



City of Sweetwater, Texas
Annual
Comprehensive
Financial Report
FY 2020-2021
Ended September 30, 2021

City of *Sweetwater*, Texas
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended September 30, 2021

Prepared by:
Finance Department

**“We lead with trust and respect to provide a vibrant,
secure community for all”**



PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

CITY OF SWEETWATER, TEXAS
THE ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	3
GFOA Certificate of Achievement	6
Organizational Chart.....	7
List of Elected and Appointed Officials	8
 FINANCIAL SECTION	
Independent Auditor's Report.....	11
Management's Discussion and Analysis	13
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	24
Statement of Activities.....	25
Fund Financial Statements:	
Balance Sheet – Governmental Funds	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	29
Statement of Net Position – Proprietary Funds	30
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	31
Statement of Cash Flows – Proprietary Funds.....	32
Statement of Fiduciary Net Position	33
Notes to the Financial Statements	35
 Required Supplementary Information:	
Texas Municipal Retirement System:	
Schedule of Changes in Net Pension Liability and Related Ratios	68
Schedule of Pension Contributions and Notes to Schedule of Contributions.....	70
Schedule of Changes in Total OPEB Liability and Related Ratios.....	71
Sweetwater Firemen's Retirement Fund:	
Schedule of Changes in Net Pension Liability and Related Ratios	72
Schedule of Contributions and Notes to Schedule of Contributions.....	74
 Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds – Special Revenue Funds	
Combining Balance Sheet – Nonmajor Governmental Funds	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	80
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Senior Nutrition Activities Project Special Revenue Fund	81
Hotel and Motel Special Revenue Fund	82
Cemetery Special Revenue Fund	83

Internal Service Funds	
Combining Statement of Net Position – Internal Service Funds	85
Combining Statement of Revenues, Expenses, and	
Changes in Fund Net Position – Internal Service Funds	86
Combining Statement of Cash Flows – Internal Service Funds	87

Other Schedules - Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Source.....	89
Schedule by Function and Activity	90
Schedule of Changes by Function and Activity	91

STATISTICAL SECTION

Net Position by Component.....	94
Changes in Net Position	95
Program Revenues by Function/Program	98
Fund Balances, Governmental Funds.....	99
Changes in Fund Balances, Governmental Funds.....	100
Tax Revenues by Source, Governmental Funds	101
Assessed Value and Estimated Actual Value of Taxable Property.....	102
Direct and Overlapping Property Tax Rates.....	103
Principal Property Taxpayers	104
Property Tax Levies and Collections	105
Principal Water Sales	106
Ratios of Outstanding Debt by Type.....	107
Ratios of General Bonded Debt Outstanding	108
Direct and Overlapping Governmental Activities Debt	109
Legal Debt Margin Information	110
Pledged-Revenue Coverage	111
Demographic and Economic Statistics	112
Principal Employers	113
Full-Time Equivalent City Government Employees by Function/Program	114
Operating Indicators by Function/Program.....	115
Capital Asset Statistics by Function/Program	116

GOVERNMENT AUDITING STANDARDS SECTION:

Independent Auditor's Report on Internal Control over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial Statements Performed	
in Accordance with Government Auditing Standards	118
Independent Auditor's Report on Compliance for each Major Program and on	
Internal Control over Compliance required by the Uniform Guidance	120
Schedule of Findings and Questioned Costs	122
Summary Schedule of Status of Prior Audit Findings	123
Schedule of Expenditures of Federal Awards	124
Notes to Schedules of Expenditures of Federal Awards	125

INTRODUCTORY SECTION

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PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK



City of *Sweetwater*
P. O. BOX 450 • 200 EAST FOURTH STREET
SWEETWATER, TEXAS 79556 • (325) 236-6313
www.sweetwatertx.gov

February 7, 2022

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Sweetwater, Texas

State Law requires that every general-purpose local government publish within one hundred and eighty (180) days of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The firm of Cathrine Wilks, CPA LLC, has issued an unmodified ("clean") opinion on the City of Sweetwater's financial statements for the year ended September 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's 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.

Profile of the Government

The City of Sweetwater, incorporated in 1902, is located in the central western part of the State. It currently occupies 10.96 square miles and serves a population of 10,622. The City of Sweetwater is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by State statutes to extend its corporate limits by annexation, which it has done on several occasions.

The City of Sweetwater has operated under the council-manager form of government since 1902. Policy-making and legislative authority are vested in a City Council consisting of the Mayor and four other members, all elected on a non-partisan basis. The City Council appoints the government's manager, who in turn appoints the heads of various departments. The Council is elected from single member districts. Council members serve two-year staggered terms, with two Council members elected every year. The Mayor is elected to serve a two-year term and is elected at large.

The City of Sweetwater provides a full range of services, including police and fire protection; streets and other infrastructure; recreation and cultural activities; water and sewer services; solid waste management; and ambulance services. Also, Sweetwater Enterprise for Economic Development – Municipal Development District (SEED-MDD) has met the criteria for inclusion as a component unit and is included in the report.

The City Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Sweetwater's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

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PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

Local economy

The City is a center for manufacturing, oil, transportation, wind energy generation, and agriculture. Agriculture and oil have played an important role in our economy in past years. The area is a center for livestock, ranching, and farming with cotton, grains, and sorghum being the principal crops.

Although the City's lakes are still 75% to 84% capacity, the region has moved into a moderate to severe drought condition. Recreation lakes are still abundantly stocked with fish and a great source of water sport enjoyment to the West Texas area public. Underground water tables are still at healthy levels.

The price of oil has steadily increased over the past year. The area's oil and gas production has increased as well making Sweetwater a thriving hub for the oil and gas service and production industry. Sweetwater has a diverse economy not solely dependent upon the oil and gas industry but the increased activity due to it is very welcome to the city's hospitality and local businesses.

Several manufacturing companies are located in close proximity to the City of Sweetwater. A cement production facility, two gypsum-based sheetrock production plants and the growing wind energy industry provide a tremendous economic boost to the City and help maintain employment rates at a level that is consistently higher than the state average. Our largest employer is a radioactive detection equipment manufacturing company, Ludlum Measurements.

The certified appraisal value of all taxable property October 2020 for both real and personal in the City is \$486,357,143, which is an increase of \$19.2 million, or 4.1% over the previous year. This increase is primarily due to the increase in the personal property values. The overall stability is reflective of the City and community leaders' efforts to improve the quality of life for its citizens through projects focused on improving the aesthetics of neighborhoods and major thoroughfares by implementing cleanup projects and incentives to businesses for building façade improvements.

Long-term financial planning

The City will be faced with many significant issues over the next twenty years.

Within the next ten years the City will be addressing the following issues:

- Create conditions to encourage economic growth to continue into the long term. The Sweetwater Enterprise for Economic Development's primary objective is to promote Sweetwater and an atmosphere that will bring economic growth to Sweetwater.
- Rising healthcare costs seems to be an issue every year. The City is continually monitoring benefits and deductibles as well as reviewing the amount paid by our employees for their families. However, this continues to be a large concern for the City.
- Due to severe weather conditions of the last few years, the city streets need major repair. After an in-depth street study, the citizens turned down a bond issue to address the recommended issues on a large scale. The City is now seeking solutions to address the recommended issues on a smaller scale.
- Public safety expenses continue to rise every year and the City plans to work closely with the public safety departments to control costs while keeping our community safe.

Within the next twenty years the City will be addressing the following issues:

- Securing a long-term water supply. The City is reliant upon a well field for its water supply in addition to surface water from Oak Creek Lake. At the end of FY 2021, Oak Creek Lake was at 74 percent capacity. The City will be looking at alternative sources over the next ten to twenty years.
- The transmission line from the City's surface water source, Oak Creek Lake, has a lifespan of 80 to 100 years. In 2034, the line will be hitting the 80-year mark. Consideration for funding the future replacement/rehab of the transmission line should begin presently.
- Exploring the possibility of an Emergency Services District with the footprint of the County as its tax base. This would provide for a more equitable and efficient means of serving the area population with fire and emergency medical services.
- The dams at Oak Creek Reservoir and Lake Trammel will need a major re-facing within the next fifteen to twenty years. Maintenance efforts are budgeted every year to prolong their life.

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PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

Major initiatives

In fiscal year 2017, the City of Sweetwater City Council approved a parks master plan that would allow the City to apply for grant funding from Texas Parks and Wildlife for eligible parks projects. Efforts to implement portions of the park plan began in the previous fiscal year and will continue with current plans to update and improve outdated playground equipment and outdoor space.

In fiscal year 2021, a major gypsum sheet rock production company announced a major expansion project. The expansion required the City to construct an adequate additional waterline to supply water for the necessary daily water supply. The City partnered with Sweetwater Economic Development MDD to fund the project. The project will be complete sometime late fiscal year 2022.

As a result of the major expansion project mentioned above, the City has begun work to expand its Certificate of Convenience and Necessity (CCN) that gives legal authority for the City to provide water services within its area. A lengthy legal process, the City has submitted its supporting documents to the PUC and is awaiting finalization.

Another major project is the Texas Water Development Board low interest loan funded water and wastewater system improvement projects which includes the replacement of aging equipment, membranes, water lines and collection lines. The application process was completed, loan funds of \$5.5 million were issued, and projects begun mid fiscal year.

The City is committed to improving the quality of life in Sweetwater. In fiscal year 2021, the city chose a community planning and development firm to analyze and interpret its health to produce a comprehensive plan to carry Sweetwater into a secure future.

With the opening of the newly permitted Type IV landfill October 2019, the newly created planning and development department has begun tackling the issue of dilapidated commercial and residential structures that have accumulated in our city. This endeavor is meeting the city leaders' intent to improve the quality of life in Sweetwater.

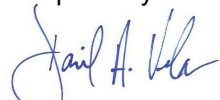
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sweetwater for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the forty-second consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized annual comprehensive financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Sweetwater's finances.

