary government	<u>11,129,666</u>	<u>11,456,435</u>	<u>12,240,520</u>	<u>12,999,040</u>	<u>12,708,259</u>	<u>12,820,381</u>	<u>18,725,323</u>	<u>15,090,025</u>	<u>15,569,773</u>	<u>15,934,822</u>
<b>CHANGE IN NET POSITION</b>										
Governmental activities	605,677	626,776	1,438,883	1,379,118	( 249,153)	( 698,585)	5,470,106	714,331	3,458,480	3,118,328
Business-type activities	<u>1,869,799</u>	<u>1,227,583</u>	<u>1,483,314</u>	<u>1,693,821</u>	<u>1,634,949</u>	<u>3,005,491</u>	<u>2,454,579</u>	<u>3,192,687</u>	<u>2,780,445</u>	<u>8,438,414</u>
Total primary government	<u>\$ 2,475,476</u>	<u>\$ 1,854,359</u>	<u>\$ 2,922,197</u>	<u>\$ 3,072,939</u>	<u>\$ 1,385,796</u>	<u>\$ 2,306,906</u>	<u>\$ 7,924,685</u>	<u>\$ 3,907,018</u>	<u>\$ 6,238,925</u>	<u>\$ 11,556,742</u>

Source: City Audited Financials.

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**City of Stephenville, Texas**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years (Unaudited)**  
**(modified accrual basis of accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	17,399	19,417	10,995	7,016	20,955	8,760	11,609	5,563	3,962	6,760
Assigned/committed	1,989,442	2,400,000	3,000,000	3,000,000	1,150,000	950,609	950,609	579,402	534,754	764,377
Unassigned	<u>5,113,489</u>	<u>5,246,245</u>	<u>5,868,872</u>	<u>6,786,574</u>	<u>7,154,643</u>	<u>7,132,272</u>	<u>7,288,833</u>	<u>8,755,397</u>	<u>9,576,401</u>	<u>11,282,011</u>
Total general fund	<u>\$ 7,120,330</u>	<u>\$ 7,665,662</u>	<u>\$ 8,879,867</u>	<u>\$ 9,793,590</u>	<u>\$ 8,325,598</u>	<u>\$ 8,091,641</u>	<u>\$ 8,251,051</u>	<u>\$ 9,340,362</u>	<u>\$ 10,115,117</u>	<u>\$ 12,053,148</u>
All other governmental funds										
Reserved										
Debt service funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	-	-	-	27,721
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	( 10,032)
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Restricted	4,206,447	1,201,698	824,262	702,559	434,914	365,349	488,158	512,308	634,666	10,493,471
Assigned/committed	<u>529,093</u>	<u>416,371</u>	<u>416,371</u>	<u>416,727</u>	<u>417,929</u>	<u>415,743</u>	<u>442,063</u>	<u>544,571</u>	<u>13,654,954</u>	<u>-</u>
Total all other governmental funds	<u>\$ 4,735,540</u>	<u>\$ 1,618,069</u>	<u>\$ 1,240,633</u>	<u>\$ 1,119,286</u>	<u>\$ 852,843</u>	<u>\$ 781,092</u>	<u>\$ 930,221</u>	<u>\$ 1,056,879</u>	<u>\$ 14,289,620</u>	<u>\$ 10,511,160</u>

Source: City Audited Financials.