Respectfully submitted,



David A. Vela
City Manager



Patty Torres
City Comptroller

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PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sweetwater
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

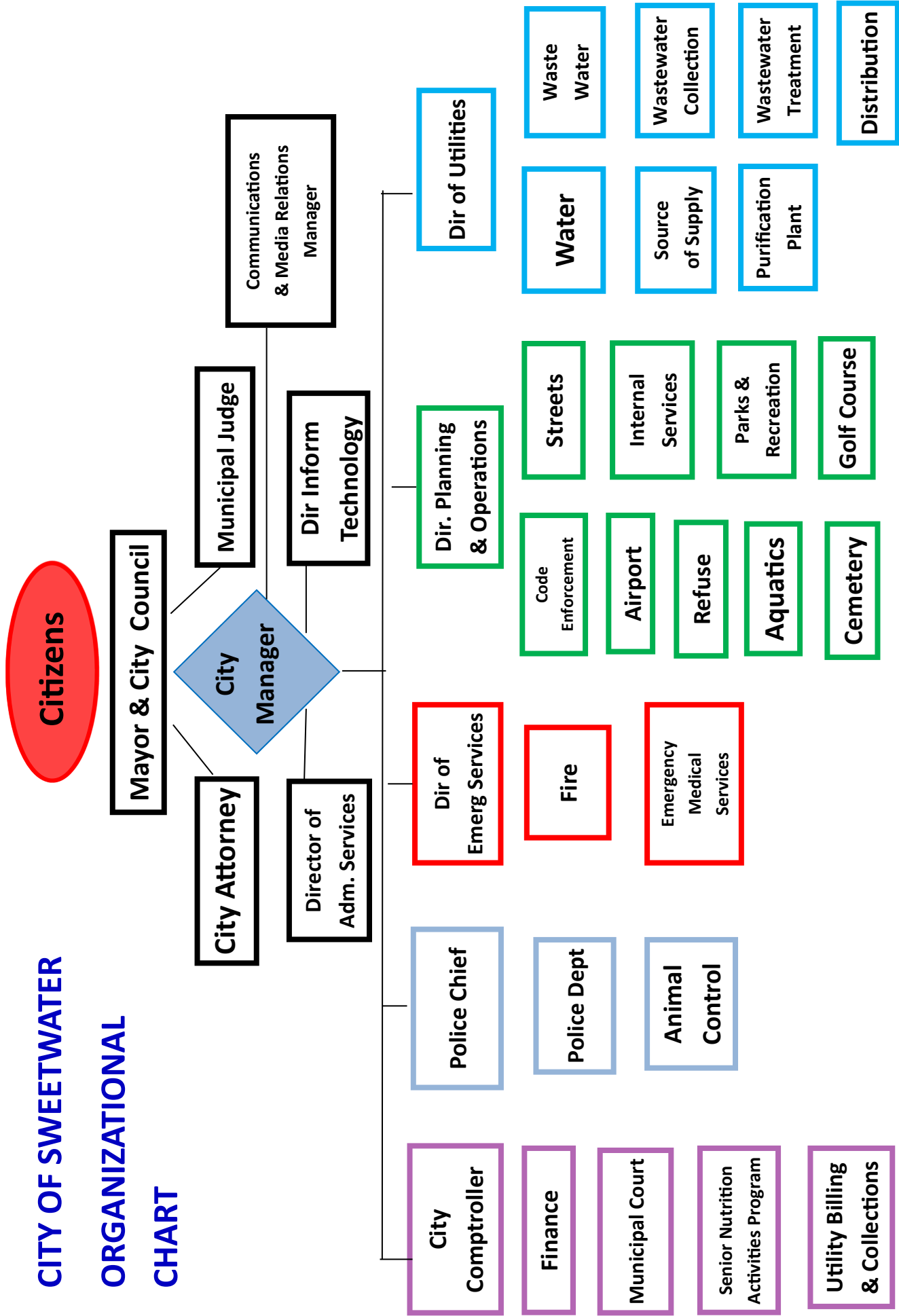
September 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF SWEETWATER

ORGANIZATIONAL CHART



**CITY OF SWEETWATER, TEXAS
INCORPORATED 1902
PRESENT CHARTER ADOPTED JULY 9, 1956**

**PRINCIPAL OFFICIALS
September 30, 2021**

Elected Officials

Jim McKenzie
John McPherson
Kerry Baker
Ricky Castro
Jerod Peek

Mayor, At Large
Council Member, Precinct 1
Council Member, Precinct 2
Council Member, Precinct 3
Council Member, Precinct 4

Appointed Officials

David Vela
Patty Torres
Lisa Adames
Dana Schoening
Dana Stanley
Bryan Sheridan
Grant Madden
Eddy Campbell
Tonya Challis
Zach Adames
Kenny Maxwell
Jeffrey Allen

City Manager
City Comptroller/City Secretary
Assistant City Manager – Administration
Assistant City Manager – Operations
Assistant Director for Operations
Police Chief
Emergency Management Dir.
Director of Utilities
Senior Nutrition Activity Program Dir.
Information Technology Director
Municipal Judge (Part-Time)
City Attorney (Part-Time)

FINANCIAL SECTION

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PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Jim McKenzie and
Members of the City Council
Sweetwater, Texas 79556

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted the 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 I 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, I 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.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining funds of the City of Sweetwater, Texas, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements,

is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I 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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the City of Sweetwater, Texas.

The combining and individual nonmajor fund financial statements and schedules, and other schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and schedules, other schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated February 7, 2022, on my consideration of the City of Sweetwater, Texas's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Catherine Wilks CPA LLC

Sweetwater, Texas
February 7, 2022

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

As management of the City of Sweetwater, we offer readers of the City of Sweetwater's financial statements this narrative overview and analysis of the financial activities of the City of Sweetwater 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 3-5 of this report. All amounts in this analysis, unless otherwise indicated, are expressed in **thousands** of dollars.

Financial Highlights

- The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$34,937 (*net position*). The majority of the City's net position, \$23,753 (68%), is net investment in capital assets and is not available for future spending. The City's total net position increased \$4,390 in part due to an American Rescue Plan Act capital grant for infrastructure, a Texas Water Development Board Loan Forgiveness drinking water capital grant, and a capital grant from Sweetwater Economic Development for the construction of an adequate waterline to supply a manufacturing company. The unrestricted net position is \$8,067 and may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Sweetwater's governmental funds reported combined ending fund balances of \$4,857 an increase of \$159 compared to the previous year; of this amount, \$3,194, or 66%, is *available for spending* at the government's discretion (*unassigned fund balance*), \$314, or 6%, is restricted and \$1,349, or 28%, is committed.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the General Fund was \$3,194 or approximately 32% of total general fund expenditures.
- On a budgetary-basis the City's General Fund revenues were below budget by \$1,708 or 14% and total expenditures were below budget by \$2,154 thousand or 18%.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Sweetwater 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 of Sweetwater include general government, public safety, public works, culture and recreation, community services and airport. The business-type activities of the City of Sweetwater include the Water and Wastewater Fund, Solid Waste Management Fund and the Ambulance Fund.

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

The government-wide financial statements include not only the City of Sweetwater itself (known as the *primary government*), but also Sweetwater Enterprise for Economic Development - Municipal Development District (SEED-MDD) a legally separate political subdivision of the State of Texas and the City. Financial information for this *component unit* is reported discreetly with the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 24 and 25 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 of Sweetwater, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Sweetwater 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 evaluating a government's near-term financing requirements.

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

The City of Sweetwater maintains six 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 fund, which is considered to be a major fund. Data from the other five governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. The City of Sweetwater adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 26-29 of this report.

Proprietary funds. The City of Sweetwater maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Sweetwater uses enterprise funds to account for its Water and Wastewater, Solid Waste Management and Ambulance activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Sweetwater's various functions. The City of Sweetwater uses internal service funds to account for its Central Garage and Stores and for its Self-Insured Employee Benefit (health care) services. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds 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 Water and Wastewater Fund, the Solid Waste Management and Ambulance Funds, which are all considered to be major funds. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* elsewhere in this report. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

Fiduciary fund. The City is the trustee, or fiduciary, for assets held and managed for others. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City is only responsible for ensuring that the assets

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

reported in this fund are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary activity is reported in a separate Statement of Net Position located on page 33 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 33 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Sweetwater's pension plans. Required supplementary information can be found on pages 65-73 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 75-85 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Sweetwater, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$34,937 at the close of the most recent fiscal year.

City of Sweetwater's Net position						
	Governmental Activities		Business Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Assets:						
Current & other assets	\$ 7,553	\$ 7,922	\$ 13,361	\$ 20,809	\$20,914	\$28,731
Capital assets	9,202	8,723	26,677	26,505	35,879	35,228
Total assets	<u>16,755</u>	<u>16,645</u>	<u>40,038</u>	<u>47,314</u>	<u>56,793</u>	<u>63,959</u>
Deferred outflows of resources	988	939	678	573	1,666	1,512
Liabilities:						
Long-term liabilities outstanding	7,381	6,736	17,158	19,808	24,539	26,544
Other liabilities	340	643	946	1,427	1,286	2,070
Total liabilities	<u>7,721</u>	<u>7,379</u>	<u>18,104</u>	<u>21,235</u>	<u>25,825</u>	<u>28,614</u>
Deferred inflows of resources	1,424	1,253	663	667	2,087	1,920
Net position:						
Net investment in capital assets	8,625	8,118	15,210	15,635	23,835	23,753
Expendable Restricted	437	315	892	2,802	1,329	3,117
Unrestricted	(464)	519	5,847	7,548	5,383	8,067
Total net position	<u>\$8,598</u>	<u>\$8,952</u>	<u>\$21,949</u>	<u>\$25,985</u>	<u>\$30,547</u>	<u>\$34,937</u>

A significant portion of the City of Sweetwater's net position \$23,753 (68%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Sweetwater uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Sweetwater's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

An additional portion of the City of Sweetwater's net position, \$3,117 (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$8,067 may be used to meet the government's ongoing obligations to citizens and creditors.

There was a \$354 increase in the ending net position of governmental activities and an increase of \$4,036 in the ending net position of business-type activities. The total primary government's ending net position increased from the previous year by \$4,390. This increase was primarily due to \$2,591 American Rescue Plan capital grant for infrastructure improvements, \$190 operating grant from the Sweetwater Economic Development MDD for Code Enforcement abatements and Enterprise Fund's construction of a waterline to a major manufacturing plant, a \$914 Loan Forgiveness drinking water grant from the TWDB, and a generous private operating grant for public safety of \$288.

At the end of the current fiscal year, the City of Sweetwater can report a government wide positive balance of \$34,937 in ending net position. The governmental activities had a positive unrestricted net position of \$519. This was an increase of \$983 over the previous fiscal year's deficit. Details of this swing are discussed further below under the Governmental activities' key elements. The government's separate governmental and business-type activities had positive ending fund balances or net position, except for the ambulance activity which had a deficit net position due to the implementation of GASB 68 in a prior fiscal year. Previous to the implementation, the entity reported all positive balances net position.

City of Sweetwater's Changes in Net position

	Governmental activities		Business type activities		Total	
	2020	2021	2020	2021	2020	2021
Revenues:						
Program Revenues:						
Charges for Services	\$2,334	\$2,540	\$11,279	\$10,751	\$13,613	\$13,291
Operating Grants and Contributions	655	609	135	59	790	668
Capital Grants and Contributions	1,205	18	-	3,598	1,205	3,616
General Revenues:						
Property Taxes	2,495	2,640	-	-	2,495	2,640
Sales Taxes	2,842	3,041	-	-	2,842	3,041
Other Taxes	1,796	1,638	-	-	1,796	1,638
Other	1,027	718	139	495	1,166	1,213
Total Revenues	12,354	11,204	11,553	14,903	23,907	26,107
Expenses:						
General Government	1,812	1,892	-	-	1,812	1,892
Public Safety	5,632	5,732	-	-	5,632	5,732
Public Works	1,040	899	-	-	1,040	899
Culture and Recreation	1,329	1,434	-	-	1,329	1,434
Community Services	544	551	-	-	544	551
Airport	395	444	-	-	395	444
Water and Sewer	-	-	6,723	6,729	6,723	6,729
Solid Waste	-	-	2,186	1,979	2,186	1,979
Emergency Medical Services	-	-	2,034	2,057	2,034	2,057
Total Expenses	10,752	10,952	10,943	10,765	21,695	21,717
Increase in Net position Before Transfers and Special items	1,602	252	610	4,138	2,212	4,390
Transfers	(552)	102	552	(102)	-	-
Loss on Disposal of Property	-	-	(760)	-	(760)	-
Increase (decrease) in net position	1,050	354	402	4,036	1,452	4,390
Net position - beginning	7,548	8,598	21,547	21,949	29,095	30,547
Net position	\$8,598	\$8,952	\$21,949	\$25,985	\$30,547	\$34,937

The key elements of the increase to the City of Sweetwater's combined net position by \$4,390 are as follows:

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

Governmental activities. Governmental-type activities increased the City of Sweetwater's ending net position by \$354. Key elements of this increase are as follows:

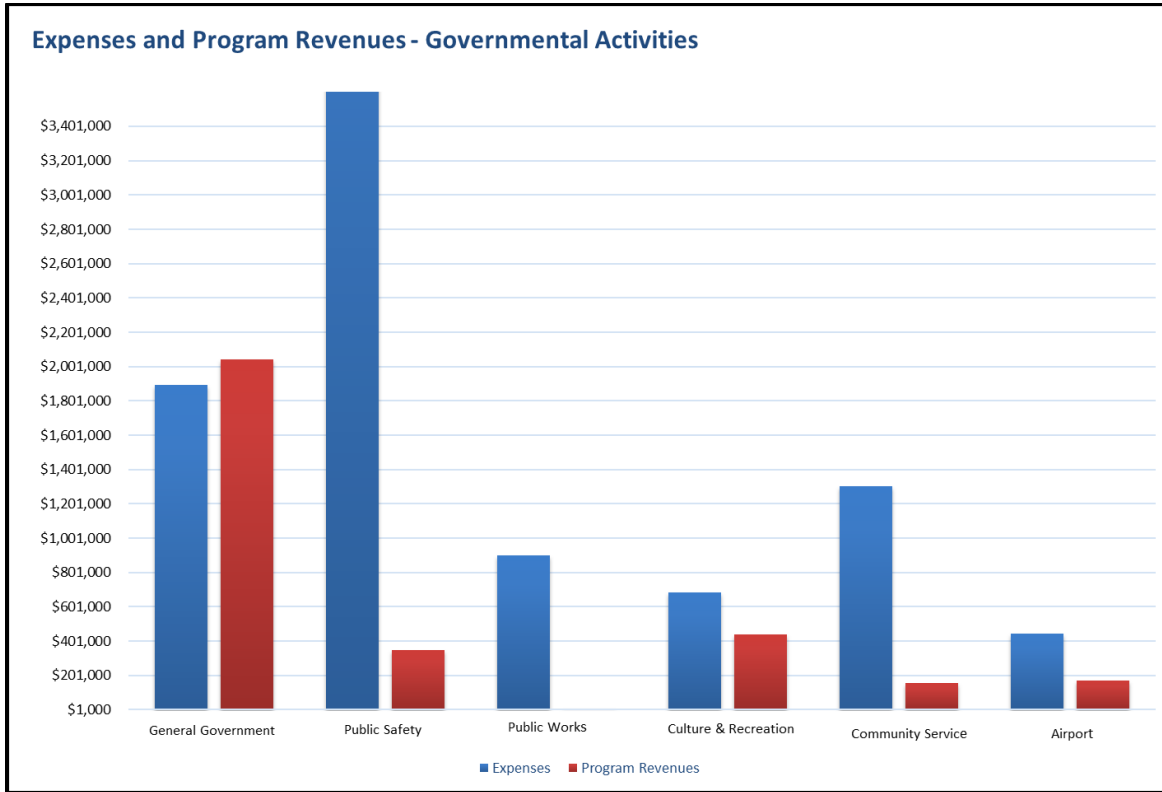
- Due to the resuming of activities previously postponed by the COVID-19 pandemic, the City's charges for services increased \$206, primarily from increased swimming pool, airport activities, and a new PILOT agreement with a major manufacture facility expansion. Also, with the lifting of COVID-19 restrictions, the City's sales tax collections rose \$199, a 7% increase.
- The decrease of \$1,233 in the operating and capital grants and contributions categories was due to the completion of major grant and donated capital projects in the previous fiscal year.
- The property net taxable values for 2021 increased by \$19 million. The City's property tax rate was approved just below the rollback rate at \$0.544 per \$100 of value. This resulted in a \$145 thousand increase in current property taxes to be used for general governmental services.
- Governmental-type expenses increased from previous year by \$199. The increase was over most sectors except for public works which its expenses decreased because of personnel retirements and previous year's street projects repairing affected areas after gas line repairs. Over the remaining sectors the expenses increased due to the increased cost of supplies to maintain city activities, a turnover of police and fire personnel, and re-opening of swimming pool after the pandemic. Purchase requests were carefully considered for necessity before approval was given.
- Net investment in capital assets decreased by \$507. This decrease is primarily due to the retirement and public auction of equipment no longer useful.

Business-type activities. Business-type activities increased the City of Sweetwater's ending net position by \$4036. Key elements of this increase are as follows:

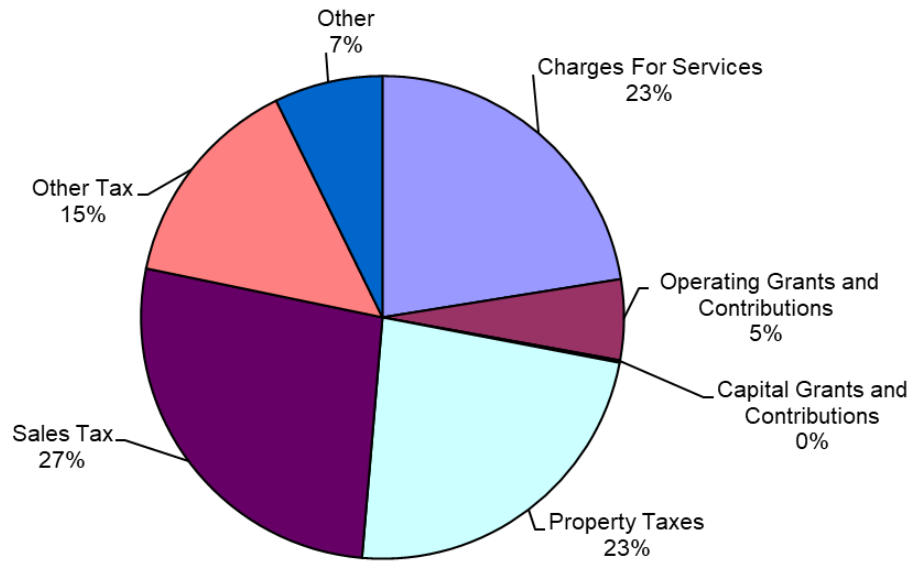
- Business type total revenues increased by 29% and expenditures decreased slightly by 1.6%.
- Charges for services decreased by \$528 (4.6%) for business-type activities.
 - An increase of \$49 water and sewer revenues reflect a slight increase in consumption.
 - There was a \$638 decrease (31%) in Refuse charges due to contracting out that service.
 - Ambulance charges increased by 4.8% or \$61.
- There was an increase of \$3598 in capital grant revenue for water system and infrastructure projects and a decrease in ambulance operating grant revenue of \$76.
- Transfers from the general fund into the ambulance department increased by \$21.
- Transfers from the water and sewer fund into the general fund to assist with public safety increased \$675 and into the refuse fund to support the transition to contract was an increase of \$286.

Graphic depictions of the Government's activities are as follows.

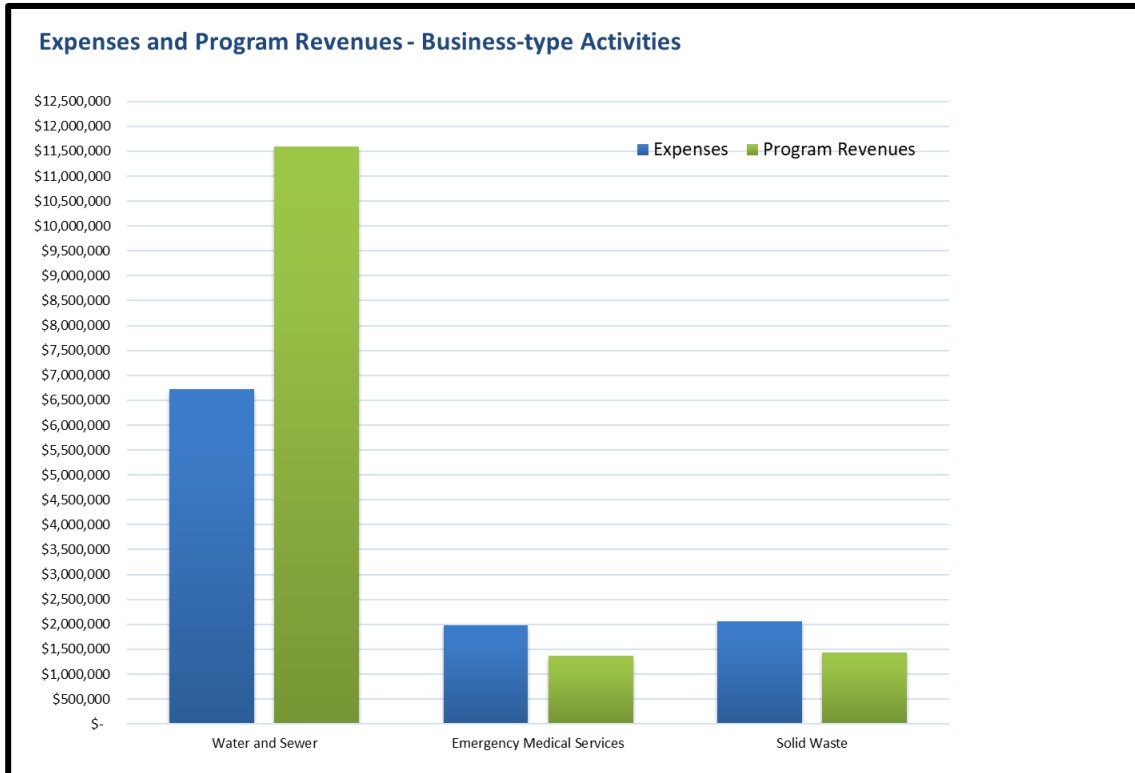
CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis