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**City of Stephenville, Texas**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years (Unaudited)**  
**(modified accrual basis of accounting)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>REVENUES</b>										
Taxes	\$ 11,062,514	\$ 11,394,371	\$ 12,014,282	\$ 12,733,241	\$ 12,455,045	\$ 12,460,952	\$ 13,089,387	\$ 13,824,745	\$ 13,956,935	\$ 15,538,510
Licenses, fees and permits	318,899	361,236	294,084	258,384	186,925	143,903	246,891	434,132	321,774	373,582
Charges for services	1,291,337	1,198,408	1,131,850	1,111,193	1,022,624	958,249	978,973	1,219,100	955,616	1,223,443
Fines and penalties	182,517	398,093	261,126	227,979	316,343	210,015	147,598	97,480	82,567	119,653
Intergovernmental	233,670	65,465	127,751	200,634	218,054	613,744	344,358	367,463	1,012,110	245,224
Contributions and donations	-	-	-	-	-	-	-	-	-	1,249,640
Investment earnings	14,651	11,546	6,157	5,990	52,123	68,163	139,025	264,034	115,763	11,277
Miscellaneous	18,189	75,550	103,838	167,941	40,054	135,230	150,649	269,704	1,066,400	251,087
Total revenues	<u>13,121,777</u>	<u>13,504,669</u>	<u>13,939,088</u>	<u>14,705,362</u>	<u>14,291,168</u>	<u>14,590,256</u>	<u>15,096,881</u>	<u>16,476,658</u>	<u>17,511,165</u>	<u>19,012,416</u>
<b>EXPENDITURES</b>										
General government	1,504,855	1,997,675	2,289,098	1,922,184	1,904,340	1,870,697	2,145,014	2,407,281	2,409,994	2,815,335
Culture and recreation	2,268,386	1,859,640	1,795,809	1,853,439	1,936,112	2,104,892	2,163,873	2,081,327	1,939,211	2,236,700
Community development	414,769	514,474	419,054	456,196	968,197	1,003,655	485,280	558,878	482,507	508,857
Public Safety	6,210,892	6,410,938	6,725,152	7,668,000	7,428,899	7,820,377	8,066,721	7,926,014	8,966,480	8,837,094
Streets	968,236	920,417	780,006	968,092	997,520	818,913	768,153	852,360	773,640	764,084
Capital outlay	1,793,507	4,076,340	985,179	859,897	3,053,778	1,532,290	1,480,185	2,338,141	2,181,502	5,512,163
Debt service										
Principal	440,000	455,000	465,000	505,000	415,000	469,243	560,879	746,898	483,490	497,316
Interest	139,305	126,693	120,261	77,845	66,375	85,322	107,099	104,230	258,261	459,181
Bond Issuance Costs	45,000	5,312	11,027	-	-	-	-	-	262,595	-
Advance Refunding Escrow	-	382,370	1,323,441	-	-	-	-	-	-	-
Total expenditures	<u>13,784,950</u>	<u>16,748,859</u>	<u>14,914,027</u>	<u>14,310,653</u>	<u>16,770,221</u>	<u>15,705,389</u>	<u>15,777,204</u>	<u>17,015,129</u>	<u>17,757,680</u>	<u>21,630,730</u>
<b>EXCESS OF REVENUES</b>										
OVER (UNDER) EXPENDITURES	<u>\$ ( 663,173)</u>	<u>\$ ( 3,244,190)</u>	<u>\$ ( 974,939)</u>	<u>\$ 394,709</u>	<u>\$ ( 2,479,053)</u>	<u>\$ ( 1,115,133)</u>	<u>\$ ( 680,323)</u>	<u>\$ ( 538,471)</u>	<u>\$ ( 246,515)</u>	<u>\$ ( 2,618,314)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Debt issued	4,000,000	370,000	1,336,841	-	-	-	215,371	1,333,310	11,860,000	197,001
Premium on Bonds	-	22,904	-	-	-	-	-	-	1,021,005	-
Discount on Bonds	-	( 2,651)	-	113,938	349,833	168,051	-	-	-	-
Sale of Fixed Assets	27,851	24,950	219,822	11,165	77,340	118,358	22,639	20,635	21,498	19,451
Proceeds from insurance	11,498	-	-	63,740	58,576	18,537	-	-	-	-
Transfers in	741,161	506,849	1,196,840	208,824	633,870	729,968	1,666,068	2,036,185	2,513,977	2,773,666
Transfers out	( 720,000)	( 250,000)	( 941,796)	-	( 375,000)	( 225,489)	( 915,216)	( 1,635,690)	( 1,071,572)	( 2,212,233)
Total other financing sources (uses)	<u>4,060,510</u>	<u>672,052</u>	<u>1,811,707</u>	<u>397,667</u>	<u>744,619</u>	<u>809,425</u>	<u>988,862</u>	<u>1,754,440</u>	<u>14,344,908</u>	<u>777,885</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 3,397,337</u>	<u>\$ ( 2,572,138)</u>	<u>\$ 836,768</u>	<u>\$ 792,376</u>	<u>\$ ( 1,734,434)</u>	<u>\$ ( 305,708)</u>	<u>\$ 308,539</u>	<u>\$ 1,215,969</u>	<u>\$ 14,098,393</u>	<u>\$ ( 1,840,429)</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>5.2%</u>	<u>7.6%</u>	<u>13.8%</u>	<u>4.3%</u>	<u>3.5%</u>	<u>3.9%</u>	<u>4.7%</u>	<u>5.8%</u>	<u>6.4%</u>	<u>5.9%</u>

Source: City Audited Financials.