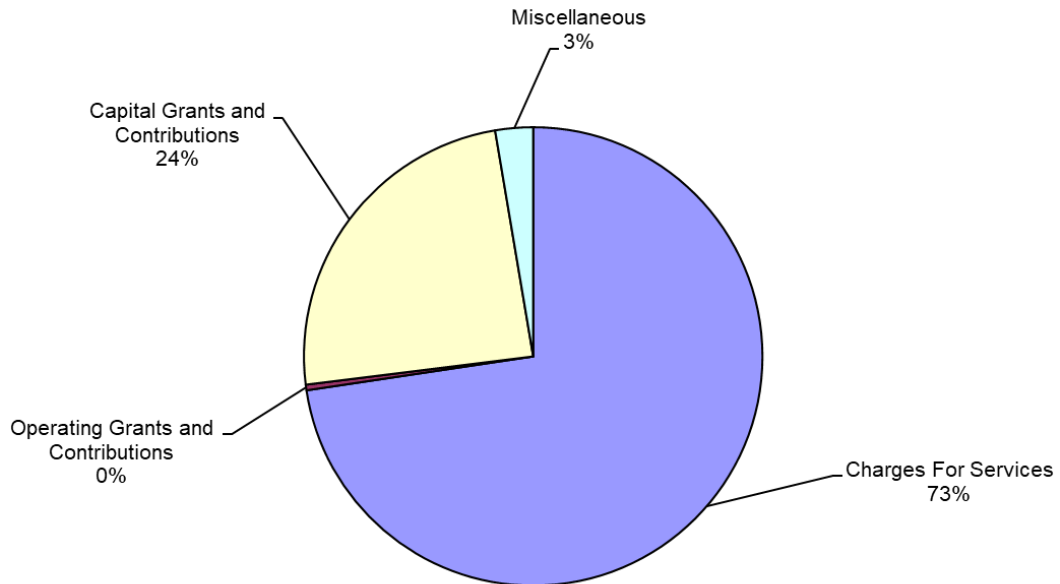
Revenue by Source - Governmental Activities



CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis



Revenues by Source - Business-type Activities



CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

Individual Fund Reporting

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Sweetwater's governmental funds reported combined ending fund balances of \$4,857. The combined ending fund balances consist of \$3,194 in unassigned fund balance, which is available for spending at the government's discretion and \$1,663 in committed, restricted and assigned fund balances, which are restricted for spending for specific uses.

The general fund is the chief operating fund of the City of Sweetwater. At the end of the current fiscal year, total fund balance of the general fund was \$3,499 of which \$3,194 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 35% of total general fund expenditures.

The fund balance of the City of Sweetwater's general fund increased by \$137 during the current fiscal year. The key factors in this increase are as follows:

- General fund current expenditures increased \$496 from fiscal year 2020 primarily due to increases in public safety expenditures of \$386, general government expenditures of \$165, culture and recreation expenditures of \$86 and airport and community services expenditures of \$11. There was a decrease in public works of \$152.
- Capital Outlay decreased by \$1,468 from the previous year due to completion of 2020 projects.
- Transfers from the general fund increased \$70 from 2020. The increase was primarily from increased transfers to the Ambulance fund of \$21 and SNAP fund of \$34.
- The Water and Wastewater Fund transferred \$675 into General Fund to help with its support of public safety.
- General fund revenues decreased by \$1,102 was primarily due to the \$1,216 decrease in capital and operating grants from the previous year. As stated earlier in this report, with the lifting of COVID-19 restrictions, increased activities which increased the city charges for services and permits by \$165, sales tax and other taxes by \$60. The government's property taxes increased from the previous year by \$156 due to a 4.1% increase in taxable values. The other General revenues decreased \$267.

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

Unrestricted net position of the Water and Wastewater Fund at the end of the year amounted to \$10,321. The total increase in net position for this Fund was \$4,311. The Solid Waste Management Fund had a decrease in net position of \$169 even after the \$286 transfer in from the Water Wastewater Fund. The Ambulance Fund had a decrease in net position of \$106 which includes \$573 transfers from the General Fund.

General Fund Budgetary Highlights

The City prepares its annual operating budget on a basis which differs from U.S. generally accepted accounting principles (GAAP basis). See Note 2 of the notes to financial statements for further explanation of the differences in methods. There was one amendment to the budget passed during the year which had the effect of increasing the general fund's budgeted revenues by \$385 and increased its expenditures by \$614. Following are the main components of the amendments:

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

- Increase in contributions and donations for police and fire departments from a citizen.
- Increase in operating grant revenues from approved SEED-MDD grant for asbestos abatement project.
- Increase in election supplies for a special bond election.
- Increase in contracted expenditures for city-wide software development and change.
- Increase in personnel expenditures for additional police and fire department positions.
- Increase in capital outlay for animal control air conditioner unit.
- Increase in transfers out to the Ambulance, SNAP and Cemetery funds.

The General Fund's actual budget basis revenues, expenditures, and other financing sources (uses) for fiscal year 2021 resulted in an increase in fund balance of \$137. The actual budget basis total revenues were \$10,430 while budgeted total revenues were \$12,138. The negative variance of \$1,708 was primarily due to intergovernmental revenues not meeting or exceeding expectations. A Texas Department of Transportation airport paving project was halted due to contractor issues.

General Fund's fiscal year 2021 actual budget basis expenditures before other financing sources (uses) were \$10,067 while budgeted expenditures were \$12,221. The positive variance of \$2,154 was primarily due to the postponement of a budgeted airport pavement project referred to above.

Capital Asset and Debt Administration

Capital assets. The City of Sweetwater's investment in capital assets for its governmental and business type activities as of September 30, 2021 amounts to \$35,229 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, streets and bridges.

	City of Sweetwater's Capital Assets					
	(net of depreciation)					
	Governmental Activities		Business- type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land	\$ 178	\$ 178	\$ 2,416	\$ 2,416	\$ 2,594	\$ 2,594
Buildings	3,799	3,518	6,387	6,007	10,186	9,525
Improvement other than buildings	2,708	2,370	16,641	16,573	19,349	18,943
Machinery and equipment	2,517	2,640	665	623	3,182	3,263
Construction in progress	-	17	568	887	568	904
Total	\$ 9,202	\$ 8,723	\$ 26,677	\$ 26,506	\$ 35,879	\$ 35,229

Additional information on the City of Sweetwater's capital assets can be found in Note (4) starting on page 42 of this report.

Long-term Obligations. At the end of the current fiscal year, the City of Sweetwater had \$26,544 of long-term obligations, an increase of \$2,004. Included in the long-term obligations is bonded debt outstanding of \$15,238, which represents bonds secured by revenue and tax sources.

The City of Sweetwater's increase in total long-term obligations of \$2,004 (8.1%) during the current fiscal year was due to a \$4.6 million issuance of low interest certificates of obligation for the funding of improvements to the water and wastewater systems. There was a new capital lease in the current year but no new bonded debt obligations were issued.

The City of Sweetwater maintains an "AA-" rating from Standard & Poor's and Fitch for its revenue and tax certificates of obligation debt.

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

City of Sweetwater's Long-Term Obligations

	Governmental activities		Business-type activities		Total	
	2020	2021	2020	2021	2020	2021
Net pension liability	\$ 5,508	\$ 5,083	\$ 4,125	\$ 3,930	\$ 9,633	\$ 9,013
Net OPEB liability	298	364	126	148	424	512
Note Payable	75	-	55	10	130	10
Capital Lease	747	605	-	-	747	605
Compensated Absences	753	684	254	176	1,007	860
General Obligation Bonds	-	-	6,475	5,265	6,475	5,265
Certificates of Obligation	-	-	5,385	9,632	5,385	9,632
Bond premium	-	-	436	341	436	341
Landfill Post-Closure	-	-	302	306	302	306
Total	\$ 7,381	\$ 6,736	\$ 17,158	\$ 19,808	\$ 24,539	\$ 26,544

Additional information on the City of Sweetwater's long-term debt can be found in Note (5) starting on page 43 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City's county, Nolan, at year end was 4%, a decrease from the 5.9 rate a year ago. This decrease compares favorably to the state's average unemployment rate for the same period of 4.9% and the United States rate of 4.6%. The decrease in unemployment rate is primarily due to the continued recovery from the lasting effects of the COVID-19 restrictions in the hospitality, restaurant, and retail sectors. Also, the City is optimistic with the major expansion of a manufacturing plant located just outside the city's limit, several smaller new business startups, and new business and residential construction projects. It should be mentioned that efforts of the Sweetwater Enterprise for Economic Development – MDD have had an enormous impact in generating more interest in our small town. With the interstate traffic increasing since the vaccine and decreased cases of the virus, old businesses are opening back up and new business owners are taking the risks to start up
- Inflationary trends in the region compare favorably to national indexes.
- With more activity being generated by the new business and construction projects mentioned above, there is a demand for more city services such as public safety and the maintenance of the City's aging infrastructure. The City Council increased the FY 2022 property tax rate to \$0.548 per \$100 of valuation to meet the community's needs. This rate is just slightly under the rollback rate.

All of these factors were considered in preparing the City of Sweetwater's budget for the 2022 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Sweetwater's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report for the City or its component unit, Sweetwater Enterprise for Economic Development - Municipal Development District, or requests for additional financial information should be addressed to the Office of the City Comptroller, P.O. Box 450, Sweetwater, Texas 79556-0450.

BASIC FINANCIAL STATEMENTS

CITY OF SWEETWATER, TEXAS

Statement of Net Position
September 30, 2021

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit SEED MDD
Assets				
Current cash and cash equivalents	\$ 6,930,007	\$ 10,163,553	\$ 17,093,560	\$ 7,879,358
Receivables (net of allowance for uncollectibles)	625,553	1,455,375	2,080,928	56,831
Internal balances	(163,740)	163,740	-	-
Due from other governments	20,817	1,397,126	1,417,943	-
Inventories	58,493	449,364	507,857	-
Other assets	-	616	616	-
Restricted assets:				
Cash and cash equivalents	450,580	7,178,878	7,629,458	-
Capital assets (net of accumulated depreciation):				
Land	178,332	2,415,757	2,594,089	305,439
Construction in-progress	17,484	887,155	904,639	-
Buildings	3,517,563	6,006,811	9,524,374	-
Improvements other than buildings	2,369,730	16,572,539	18,942,269	-
Machinery and equipment	2,640,229	623,388	3,263,617	-
Total assets	<u>16,645,048</u>	<u>47,314,302</u>	<u>63,959,350</u>	<u>8,241,628</u>
Deferred Outflows of Resources				
Deferred pension outflow	872,321	548,406	1,420,727	-
Deferred OPEB outflow	66,195	24,958	91,153	-
Total deferred outflows of resources	<u>938,516</u>	<u>573,364</u>	<u>1,511,880</u>	<u>-</u>
Liabilities				
Accounts payable	520,680	973,429	1,494,109	-
Customer security deposits	-	416,368	416,368	-
Accrued liabilities	12,988	37,420	50,408	-
Due to other governments	108,964	-	108,964	-
Long-term liabilities:				
Due within one year	207,311	1,920,616	2,127,927	-
Due in more than one year	6,528,529	17,887,461	24,415,990	-
Total liabilities	<u>7,378,472</u>	<u>21,235,294</u>	<u>28,613,766</u>	<u>-</u>
Deferred Inflows of Resources				
Deferred pension inflow	1,234,566	659,426	1,893,992	-
Deferred OPEB inflow	18,567	7,931	26,498	-
Total deferred inflows of resources	<u>1,253,133</u>	<u>667,357</u>	<u>1,920,490</u>	<u>-</u>
Net Position				
Net investment in capital assets	8,118,423	15,635,031	23,753,454	305,439
Expendable Restricted for:				
Community services	7,243	-	7,243	-
Drug enforcement	2,603	-	2,603	-
PEG capital costs	190,902	-	190,902	-
Public safety	111,833	-	111,833	-
Debt service	-	589,498	589,498	-
Court costs	1,790	-	1,790	-
Capital improvements	-	2,212,187	2,212,187	-
Development projects	-	-	-	4,754,168
Unrestricted (deficit)	519,165	7,548,299	8,067,464	3,182,021
Total Net Position	<u>\$ 8,951,959</u>	<u>\$ 25,985,015</u>	<u>\$ 34,936,974</u>	<u>\$ 8,241,628</u>