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**City of Stephenville, Texas**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years (Unaudited)**

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding as of 9/30/21
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2011	2011-2012	\$ 4,343,596	\$ 4,302,513	99.05%	\$ 40,063	\$ 4,342,576	99.98%	\$ 1,020
2012	2012-2013	4,594,127	4,554,491	99.14%	38,270	4,592,761	99.97%	1,366
2013	2013-2014	4,868,772	4,820,901	99.02%	46,553	4,867,454	99.97%	1,318
2014	2014-2015	4,914,157	4,889,253	99.49%	20,434	4,909,687	99.91%	4,470
2015	2015-2016	5,173,332	5,130,875	99.18%	35,786	5,166,661	99.87%	6,671
2016	2016-2017	5,250,713	5,204,383	99.12%	43,689	5,248,072	99.95%	2,641
2017	2017-2018	5,774,003	5,718,051	99.03%	51,603	5,769,654	99.92%	4,348
2018	2018-2019	6,039,572	5,993,621	99.24%	40,124	6,033,745	99.90%	5,827
2019	2019-2020	6,489,897	6,457,973	99.51%	21,905	6,479,878	99.85%	10,018
2020	2020-2021	6,619,550	6,532,586	98.69%	-	6,532,586	98.69%	86,964

Sources: Erath County Appraisal District and Erath County Tax Assessor-Collector.

**City of Stephenville, Texas**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years (Unaudited)**

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Less: Tax-exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value as a Percentage of Actual Taxable Value</b>
2011	2011-2012	\$ 555,032,740	\$ 511,780,800	\$ 148,096,980	\$ 317,517,724	\$ 897,392,796	0.4850	\$ 897,392,796	100%
2012	2012-2013	561,570,020	546,842,640	225,183,450	384,611,442	948,984,668	0.4850	948,984,668	100%
2013	2013-2014	567,670,640	562,727,447	297,556,973	441,606,152	986,348,908	0.4950	986,348,908	100%
2014	2014-2015	601,105,080	750,961,010	245,239,590	590,694,529	1,006,611,151	0.4900	1,006,611,151	100%
2015	2015-2016	636,597,500	768,186,520	268,319,490	609,847,714	1,063,255,796	0.4900	1,063,255,796	100%
2016	2016-2017	657,717,227	785,853,463	259,118,010	627,870,983	1,074,817,717	0.4900	1,074,817,717	100%
2017	2017-2018	753,358,500	824,711,040	245,604,310	617,069,492	1,206,604,358	0.4800	1,206,604,358	100%
2018	2018-2019	776,693,310	841,695,300	304,695,430	651,711,851	1,271,372,189	0.4750	1,271,372,189	100%
2019	2019-2020	826,226,780	883,238,110	346,709,950	675,346,485	1,380,828,355	0.4700	1,380,828,355	100%
2020	2020-2021	887,954,420	952,950,260	293,836,870	679,895,887	1,454,845,663	0.4550	1,454,845,663	100%

Source: Erath County Appraisal District.

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**City of Stephenville, Texas**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**Last Ten Fiscal Years (Unaudited)**

Tax Year	Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
		Basic Rate	General Obligation Debt Service	Total Direct Rate	Stephenville School District	Middle Trinity Water District	Erath County	
2011	2011-2012	0.4194	0.0656	0.4850	1.1700	0.0150	0.4700	2.1400
2012	2012-2013	0.4235	0.0615	0.4850	1.1940	0.0145	0.4700	2.1635
2013	2013-2014	0.4357	0.0593	0.4950	1.2170	0.0125	0.4700	2.1945
2014	2014-2015	0.4330	0.0570	0.4900	1.2349	0.0120	0.4700	2.2069
2015	2015-2016	0.4450	0.0450	0.4900	1.2349	0.0115	0.4700	2.2064
2016	2016-2017	0.4454	0.0446	0.4900	1.2349	0.0112	0.4700	2.2061
2017	2017-2018	0.4391	0.0409	0.4800	1.2349	0.0103	0.4700	2.1952
2018	2018-2019	0.4384	0.0366	0.4750	1.3429	0.0097	0.4458	2.2734
2019	2019-2020	0.4512	0.0188	0.4700	1.2729	0.0097	0.4560	2.2086
2020	2020-2021	0.4368	0.0182	0.4550	1.2221	0.0092	0.4444	2.1307

Source: Erath County Tax Office

Notes: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

Overlapping rates are those of local and county governments that apply to property owners within the City of Stephenville, Texas.

# City of Stephenville, Texas

## PRINCIPAL PROPERTY TAX PAYERS

Current and Nine Years Ago (Unaudited)

Taxpayer	Tax Year 2020			Tax Year 2011		
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	
FMC Company	\$ 116,261,955	1	7.99%	\$ 43,921,753	1	4.89%
Mustang Ranch	20,246,840	2	1.39%			- %
Saint Gobain Abrasives	19,772,806	3	1.36%	15,483,558		1.73%
Stephenville Campus Crest	17,650,170	4	1.21%	11,030,880		1.23%
Oncor Electric Delivery	16,528,350	5	1.14%	7,457,580		0.83%
NJH Investment Corp	16,252,160	6	1.12%			- %
Tejas Tubular Inc.	15,372,188	7	1.06%			- %
Fibergrate Composite Structures Inc.	12,379,910	8	0.85%			- %
Bosque River Center Realty	10,013,350	9	0.69%			- %
D818 LLC	9,615,320	10	0.66%			- %
FMC Technologies	-		- %			- %
Wal-Mart Stores, Inc. #1	-		- %	8,394,510		0.94%
Bosque River Associates	-		- %	8,211,620		0.92%
Stephenville Student Housing LP	-		- %	10,259,330		1.14%
United Telephone Company (Century	-		- %	6,511,740		0.73%
Wilmington Trust (Wal-Mart #2)	-		- %	6,000,730		0.67%
Subtotal	\$ 254,093,049		17.47%	\$ 117,271,701		13.08%
Remaining Roll	1,200,752,614		82.53%	780,121,095		86.92%
Total	\$ 1,454,845,663		100.00%	\$ 897,392,796		100.00%

Source: Erath County Appraisal District State Property Tax Board Report.

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**City of Stephenville, Texas**  
**TAXABLE SALES BY CATEGORY**  
**Last Ten Calendar Years (Unaudited)**

<b>Category</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Services	\$ 80,715,109	\$ 43,434,651	\$ 49,560,842	\$ 46,989,186	\$ 41,651,657	\$ 40,241,475	\$ 63,727,628	\$ 59,351,380	\$ 60,613,525	\$ 58,476,390
Misc Retail	57,031,030	51,246,891	52,221,686	54,975,621	54,751,164	54,321,288	50,773,645	52,220,824	53,686,867	59,406,069
Eat/Drink Places	48,634,297	51,945,376	55,015,006	60,296,991	57,700,419	68,762,227	70,136,317	75,769,971	72,885,265	76,893,794
Hospitality and Leisure		56,992,190	60,118,426	64,408,646	66,313,220	53,981,331	72,606,172	78,151,316	83,181,730	79,884,966
HomeFurnishings	13,893,238	7,144,077	7,209,200	7,246,403	6,660,673	6,162,365	7,046,159	7,604,974	8,387,888	7,889,581
Apparel Stores	8,341,058	8,639,294	8,799,575	10,578,892	10,324,254	10,257,542	9,645,246	11,823,407	12,760,079	12,426,438
Automotive Stores	92,836,643	115,540,159	113,933,329	123,712,193	115,703,501	107,067,897	144,126,333	116,799,945	113,763,645	112,589,518
Food Stores	57,733,375	56,734,012	57,179,417	59,377,144	63,577,869	59,091,905	59,400,532	66,271,975	72,885,265	79,158,303
General Merchandise Building/Garden	121,061,076	120,479,906	120,780,721	123,134,874	126,719,228	121,170,557	123,107,302	117,640,631	118,089,721	119,417,436
Supplies	28,142,214	27,030,238	28,455,504	31,727,307	37,693,956	35,695,603	36,386,966	36,761,366	34,781,537	32,534,255
Wholesale Trade	54,781,219	53,509,172	47,091,948	45,902,673	48,009,817	46,967,803	51,525,032	57,421,775	62,100,066	65,174,511
Manufacturing	20,743,984	23,103,447	27,220,571	51,074,808	44,597,329	36,916,496	41,376,240	45,379,899	54,485,728	32,324,686
Construction	24,673,453	20,487,172	23,399,150	29,565,160	39,838,703	36,567,165	32,516,125	42,457,584	32,014,392	24,908,250
Other	20,498,610	24,770,674	31,521,635	29,361,821	42,437,131	32,920,411	37,214,389	37,851,430	31,426,794	43,677,784
Agriculture	310,294	227,301	346,309	157,377	131,950	87,089	-	-	-	-
<b>Total</b>	<b>\$ 629,395,600</b>	<b>\$ 661,284,560</b>	<b>\$ 682,853,319</b>	<b>\$ 738,509,096</b>	<b>\$ 756,110,871</b>	<b>\$ 710,211,154</b>	<b>\$ 799,588,086</b>	<b>\$ 805,506,477</b>	<b>\$ 811,062,502</b>	<b>\$ 804,761,981</b>
Direct Sales Tax Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Source: Office of the Comptroller of the State of Texas