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

CITY OF SWEETWATER, TEXAS

Statement of Activities
For the Year Ended September 30, 2021

	Net (Expenses) Revenues and Changes in Net Position						Component Unit
	Program Revenues			Primary Government			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Function/Program Activities							
Primary Government:							
Governmental Activities							
General government	\$ 1,891,668	\$ 99,926	\$ -	\$ 152,722	\$ -	\$ 152,722	\$ -
Public safety	5,731,670	348,035	-	(5,383,635)	-	(5,383,635)	-
Public works	899,463	7,890	-	(891,573)	-	(891,573)	-
Culture and recreation	1,433,789	439,902	-	(993,887)	-	(993,887)	-
Community services	550,725	154,545	-	(396,180)	-	(396,180)	-
Airport	444,224	147,468	17,484	(272,515)	-	(272,515)	-
Total governmental activities	10,951,539	2,539,724	17,484	(7,785,068)	-	(7,785,068)	-
Business-type Activities:							
Water and wastewater	6,728,933	7,999,429	3,597,753	-	4,868,248	4,868,248	-
Solid waste management	1,979,347	1,438,294	-	-	(541,053)	(541,053)	-
Ambulance	2,056,668	1,312,934	58,949	-	(684,785)	(684,785)	-
Total business-type activities	10,764,948	10,750,657	3,597,753	-	3,642,410	3,642,410	-
Total Primary Government	\$ 21,716,487	\$ 13,290,381	\$ 3,615,237	\$ (7,785,068)	\$ 3,642,410	\$ (4,142,658)	\$ -
Component Unit:							
SEED - Municipal Development District	788,271	-	-	-	-	-	(788,271)
Total component units	\$ 788,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (788,271)
General revenues:							
Taxes:							
Property taxes, levied for general purposes				2,639,831	-	2,639,831	-
Sales tax				3,040,622	-	3,040,622	1,076,919
Franchise tax				1,058,911	-	1,058,911	-
Occupancy tax				565,496	-	565,496	-
Alcohol beverage				13,809	-	13,809	-
Investment earnings				59,007	112,064	171,071	76,488
Other				659,852	383,637	1,043,489	2,250
Transfers				101,915	(101,915)	-	-
Total general revenues, special item and transfers				8,139,444	393,786	8,533,230	1,155,657
Change in net position				354,376	4,036,196	4,390,572	367,386
Net position - beginning				8,597,583	21,948,819	30,546,402	7,874,242
Net position - ending				\$ 8,951,959	\$ 25,985,015	\$ 34,936,974	\$ 8,241,628

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

CITY OF SWEETWATER, TEXAS

Balance Sheet Governmental Funds September 30, 2021

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Current cash and cash equivalents	\$ 3,370,271	\$ 1,462,116	\$ 4,832,387
Receivables, net of allowance for uncollectibles	546,523	-	546,523
Due from other funds	4,822	7,390	12,212
Due from other governments	8,297	12,490	20,787
Inventories	26,489	-	26,489
Restricted cash and cash equivalents	304,525	-	304,525
Total assets	\$ 4,260,927	\$ 1,481,996	\$ 5,742,923
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable	92,622	10,365	102,987
Due to other funds	355,279	4,357	359,636
Due to other governments	-	108,964	108,964
Total liabilities	447,901	123,686	571,587
Deferred inflow of resources:			
Unavailable revenue - property taxes	314,516	-	314,516
Fund balances:			
Restricted	304,525	9,846	314,371
Committed	-	1,348,464	1,348,464
Unassigned	3,193,985	-	3,193,985
Total fund balances	3,498,510	1,358,310	4,856,820
Total liabilities, deferred inflows, and fund balances	\$ 4,260,927	\$ 1,481,996	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			6,570,918
Deferred outflows of resources are not reported in the governmental funds.			877,800
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			(5,721,041)
Deferred inflows of resources are not reported in the governmental funds.			(1,115,874)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.			314,516
Internal service funds are used by management to charge the costs of central garage and stores as well as employee benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			3,168,820
Net position of governmental activities			\$ 8,951,959

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

CITY OF SWEETWATER, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended September 30, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes:			
Property	\$ 2,620,725	\$ -	\$ 2,620,725
Sales	3,040,622	-	3,040,622
Occupancy	-	565,496	565,496
Alcoholic beverage	13,809	-	13,809
Franchise Fees	1,058,911	-	1,058,911
Intergovernmental	144,802	127,122	271,924
Charges for services	1,963,207	1,150	1,964,357
Rents and royalties	558,804	-	558,804
Contributions and donations	327,400	27,422	354,822
Licenses and permits	91,054	-	91,054
Investment income	47,239	11,768	59,007
Fines and forfeitures	50,316	-	50,316
Miscellaneous	513,412	21,632	535,044
Total revenues	<u>10,430,301</u>	<u>754,590</u>	<u>11,184,892</u>
Expenditures			
Current:			
General government	2,038,949	-	2,038,949
Public safety	5,759,349	-	5,759,349
Public works	929,398	-	929,398
Culture and recreation	819,362	565,496	1,384,858
Community services	68,166	487,406	555,572
Airport	204,070	-	204,070
Capital outlay:			
General government	-	-	-
Public safety	222,480	-	222,480
Public works	7,820	-	7,820
Community services	-	7,440	7,440
Airport	17,484	-	17,484
Total expenditures	<u>10,067,078</u>	<u>1,060,342</u>	<u>11,127,421</u>
Excess (deficiency) of revenues over (under) expenditures	<u>363,223</u>	<u>(305,752)</u>	<u>57,471</u>
Other financing sources (uses)			
Transfers in	675,250	328,632	1,003,882
Transfers out	(901,965)	-	(901,965)
Total other financing sources and uses	<u>(226,715)</u>	<u>328,632</u>	<u>101,917</u>
Net change in fund balances	136,508	22,880	159,388
Fund balances - beginning	<u>3,362,002</u>	<u>1,335,430</u>	<u>4,697,432</u>
Fund balances - ending	<u>\$ 3,498,510</u>	<u>\$ 1,358,310</u>	<u>\$ 4,856,820</u>

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

CITY OF SWEETWATER, 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 (page 25) are different because:

Net change in fund balances - total governmental funds (page 27)	\$ 159,388
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$778,059) exceeded capital outlays of \$255,224 in the current year	(522,835)
Governmental funds report additions and reductions in debt as revenue and expenditures. These payments are reclassified to reduce the long-term liability on the statement of activities.	62,957
Included in the changes related to debt is the recognition of deferred outflows of resources of (\$19,190), deferred inflows of resources of \$144,154 and net pension and OPEB liability of \$332,519 associated with pension and other post-employment benefit plans.	457,483
Reclassification entries to convert modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, and adjusting current year revenue to show revenue earned from the current year's tax levy, as well as revenue earned on a current year contract yet not available in the current year.	19,107
The net gain of certain activities of internal service funds is reported with governmental activities.	<u>178,276</u>
Change in net position of governmental activities (page 25)	<u><u>\$ 354,376</u></u>

CITY OF SWEETWATER, TEXAS

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 2,593,701	\$ 2,593,701	\$ 2,620,725	\$ 27,024
Sales	2,920,000	2,920,000	3,040,622	120,622
Alcoholic beverage	12,000	12,000	13,809	1,809
Franchise tax	1,056,318	1,056,318	1,058,911	2,593
Intergovernmental	1,827,338	1,827,338	144,802	(1,682,536)
Charges for services	1,856,836	1,856,836	1,963,207	106,371
Rents and royalties	661,576	661,576	558,804	(102,772)
Contributions and donations	100	285,380	327,400	42,020
Licenses and permits	65,373	65,373	91,054	25,681
Investment income	75,000	75,000	47,239	(27,761)
Fines and forfeitures	65,090	65,090	50,316	(14,774)
Miscellaneous	619,610	719,610	513,412	(206,198)
Total revenues	<u>11,752,942</u>	<u>12,138,222</u>	<u>10,430,301</u>	<u>(1,707,921)</u>
Expenditures				
Current:				
General government:				
Mayor and commission	34,634	41,734	35,580	6,154
City administration	485,916	511,666	505,164	6,502
City finance	363,614	393,614	415,468	(21,854)
Municipal court	135,523	150,523	144,997	5,526
Code enforcement	322,120	419,870	385,537	34,333
Non-departmental	523,971	523,971	552,204	(28,233)
Public safety:				
Police department	3,512,029	3,786,234	3,906,443	(120,209)
Fire department	1,944,320	2,100,425	2,075,386	25,039
Public works:				
Streets and signals	915,812	915,812	762,580	153,232
Animal control	153,668	161,538	174,638	(13,100)
Culture and recreation:				
Parks and cemetery	567,665	567,665	581,177	(13,512)
Golf course	102,994	102,994	76,855	26,139
Aquatics	165,106	165,106	161,330	3,776
Community services	67,000	67,000	68,166	(1,166)
Airport	2,313,073	2,313,073	221,554	2,091,519
Total expenditures	<u>11,607,445</u>	<u>12,221,225</u>	<u>10,067,078</u>	<u>2,154,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>145,497</u>	<u>(83,003)</u>	<u>363,223</u>	<u>446,227</u>
Other financing sources (uses)				
Transfers in	675,250	675,250	675,250	-
Transfers out	(794,346)	(934,250)	(901,965)	32,285
Total other financing sources and uses	<u>(119,096)</u>	<u>(259,000)</u>	<u>(226,715)</u>	<u>32,285</u>
Net change in fund balances	26,401	(342,003)	136,508	478,512
Fund balances - beginning	<u>3,362,002</u>	<u>3,362,002</u>	<u>3,362,002</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,388,403</u>	<u>\$ 3,019,999</u>	<u>\$ 3,498,510</u>	<u>\$ 478,512</u>