**City of Stephenville, Texas**  
***DIRECT AND OVERLAPPING SALES TAX RATES***  
**Last Ten Fiscal Years (Unaudited)**

	<b>General Municipal Sales Tax</b>	<b>Sales Tax for Property Tax Relief</b>	<b>Sales Tax for Economic/ Industrial Dev Sec 4B</b>
2012	1.00%	0.50%	-
2013	1.00%	0.50%	-
2014	1.00%	0.50%	-
2015	1.00%	0.50%	-
2016	1.000%	0.375%	0.125%
2017	1.000%	0.375%	0.125%
2018	1.000%	0.375%	0.125%
2019	1.000%	0.375%	0.125%
2020	1.000%	0.375%	0.125%
2021	1.000%	0.375%	0.125%

Source: Texas Comptroller.

**City of Stephenville, Texas**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Unamortized Premiums (Discounts)	Leases/ Notes	Water Revenue Bonds	Certificates of Obligation	Unamortized Premiums (Discounts)	Capital Leases			
2012	-	\$ 5,745,000	-	-	\$ 430,000	\$ 18,597,865	-	\$ 99,661	\$ 24,872,526	4.26%	1,360
2013	360,000	4,940,000	19,746	-	4,315,000	12,737,850	239,090	-	22,611,686	3.61%	1,170
2014	1,500,000	3,340,000	18,734	-	9,385,000	6,851,841	220,290	-	21,315,865	3.11%	1,098
2015	1,155,000	3,180,000	17,721	113,938	8,895,000	5,350,850	210,978	3,161,834	22,085,321	3.24%	1,129
2016	905,000	3,015,000	16,709	436,510	8,390,000	3,774,827	198,922	2,833,134	19,570,101	2.54%	904
2017	610,000	2,920,000	14,683	525,318	6,720,000	5,568,827	186,866	3,131,370	19,677,064	2.38%	896
2018	310,000	2,855,000	13,671	544,810	5,040,000	22,340,000	174,811	2,028,635	33,306,927	3.77%	1,495
2019	-	2,785,000	12,659	1,511,222	3,325,000	22,100,000	162,757	1,730,829	31,627,467	3.33%	1,396
2020	-	14,465,000	1,007,127	1,207,732	3,250,000	20,860,000	150,700	1,415,018	42,355,577	4.17%	1,832
2021	-	14,275,000	955,065	1,091,117	3,175,000	19,610,000	138,645	1,080,409	40,325,236	N/A	1,745

Notes: See page 139 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**City of Stephenville, Texas**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligations	Total		
2012	-	\$ 5,745,000	\$ 5,745,000	0.64%	314
2013	379,746	4,940,000	5,319,746	0.56%	275
2014	1,518,734	3,340,000	4,858,734	0.49%	250
2015	1,172,721	3,180,000	4,352,721	0.43%	223
2016	921,709	3,015,000	3,936,709	0.37%	182
2017	624,683	2,920,000	3,544,683	0.33%	161
2018	323,671	2,855,000	3,178,671	0.26%	143
2019	12,659	2,785,000	2,797,659	0.22%	123
2020	11,645	15,460,482	15,472,127	1.12%	669
2021	10,633	15,219,432	15,230,065	1.05%	659

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See page 125 for property value data.

Population data can be found on page 139.

**City of Stephenville, Texas**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2021 (Unaudited)**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes:			
Overlapping			
Stephenville Independent School District	\$ 78,930,954	74.21%	\$ 58,574,661
Erath County	\$ 1,890,000	37.54%	<u>709,506</u>
Subtotal, overlapping debt			<u>59,284,167</u>
Direct			
City of Stephenville	\$ 16,321,178	100.00%	<u>16,321,178</u>
Total Direct and Overlapping Debt			<u>\$ 75,605,345</u>

Sources:

Assessed value data used to estimate applicable percentages provided by the Erath County Appraisal District and Assessment Debt outstanding data provided by each governmental unit.

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Stephenville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

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# City of Stephenville, Texas

## LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years (Unaudited)

(amounts expressed in thousands)

Tax Year Fiscal year	2020 <u>2020-2021</u>	2019 <u>2019-2020</u>	2018 <u>2018-2019</u>	2017 <u>2017-2018</u>	2016 <u>2016-2017</u>	2015 <u>2015-2016</u>	2014 <u>2014-2015</u>	2013 <u>2013-2014</u>	2012 <u>2012-2013</u>	2011 <u>2011-2012</u>
Debt limit	\$ 160,740	\$ 157,749	\$ 145,165	\$ 135,754	\$ 124,250	\$ 122,554	\$ 116,345	\$ 116,885	\$ 107,470	\$ 98,743
Total net debt applicable to limit	<u>15,029</u>	<u>15,257</u>	<u>2,591</u>	<u>2,981</u>	<u>3,389</u>	<u>3,793</u>	<u>4,213</u>	<u>4,718</u>	<u>5,191</u>	<u>5,627</u>
Legal debt margin	<u>\$ 145,711</u>	<u>\$ 142,492</u>	<u>\$ 142,574</u>	<u>\$ 132,773</u>	<u>\$ 120,861</u>	<u>\$ 118,762</u>	<u>\$ 112,132</u>	<u>\$ 112,167</u>	<u>\$ 102,279</u>	<u>\$ 93,116</u>
Total net debt applicable to limit as a percentage of debt limit	9.35%	9.67%	1.78%	2.20%	2.73%	3.09%	3.62%	4.04%	4.83%	5.70%

### Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 1,454,846
Add back: exempt real property	152,554
Total assessed value	<u>1,607,400</u>
Debt limit (10% of total assessed value)	160,740
Debt applicable to limit:	
General obligation	15,230
Less: Amount set aside for repayment of general obligation debt	<u>(201)</u>
Total net debt applicable to limit	<u>15,029</u>
Legal debt margin	<u>\$ 145,711</u>

Note: There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), that limits the maximum tax rate, for all city purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

Source: City of Stephenville, TX and Erath County Appraisal District.

# City of Stephenville, Texas

## PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years (Unaudited)

### Water and Wastewater Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 6,055,936	\$ 3,106,535	\$ 2,949,401	\$ 1,734,000	\$ 800,432	1.16
2013	6,443,151	3,282,484	3,160,667	1,810,000	613,073	1.30
2014	6,700,902	3,491,792	3,209,110	1,866,000	608,919	1.30
2015	6,485,177	3,631,614	2,853,563	1,986,000	459,292	1.17
2016	7,014,095	4,115,398	2,898,697	2,076,000	351,427	1.19
2017	7,264,479	4,095,335	3,169,144	1,911,000	319,806	1.42
2018	7,694,695	3,022,451	4,672,244	1,938,827	331,249	2.06
2019	7,962,268	3,917,609	4,044,659	1,955,000	424,112	1.70
2020	8,322,481	3,741,298	4,581,183	1,315,000	411,005	2.65
2021	9,044,632	3,753,322	5,291,310	1,325,000	375,420	3.11

Notes: Operating expenses do not include interest, depreciation, or amortization expenses.  
Utility Surplus Revenue is also pledged for other Enterprise bonds.

Source City ACFR.