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

CITY OF SWEETWATER, TEXAS

Statement of Net Position
Proprietary Funds
September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Wastewater	Solid Waste Management	Ambulance	Totals	
Assets					
Current assets:					
Cash and cash equivalents	\$ 9,633,867	\$ 529,686	\$ -	\$ 10,163,553	\$ 2,097,620
Investments	-	-	-	-	-
Due from other funds	239,974	873	403	241,250	190,063
Due from other governments	1,297,035	-	100,091	1,397,126	30
Accounts receivable (net of allowance for uncollectibles)	1,158,840	189,530	107,005	1,455,375	79,030
Inventories	449,364	-	-	449,364	32,004
Other assets	-	-	616	616	-
Restricted assets:					
Cash and cash equivalents	7,178,878	-	-	7,178,878	146,055
Total current assets	<u>19,957,958</u>	<u>720,089</u>	<u>208,115</u>	<u>20,886,162</u>	<u>2,544,802</u>
Noncurrent assets:					
Capital assets:					
Land	2,097,901	317,856	-	2,415,757	-
Construction in-progress	887,155	-	-	887,155	-
Buildings	13,899,148	108,187	-	14,007,335	145,573
Improvements other than buildings	37,120,470	120,408	-	37,240,878	49,726
Machinery and equipment	4,462,408	980,933	333,024	5,776,365	6,700,229
Less accumulated depreciation	(32,729,125)	(845,178)	(247,537)	(33,821,840)	(4,743,109)
Total capital assets (net of accumulated depreciation)	<u>25,737,957</u>	<u>682,206</u>	<u>85,487</u>	<u>26,505,650</u>	<u>2,152,419</u>
Total assets	<u>45,695,915</u>	<u>1,402,295</u>	<u>293,602</u>	<u>47,391,812</u>	<u>4,697,221</u>
Deferred Outflows of Resources					
Pension Plans	147,740	27,138	373,528	548,406	52,719
OPEB	19,540	4,663	755	24,958	7,997
Total deferred outflows of resources	<u>167,280</u>	<u>31,801</u>	<u>374,283</u>	<u>573,364</u>	<u>60,716</u>
Liabilities					
Current Liabilities:					
Accounts payable	868,246	84,815	20,368	973,429	417,692
Customer security deposits	416,368	-	-	416,368	-
Due to other funds	48,884	13,971	14,655	77,510	6,379
Accrued interest payable	37,420	-	-	37,420	12,988
Compensated absences-Current	4,989	1,284	11,365	17,638	2,918
Capital lease payable	-	-	-	-	145,718
Note payable	-	-	4,699	4,699	-
Bond obligations-Current	1,898,279	-	-	1,898,279	-
Total current liabilities	<u>3,274,186</u>	<u>100,070</u>	<u>51,087</u>	<u>3,425,343</u>	<u>585,695</u>
Noncurrent liabilities:					
Compensated absences	44,897	11,560	102,284	158,741	26,259
Net pension liability	832,500	321,927	2,775,123	3,929,550	333,930
OPEB liability	111,573	32,482	4,215	148,270	46,779
Landfill post-closure	-	306,064	-	306,064	-
Capital lease payable	-	-	-	-	459,196
Note payable	-	-	4,699	4,699	-
Bond obligations	13,340,137	-	-	13,340,137	-
Total noncurrent liabilities	<u>14,329,107</u>	<u>672,033</u>	<u>2,886,321</u>	<u>17,887,461</u>	<u>866,164</u>
Total liabilities	<u>17,603,293</u>	<u>772,103</u>	<u>2,937,408</u>	<u>21,312,804</u>	<u>1,451,859</u>
Deferred Inflows of Resources					
Pension Plans	255,053	97,187	307,186	659,426	134,529
OPEB	5,469	2,250	212	7,931	2,730
Total deferred inflows of resources	<u>260,522</u>	<u>99,437</u>	<u>307,398</u>	<u>667,357</u>	<u>137,259</u>
Net Position					
Net investment in capital assets	14,876,737	682,206	76,088	15,635,031	1,547,505
Restricted for debt service	589,498	-	-	589,498	146,055
Restricted for capital improvements	2,212,187	-	-	2,212,187	-
Unrestricted	10,320,958	(119,650)	(2,653,009)	7,548,299	1,475,259
Total net position	<u>\$ 27,999,380</u>	<u>\$ 562,556</u>	<u>\$ (2,576,921)</u>	<u>\$ 25,985,015</u>	<u>\$ 3,168,819</u>

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

CITY OF SWEETWATER, TEXAS

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Wastewater	Solid Waste Management	Ambulance	Totals	
Operating revenues:					
Charges for sales and services:					
Water sales	\$ 5,433,472	\$ -	\$ -	\$ 5,433,472	\$ -
Sewer charges	2,525,661	-	-	2,525,661	-
Delinquent penalties	18,937	-	-	18,937	-
Water and sewer taps	21,357	-	-	21,357	-
Intergovernmental	89,957	-	580,423	670,380	-
Other charges for services	-	1,290,706	732,512	2,023,218	4,227,628
Other revenue	23,373	147,587	-	170,960	11,133
Total operating income	<u>8,112,757</u>	<u>1,438,293</u>	<u>1,312,935</u>	<u>10,863,985</u>	<u>4,238,761</u>
Operating expenses:					
Personal services	1,714,160	491,407	1,174,995	3,380,562	797,997
Supplies	327,267	77,417	361,662	766,346	28,320
Other services and charges	2,633,464	1,381,434	500,294	4,515,192	3,045,217
Depreciation	1,654,751	28,710	19,409	1,702,870	439,400
Total operating expenses	<u>6,329,642</u>	<u>1,978,968</u>	<u>2,056,360</u>	<u>10,364,970</u>	<u>4,310,934</u>
Operating income (loss)	<u>1,783,115</u>	<u>(540,675)</u>	<u>(743,425)</u>	<u>499,015</u>	<u>(72,173)</u>
Nonoperating revenues (expenses):					
Interest income	99,575	9,645	2,844	112,064	18,879
Rents and royalties	267,823	-	-	267,823	-
Intergovernmental	3,507,796	-	58,949	3,566,745	98,400
Miscellaneous income	14,130	75,605	2,710	92,445	-
Gain (Loss) on disposal of property	-	-	-	-	151,333
Bond issuance costs	(215,039)	-	-	(215,039)	-
Interest expense	(184,252)	(379)	(308)	(184,939)	(18,163)
Total nonoperating revenue (expense)	<u>3,490,033</u>	<u>84,871</u>	<u>64,195</u>	<u>3,639,099</u>	<u>250,449</u>
Net income (loss) before transfers	5,273,147	(455,804)	(679,230)	4,138,113	178,276
Transfers in	-	286,500	573,333	859,833	-
Transfers out	(961,750)	-	-	(961,750)	-
Change in net position	<u>4,311,397</u>	<u>(169,304)</u>	<u>(105,897)</u>	<u>4,036,196</u>	<u>178,276</u>
Total net position - beginning	23,687,983	731,860	(2,471,024)	21,948,819	2,990,543
Total net position - ending	<u>\$ 27,999,380</u>	<u>\$ 562,556</u>	<u>\$ (2,576,921)</u>	<u>\$ 25,985,015</u>	<u>\$ 3,168,819</u>

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

CITY OF SWEETWATER, TEXAS

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Wastewater	Solid Waste Management	Ambulance	Totals	
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 6,776,421	\$ 1,532,558	\$ 1,365,025	\$ 9,674,004	\$ -
Receipts from interfund services provided	-	-	-	-	4,238,761
Payments to suppliers	2,949,351	1,481,534	849,262	5,280,147	715,794
Payments for claims	-	-	-	-	2,080,668
Payments to employees	1,878,500	484,314	1,159,247	3,522,061	826,781
Net cash provided by operating activities	<u>1,948,570</u>	<u>(433,290)</u>	<u>(643,484)</u>	<u>871,796</u>	<u>615,518</u>
Cash Flows From Noncapital Financing Activities					
Rents and royalties	267,823	-	-	267,823	-
Intergovernmental	-	-	58,949	58,949	-
Miscellaneous revenue	14,130	75,606	2,710	92,446	-
Transfers between funds	(961,750)	286,500	573,333	(101,917)	-
Net cash provided (used) by noncapital financing activities	<u>(679,797)</u>	<u>362,106</u>	<u>634,992</u>	<u>317,301</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Debt issuance	4,587,000	-	-	4,587,000	-
Bond issuance costs	(215,039)	-	-	(215,039)	-
Acquisition and construction of capital assets	(1,472,873)	(58,294)	-	(1,531,167)	(686,012)
Principal paid on capital obligations	(1,550,000)	(40,975)	(4,699)	(1,595,674)	(217,491)
Proceeds from sale of assets	-	-	-	-	353,706
Proceeds from capital grants and contributions	3,507,796	-	-	3,507,796	98,400
Interest and paying agent fees	(279,531)	(379)	(308)	(280,218)	(18,163)
Net cash provided (used) by capital and related financing activities	<u>4,577,353</u>	<u>(99,649)</u>	<u>(5,007)</u>	<u>4,472,697</u>	<u>(469,560)</u>
Cash Flows From Investing Activities					
Interest and dividends received	99,575	9,645	2,844	112,064	18,879
Net cash provided (used) by investing activities	<u>99,575</u>	<u>9,645</u>	<u>2,844</u>	<u>112,064</u>	<u>18,879</u>
Net increase (decrease) in cash and cash equivalents	5,945,700	(161,188)	(10,655)	5,773,857	164,838
Cash and cash equivalents at beginning of year	10,867,045	690,874	10,655	11,568,574	2,078,837
Cash and cash equivalents at end of year	<u>\$ 16,812,745</u>	<u>\$ 529,686</u>	<u>\$ -</u>	<u>\$ 17,342,431</u>	<u>\$ 2,243,675</u>
As reported on balance sheet:					
Cash	\$ 9,633,867	\$ 529,686	\$ -	\$ 10,163,553	\$ 2,097,620
Restricted Cash	7,178,878	-	-	7,178,878	146,055
Total cash and cash equivalents at end of year	<u>\$ 16,812,745</u>	<u>\$ 529,686</u>	<u>\$ -</u>	<u>\$ 17,342,431</u>	<u>\$ 2,243,675</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	1,783,115	(540,675)	(743,425)	499,015	(72,173)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,654,751	28,710	19,409	1,702,870	439,400
(Increase) decrease in accounts receivable	(56,412)	94,265	(14,097)	23,756	-
(Increase) decrease in other receivables	-	-	-	-	(79,030)
(Increase) in due from other governments	(1,297,035)	-	66,187	(1,230,848)	71
(Increase) in due from other funds	(239,974)	(873)	(403)	(241,250)	5,917
(Increase) in other assets	-	-	307	307	-
(Increase) decrease in inventories	(215,158)	-	-	(215,158)	(2,250)
(Increase) decrease in deferred outflows of resources	925	33,435	69,994	104,354	30,167
Increase (decrease) in accounts payable	454,286	(6,387)	13,457	461,356	348,440
Increase (decrease) in accrued liabilities	3,111	-	-	3,111	(2,452)
Increase (decrease) in customer deposits	17,111	-	-	17,111	-
Increase (decrease) in compensated absences	(5,379)	(4,390)	(67,460)	(77,229)	(5,558)
Increase (decrease) in net pension liability	(100,227)	(13,703)	(81,246)	(195,176)	(33,378)
Increase (decrease) in total OPEB liability	19,113	2,511	740	22,364	6,204
Increase (decrease) in landfill post-closure	-	3,629	-	3,629	-
Increase (decrease) in due to other funds	9,115	(19,052)	(667)	(10,604)	6,379
Increase (decrease) in deferred inflows of resources	(78,772)	(10,760)	93,720	4,188	(26,219)
Total adjustments	<u>165,455</u>	<u>107,385</u>	<u>99,941</u>	<u>372,781</u>	<u>687,691</u>
Net cash provided by operating activities	<u>\$ 1,948,570</u>	<u>\$ (433,290)</u>	<u>\$ (643,484)</u>	<u>\$ 871,796</u>	<u>\$ 615,518</u>

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

CITY OF SWEETWATER, TEXAS

Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2021

	<u>Custodial Funds</u>
	<u>Evidence Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 23,721</u>
Total assets	<u><u>23,721</u></u>
Liabilities	
Funds for others	<u>23,721</u>
Total liabilities	<u><u>\$ 23,721</u></u>

**“We lead with trust and respect to provide a vibrant,
secure community for all”**



PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

(1) Summary of Significant Accounting Policies

A. General Statement

The City of Sweetwater, Texas, is a municipal corporation incorporated under Article IX, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The enabling legislation for home rule cities is Article 1175 V.A.T.C.S. The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance welfare, health, morale, comfort, safety, and convenience of the City and its inhabitants.