**City of Stephenville, Texas**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years (Unaudited)**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>College Enrollment</u>	<u>Unemployment Rate</u>
2012	18,290	\$ 583,213,230	\$ 31,887	3,702	10,227	5.2%
2013	19,320	625,852,080	32,394	3,731	10,903	5.5%
2014	19,410	686,454,060	35,366	3,656	11,681	4.7%
2015	19,560	681,274,800	34,830	3,702	12,396	3.8%
2016	21,640	771,076,480	35,632	3,614	12,333	4.7%
2017	21,950	827,229,650	37,687	3,671	13,052	3.9%
2018	22,280	883,468,840	39,653	3,711	13,019	3.2%
2019	22,660	948,683,560	41,866	3,842	13,226	3.1%
2020	23,120	1,014,968,000	43,900	3,659	14,022	5.8%
2021	23,110	N/A	N/A	3,622	13,995	4.1%

Sources: Population estimate provided by the North Central Texas Council of Governments. Personal income data provided by the U.S. Census Bureau of Economic Analysis. Unemployment rate data provided by the Texas Workforce Commission. School enrollment data provided by the Stephenville Independent School District and Tarleton State University.

Note: Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2012-2020 reflect county population estimates available as of March 2020. Personal income is not available for 2021.

# City of Stephenville, Texas

## PRINCIPAL EMPLOYERS

Current and Nine Years Ago (Unaudited)

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Tarleton State University	1,297	1	6.66%	1,238	1	6.95%
FMC Company	735	2	3.77%	809	2	4.54%
Stephenville Independent School District	474	3	2.43%	262	7	1.47%
Saint Gobain Abrasives	470	4	2.41%	450	3	2.53%
Scheiber Foods	435	5	2.23%	385	5	2.16%
Wal-Mart Stores, Inc.	300	6	1.54%	429	4	2.41%
Western Dairy Transport	210	7	1.08%	175	9	0.98%
Pecan Valley Centers	210	8	1.08%	-		- %
Erath County	202	9	1.04%	175	8	0.98%
Texas Health Harris Methodist Stephenville	200	10	1.03%	294	6	1.65%
Fibergrate Composite Structures	-		- %	132	10	0.74%
Subtotal	4,533		23.28%	4,349		24.42%
Remaining Employers (County)	14,938		76.72%	13,462		75.58%
Total	19,471		100.00%	17,811		100.00%

Source: City Human Resources Department, Stephenville Independent School District, Erath County, and Stephenville Chamber of Commerce. Total employee data is provided by the Texas Workforce Commission.

Notes:

Total employee information is based on entire Erath County. Principal employers are only those that operate from within the corporate city limits of Stephenville.

# City of Stephenville, Texas

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Management services	4	4	4	4	5	5	5	8	9	8
Finance	7	7	7	7	7	7	7	9	9	8
Planning	2	2	2	2	2	3	3	3	3	4
Building	2	2	2	2	2	2	2	2	2	2
Other	2	2	2	2	2	2	3	2	2	3
Police										
Officers	39	39	39	39	39	39	39	39	39	39
Civilians	12	12	16	16	15	17	17	19	19	19
Fire										
Firefighters and officers	31	31	31	31	31	31	31	31	31	34
Civilians	-	-			1	1	1	1	1	1
Parks and recreation	13	13	13	13	12	14	14	14	14	14
Library	3	3	3	3	3	3	4	4	4	4
Streets	7	7	7	7	7	7	7	7	7	7
Water	13	13	13	13	16	15	15	15	15	13
Wastewater	5	5	5	5	5	6	6	6	6	6
Landfill	2	2	2	3	3	3	3	3	3	4
<b>Total</b>	<b>142</b>	<b>142</b>	<b>146</b>	<b>147</b>	<b>150</b>	<b>155</b>	<b>157</b>	<b>163</b>	<b>164</b>	<b>166</b>

Source: Various City departments

Notes: A full time employee is scheduled to work 2080 hours per year (including vacation and sick leave).