B. Financial Reporting Entity

The City's combined financial statements include the accounts of all City operations.

Discretely presented component unit. The Sweetwater Enterprise for Economic Development – Municipal Development District (SEED-MDD) is a legally separate nonprofit corporation. It is a political subdivision of the State of Texas and the City, created in accordance with Chapter 377 of the Texas Local Government Code, as amended (the "Act"), and other applicable laws. SEED-MDD was created for the purpose of developing and financing all development projects as that term is defined in Section 377.001(3) of the ACT, as amended (a "Development Project"). The City appoints a voting majority of the organization's board. The City is able to impose its will on the organization and SEED-MDD has the potential to impose a financial benefit/burden on the City.

Condensed statements of the discretely presented component units are shown on the Statement of Net Position and the Statement of Activities in separate component unit columns.

Financial statements for SEED-MDD may be obtained by writing the City's finance office in City Hall at 200 East 4th Street, Sweetwater, Texas 79556.

Related Organizations. The Sweetwater Firemen's Relief and Retirement Fund (the "Fund") is established and controlled through various State of Texas legislative enactments. The Fund is administered locally by a seven-member board, independent of the City Council. City management does not influence or control the Fund, and the City is not financially accountable for the fund. The seven-member board of Trustees, composed of the Mayor (or designee) and City Comptroller (or designee), three firefighters elected by majority vote of firefighters, and two citizens who must be appointed unanimously by the first five trustees, are subject to the administrative supervision of and report to the State Firemen's Pension Commissioner. The Pension Fund is funded by specified rate of contributions from both the firefighters (17%) and City (18%). As provided by enabling legislation, the City's responsibility to the Fund is limited to matching semi-monthly contributions made by the members at specified rates governed by the Plan Document. Changes in the members' or the City's contribution rate requires a plan amendment. Title to assets is vested in the Fund and the City. The Texas State Pension Review Board is mandated to oversee all Texas public retirement systems in regard to their actuarial soundness and compliance with state law. The activities of the Firemen's Relief and Retirement fund are not a part of the City and thus are excluded from the accompanying financial statements. Separate audited financial statements may be obtained from the Sweetwater Firemen's Relief and Retirement Fund or from the City.

The Housing Authority of the City of Sweetwater, Texas (the Authority), created October 10, 1949, is a political sub-division of the State of Texas pursuant to the Constitution and laws of the State of Texas, particularly the Housing Authorities Law, and Texas Civil Statutes (now codified as Chapter 392 of the Local Government Code.) The Authority was authorized by a duly adopted and proper resolution of the City of Sweetwater City Council to transact business and exercise its powers under the Housing Authorities Law. The purpose of the Authority is to, among other things, undertake activities, including the construction, maintenance, or operation of decent, safe, and sanitary housing for persons of low income in the City of Sweetwater, Texas. The Authority was also organized to administer and receive grant funds from the U.S. Department of Housing and Urban

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2021

Development (HUD) for the benefit of these low-income persons. The Authority, through its component unit the Sweetwater Housing Development Corporation (SHDC) can issue revenue bonds for the construction of Section 8 housing. The component unit SHDC shares the same governing board. The powers of the Authority are vested in the commissioners of the Authority, who are appointed by the City Council. However, the City is not financially accountable for the Authority, because the Authority's operations are subsidized by the federal government, it sets its own budget subject to federal approval, sets its rental rate, and it can issue debt in its own name. The City is not responsible for deficits or liabilities of the Authority or its component unit, SHDC. The operations of the Authority are not a part of the City and thus are excluded from the accompanying financial statements.

The City Council is responsible for appointing some members to various other boards of organizations, but the City's accountability for those organizations does not extend beyond making the appointments.

C. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The City's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. 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

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2021

generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, sales taxes, intergovernmental revenues, other taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the government reports the following nonmajor governmental funds:

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes or funds with restrictions imposed by the governing body.

The government reports the following major proprietary fund:

The *water and wastewater fund* accounts for the activities of the City. The City of Sweetwater supplies water to city residents, some smaller municipalities, and a non-profit corporation; disposal of wastewater is primarily limited to the citizens of Sweetwater.

The *solid waste management* fund provides solid waste collection and disposal within the City.

The *ambulance* fund provides emergency medical services for all of Nolan County.

Additionally, the government reports the following non-major proprietary fund types:

Internal service funds account for central garage and stores, information technology services performed for other departments, as well as employee benefits provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The government reports the following fiduciary funds:

Custodial Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governmental units. Custodial funds include evidence funds that the police department holds for individuals. These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results or operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's general fund and the private purpose trust fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2021

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 City enterprise fund and the government's internal service funds are charges to customers for sales and services. The City 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 and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Budgetary Control

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15. Governmental funds with legally adopted budgets are the General Operating fund, Senior Nutrition Activities Program, Hotel and Motel fund, and the Cemetery Perpetual Care fund.

Upon receipt of the budget estimates, the Council holds a first reading on the Budget Ordinance and Tax Roll Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance (second reading) until ten days have passed after the Ordinance Publication and after the first Monday in September.

Prior to October 1, the budget is legally adopted or is amended by the City Council on a basis consistent with generally accepted accounting principles. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

There was one amendment approved this past year and it is material in relation to the original appropriations which were adopted. This amendment increased revenue by \$385,280 and increased expenditures by \$753,684 in the general fund. The revenue accounts were increased for contributions in the amount of \$285,280 and \$100,000 for funds received from SEED-MDD for abatement costs on demolition projects. The main expenditure accounts associated with the general fund portion of the amendment were the police and fire departments for additional salaries and equipment. The water and wastewater fund had a water line project implemented midyear which necessitated adding revenue of \$90,000 in SEED-MDD contributions and expenditures for engineering and other construction related costs of \$260,000. The same budget amendment adjusted other funds, but these amendments were not material in relation to the original appropriations which were adopted.

F. Cash and Investments

Cash of all funds, including restricted cash, but excluding the payroll fund, employee benefit, SEED-MDD, drug enforcement, debt service funds, and construction funds are pooled into one common pooled account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash account has an equity interest therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements.

For purposes of the statement of cash flows, the Enterprise and Internal Service Funds consider all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

G. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year.

H. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories are controlled and reported by an Internal Service Fund as well as the Water and Wastewater Fund. Most purchases, other than water and wastewater purchases, are recorded as inventory in the Internal Service Fund, and are recorded as an expenditure or expense in the appropriate fund when issued. The Internal Service Fund is then reimbursed through an interfund transfer.

Airport fuel is recorded using the purchases method through the general fund. Inventories still on hand at year-end are recorded in the years the amount is considered significant.

I. Interfund Receivables and Payables

Short-term amounts owed between funds are classified as "Due to/from other funds".

J. Restricted Assets

The City has funds with the following restricted cash and cash equivalents:

General Fund	\$ 304,525
Internal Service Fund	\$ 146,055
Water and Wastewater Fund	\$ 7,178,878

Monies received from a state issued franchise, which includes a one-percent fee are restricted for capital costs related to public, educational, and governmental (PEG) channels. These funds were \$190,902 at year-end. The general fund has restricted funds for local court costs in the amount of \$1,790. The general fund has donor designated funds of \$111,833 for the police and fire departments. Certain resources set aside for enterprise fund and internal service fund debt repayment, are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by applicable debt covenants. This restricted cash balance in the enterprise funds was \$589,498 at year-end, and \$146,055 in the internal service fund. The City has funds restricted for construction from their 2021 bond issues in the amount of \$5,291,071. These funds will be used for improvements to the City's water and waterworks systems. Lastly, the City's water and wastewater fund has operating grants restricted and American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds (CLFRF) restricted for infrastructure improvements in the amount of \$1,298,309.

K. 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 (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles	3 – 5
Machinery and Equipment	6 – 30
Buildings	40 – 60
Improvements	27.5 – 60

L. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is not liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and each governmental fund will liquidate their obligation.

M. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, 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. The same is true for the Sweetwater Firemen's Relief and Retirement Fund (FRR). 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. Each fund is responsible for liquidating their share of net pension liability.

Total OPEB Liability

For purposes of measuring Total OPEB Liability (TOL) and deferred outflows of resources and OPEB expense have been determined on the same basis as they are reported by TMRS. The City reports as a member municipality of the Supplemental Death Benefit Fund (SDBF).

N. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net 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 and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The City has two items that qualify for reporting in this category; the deferred outflow related to pension and the deferred outflow related to OPEB. Both of these are reported in the government-wide Statement of Net Position, Proprietary fund financial statements, and Internal Service fund financial statements.

In addition to liabilities, the statement of net 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 and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

qualify as deferred inflows of resources. The first item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow is reclassified to revenue on the government-wide financial statements. The second is the deferred inflow related to pensions reported in the government-wide Statement of Net Position, Proprietary fund financial statements, and Internal Service fund financial statements.

The components of the City’s deferred outflows of resources and deferred inflows of resources are as follows:

	Governmental Activities	Business Activities			Total	Total Primary Government
		Water and Wastewater	Solid Waste Management	Ambulance		
Deferred Outflows of Resources:						
Pension activities TMRS	\$ 549,578	\$ 147,740	\$ 27,138	\$ 5,427	\$ 180,305	\$ 729,883
Pension activities FRR	322,743	-	-	368,101	368,101	690,844
OPEB activities	66,195	19,540	4,663	755	24,958	91,153
Total Deferred Outflows of Resources	\$ 938,516	\$ 167,280	\$ 31,801	\$ 374,283	\$ 573,364	\$ 1,511,880
Deferred Inflows of Resources:						
Pension activities TMRS	\$ 839,230	\$ 255,053	\$ 97,187	\$ 9,710	\$ 361,950	\$ 1,201,180
Pension activities FRR	395,336	-	-	297,476	297,476	692,812
OPEB activities	18,567	5,469	2,250	212	7,931	26,498
Total Deferred Inflows of Resources	\$ 1,253,133	\$ 260,522	\$ 99,437	\$ 307,398	\$ 667,357	\$ 1,920,490

O. Payments Between the City and Component Units

Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions – that is, as revenues and expenses.