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**City of Stephenville, Texas**  
**OPERATING INDICATORS BY FUNCTIONS/PROGRAM**  
**Last Ten Fiscal Years (Unaudited)**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Building permits issued	96	113	90	93	146	127	197	205	220	241
Building permits value	\$11,174,610	\$49,204,311	\$19,061,275	\$10,829,426	\$41,143,042	\$22,331,535	\$24,569,365	\$71,952,765	\$21,765,542	\$36,545,036
Building inspections conducted										
Police										
Calls for service	11,166	10,566	9,836	14,631	12,378	12,044	13,785	15,369	15,135	14,775
Physical arrests	882	1,123	846	806	643	696	742	687	487	455
Parking violations (1)	417	520	258	467	858	830	177	130	407	75
Traffic violations	2,035	5,357	7,338	5,665	3,816	3,470	3,767	3,207	2,571	2,221
Fire										
Ambulance responses	1,517	1,555	1,592	1,733	1,897	1,767	1,842	1,876	1,787	1,869
Fires responses	229	276	251	294	303	313	385	479	421	605
Inspections	289	551	456	444	400	393	392	293	455	376
Refuse collection										
Refuse collected (tons)	16,930	18,393	21,729	22,494	21,676	19,229	19,689	21,092	20,873	22,696
Recyclables collected (tons per day)										
Other public works										
Street resurfacing (miles)	1.30	1.32	-	-	17.90	8.77	10.62	10.38	-	15.40
Library										
Volumes in collection	32,504	33,316	35,171	36,759	37,416	38,685	40,041	40,167	39,636	38,219
Total volumes borrowed	161	25	6	12	37	199	138	111	113	862
Water										
Active connections	5,920	6,181	6,000	6,442	6,495	6,625	6,813	6,435	6,519	6,630
Water main breaks	80	47	59	57	39	30	23	45	38	45
Average daily consumption (thousands of gallons)	2,115,000	2,107,000	1,983,000	1,945,000	1,997,000	1,932,000	2,117,000	1,893,000	2,000,000	2,101,000
Peak daily consumption (thousands of gallons)	3,937,000	3,937,000	3,176,000	3,505,000	3,872,000	2,985,000	3,703,000	3,352,000	3,493,000	3,742,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,610,000	1,453,000	1,433,000	1,444,000	1,720,000	1,380,000	1,310,000	1,667,000	1,368,000	1,320,000
WW Peak	4,494,000	3,158,000	2,737,000	7,106,000	9,350,000	6,597,000	6,800,000	7,220,000	3,560,000	1,910,000
Airport										
Landings	3,637	3,574	3,384	3,233	3,008	2,862	2,765	2,879	2,825	2,859
Take-offs	3,631	3,572	3,383	3,239	3,010	2,862	2,765	2,878	2,826	2,859
Municipal Court										
New cases (2)	-	-	-	-	-	-	-	-	1,226	963
Disposed cases	-	-	-	-	-	-	-	-	741	654

(1) 2011 through 2017 represents the calls for parking violations, which could be significantly higher than actual citations issued. Due to new software, 2018 represents the actual citations issued for parking violations.

(2) The City of Stephenville contracted with Erath County Justice of the Peace precinct 1, 3, 4 for Municipal Court services until 9/30/19. The new cases for 2020 include cases transferred from the Justice of the Peace.

Source: Various City departments

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**City of Stephenville, Texas**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years (Unaudited)**

<b>Function/Program</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	10	10	10	10	11	11	11	12	12
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Other public works										
Streets (miles)	92	92	92	92	93	93	93	91	91	95
Highways (miles)	23	23	23	23	23	23	23	23	23	23
Streetlights	1,125	1,127	1,139	1,145	1,149	1,156	1,164	1,168	1,160	1,160
Parks and recreation										
Acreage	130	130	130	130	142	142	142	142	147	160
Playgrounds	4	4	4	4	4	4	4	4	6	6
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	1	1	1	1	1	1	1	1	-	-
Skate park	1	1	1	1	1	1	1	1	1	1
Outdoor aquatic center	1	1	1	1	1	1	1	1	1	1
Community centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	126	126	126	126	126	128	131	131	135	140
Fire hydrants	798	798	798	798	801	816	816	816	863	922
Storage capacity (thousands of gallons)	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000
Wastewater										
Sanitary sewers (miles)	116	116	116	116	116	116	117	117	117	118
Storm sewers (miles)	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	4.9
Treatment capacity (thousands of gallons)	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000

Source: Various City departments

Note: No capital asset indicators are available for the general government or library function