P. Nature and Purpose of Classifications of Fund Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.

Unassigned - all other spendable amounts. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

As of September 30, 2021, fund balances are composed of the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Restricted:			
PEG capital costs	\$ 190,902	\$ -	\$ 190,902
Court costs	1,790	-	1,790
Public safety	111,833		111,833
Drug enforcement	-	2,603	2,603
Senior nutrition program	-	7,243	7,243
Committed:			
Cemetery care	-	1,348,464	1,348,464
Unassigned Fund Balances	<u>3,193,985</u>	<u>-</u>	<u>3,193,985</u>
Total Fund Balances	<u>\$ 3,498,510</u>	<u>\$ 1,358,310</u>	<u>\$ 4,856,820</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Q. Minimum Fund Balance Policy

The General Fund unrestricted fund balance should be at least 25% of the General Fund annual expenditures. This percentage is the equivalent of 92 days expenditures. The circumstances in which the unrestricted balance can be "spent down" include unforeseen revenue shortfalls, unpredicted one-time expenditures or a deliberate spending of accumulated funds in the Committed or Assigned fund balance categories. The balances would be replenished with budgetary measures in the following fiscal year as appropriate.

R. Net Position

In the government-wide financial statements and proprietary fund financial statements, the net position is reported in three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net investment in capital assets represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restriction imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net position of the primary government reported restricted net position of \$314,371, of which \$192,692 of net position is restricted by enabling legislation.

(2) Deposits and Investments

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

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

Cash Deposits:

At September 30, 2021, the City's deposits were fully secured at year-end as required by the state statutes. The deposits of the component unit were fully secured by Federal Depository Insurance and pledged assets. At year-end, the carrying amount of the City's deposits totaled \$24,740,359 and its component unit's carrying amount of deposits totaled \$7,879,358. The respective bank balances totaled \$24,914,539 and \$7,881,453. For reporting purposes, \$6,380 in the Ambulance Fund's portion of a pooled cash account had a negative balance and was reclassified to accounts payable. Cash balances as reported are then \$24,746,739.

Of the City's First Financial Bank balances, \$250,000 was covered by Federal Depository Insurance and pledged collateral with a market value of \$23,272,460. The component unit's bank balances were fully covered by Federal Depository Insurance in the amount of \$250,000 with the balance covered by pledged securities. The collateral is held by First Financial Bank of Abilene, Texas. All collateral is in the City's or SEED-MDD's name under a joint safekeeping agreement with Frost National Bank.

Investments:

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

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies. The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City did not have any investments at September 30, 2021.

(3) Receivables

Receivables as of year-end for the government's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water Wastewater Fund	Solid Waste Management	Ambulance Fund	Total
Receivables:					
Accounts	\$ 43,290	\$ 1,204,476	\$ 198,725	\$ 229,085	\$ 1,675,576
Taxes	519,786	-	-	-	519,786
Gross Receivables	563,076	1,204,476	198,725	229,085	2,195,362
Less: allowance for uncollectibles	(16,553)	(45,636)	(9,195)	(122,080)	(193,464)
Net total receivables	\$ 546,523	\$ 1,158,840	\$ 189,530	\$ 107,005	\$ 2,001,898

Intergovernmental receivables are classified separately in the accompanying financial statements. All significant receivables are expected to be collected within one year.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

(4) Capital Assets

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

Primary Government	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 178,332	\$ -	\$ -	\$ 178,332
Construction in-progress	-	17,484	-	17,484
Total capital assets, not being depreciated:	<u>178,332</u>	<u>17,484</u>	<u>-</u>	<u>195,816</u>
Capital assets, being depreciated:				
Buildings	7,750,320	-	-	7,750,320
Improvements other than buildings	8,665,051	33,450	-	8,698,501
Machinery and equipment	9,284,864	890,303	(1,263,359)	8,911,808
Total capital assets being depreciated	<u>25,700,235</u>	<u>923,753</u>	<u>(1,263,359)</u>	<u>25,360,629</u>
Less accumulated depreciation for:				
Buildings	(3,951,554)	(281,203)	-	(4,232,757)
Improvements other than buildings	(5,957,036)	(371,734)	-	(6,328,771)
Machinery and equipment	(6,768,044)	(564,522)	1,060,986	(6,271,579)
Total accumulated depreciation	<u>(16,676,633)</u>	<u>(1,217,459)</u>	<u>1,060,986</u>	<u>(16,833,107)</u>
Total capital assets, being depreciated, net	<u>9,023,602</u>	<u>(293,706)</u>	<u>(202,373)</u>	<u>8,527,522</u>
Governmental activities capital assets, net	<u>\$ 9,201,934</u>	<u>\$ (276,223)</u>	<u>\$ (202,373)</u>	<u>\$ 8,723,338</u>
Business-type activities:				
	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,415,757	\$ -	\$ -	\$ 2,415,757
Construction in-progress	567,906	887,155	(567,906)	887,155
Total capital assets, not being depreciated	<u>2,983,663</u>	<u>887,155</u>	<u>(567,906)</u>	<u>3,302,912</u>
Capital assets, being depreciated:				
Buildings and system	14,007,335	-	-	14,007,335
Improvements other than buildings	36,099,004	1,141,874	-	37,240,878
Machinery and equipment	5,733,071	70,044	(26,750)	5,776,365
Total capital assets being depreciated	<u>55,839,410</u>	<u>1,211,918</u>	<u>(26,750)</u>	<u>57,024,578</u>
Less accumulated depreciation for:				
Buildings and system	(7,619,668)	(380,856)	-	(8,000,524)
Improvements other than buildings	(19,458,009)	(1,210,330)	-	(20,668,339)
Machinery and equipment	(5,068,041)	(111,686)	26,750	(5,152,977)
Total accumulated depreciation	<u>(32,145,718)</u>	<u>(1,702,872)</u>	<u>26,750</u>	<u>(33,821,840)</u>
Total capital assets, being depreciated, net	<u>23,693,692</u>	<u>(490,954)</u>	<u>-</u>	<u>23,202,738</u>
Business-type activities capital assets, net	<u>\$ 26,677,355</u>	<u>\$ 396,202</u>	<u>\$ (567,906)</u>	<u>\$ 26,505,650</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

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

Governmental activities:	
General government	\$ 46,894
Public safety	343,287
Public works	24,459
Culture and recreation	102,954
Community services	21,571
Airport	238,893
Internal Service	439,401
Total depreciation expense – governmental activities	<u>\$1,217,459</u>
Business-type activities:	
Water and Wastewater	\$1,654,752
Solid waste management	28,711
Ambulance	19,409
Total depreciation expense – business-type activities	<u>\$1,702,872</u>

Discretely Presented Component Unit

Activity for SEED-MDD for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	<u>\$ 305,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,439</u>
Total capital assets, not being depreciated	<u>305,439</u>	<u>-</u>	<u>-</u>	<u>305,439</u>
Capital assets, being depreciated:				
Machinery and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
SEED-MDD capital assets, net	<u>\$ 305,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,439</u>

(5) Long-Term Obligations

At September 30, 2021, notes payable, capital lease payable and bonds consisted of the following:

Governmental Activities:

US Bank capital lease payable, dated November 2019 in the amount
Of \$747,105 due in annual installments through November 2024,
bearing an interest rate of 2.48% \$ 604,914

Business-Type Activities:

2014 Combination Tax & Surplus Revenue Certificates of Obligation, dated
January 1, 2014 for \$1,935,000 due in annual installments through
August 15, 2033, bearing interest rates of 0% to 2.78%. 1,270,000

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

2015 Combination Tax & Revenue Refunding Bonds, dated May 1, 2015 for \$8,480,000 due in annual installments through August 15, 2025, bearing interest rates of 2% to 3.5%.	5,265,000
2016 Combination Tax & Revenue Certificates of Obligation, dated July 15, 2016 for \$5,000,000 due in annual installments through August 15, 2036, bearing interest rates of 0% to 0.8%.	3,775,000
2021A Combination Tax and Surplus Revenue Certificates of Obligation, Dated May 1, 2021 for \$2,187,000 due in annual installments through August 15, 2041, bearing interest rates of .6% to 1.44%.	2,187,000
2021B Combination Tax and Surplus Revenue Certificates of Obligation, Dated May 1, 2021 for \$2,400,000 due in annual installments through August 15, 2041, bearing interest rates of .60% to 1.69%.	<u>2,400,000</u>
Total Bonds Payable	<u>\$ 14,897,000</u>

Note payable to Stryker Flex Financial for the purchase of Emergency Medical Service equipment dated January 23, 2019. Payable in annual installments through January 2023, imputed interest rate of 2.30%.	<u>\$ 9,398</u>
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All five bond issues constitute direct obligations of the City secured by a pledge of ad valorem taxes levied against all taxable property located within the City, within the limits prescribed by law. The Certificates are additionally secured by a first lien pledge of the Net Revenues of the Water and Wastewater System. If the City has sufficient surplus revenues set aside and available in advance of the time when ad valorem taxes are scheduled to be levied for any year, they have the option of reducing the required tax levy required to be deposited in the interest and sinking fund. The City has chosen to set aside adequate surplus water revenues, thus reducing the required ad valorem tax requirement to zero. The City has not adopted an interest and sinking tax rate and considers all debt to be enterprise fund debt to be repaid by enterprise fund revenue. Net Revenues consist of the gross revenues of the system less the expenses of operation and maintenance of the system to render adequate service to the users.

The note to Stryker Flex Financial is for the purchase of ambulance equipment. No interest and sinking fund is required and the equipment is collateral on the loan. This is a seller financed note with a stated interest rate of 0%. The City has imputed an interest rate of 2.30%.

The capital lease to US Bancorp is for the purchase of equipment for the internal service fund to be used by various departments within the City. Leased equipment under capital leases in capital assets is \$740,165 with accumulated depreciation of \$86,299. Amortization of leased equipment under capital assets is included in depreciation in the internal service fund.

The City is in compliance with all significant financial requirements as of September 30, 2021.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

Changes in Outstanding Obligations

Transactions for the year ended September 30, 2021 are summarized as follows:

	Balance September 30, 2020	New Issue or Additions	Payments or Expenditures	Balance September 30, 2021	Due Within One Year
<u>Governmental Activities</u>					
Note payable	\$ 75,300	\$ -	\$ 75,300	\$ -	\$ -
Capital lease	747,105	-	142,191	604,914	145,718
Net pension liability	5,508,073	-	425,448	5,082,625	-
Total OPEB liability	298,179	65,755	-	363,934	-
Compensated Absences	752,883	1,650	70,166	684,367	61,593
Total Governmental Activities	\$ 7,381,540	\$ 67,405	\$ 713,105	\$ 6,735,840	\$ 207,311
<u>Business-type Activities</u>					
General Obligation Bonds	6,475,000	-	1,210,000	5,265,000	1,250,000
Certificates of Obligation	5,385,000	4,587,000	340,000	9,632,000	553,000
Bond premium	436,695	-	95,279	341,416	95,279
Total bonds payable	12,296,695	4,587,000	1,645,279	15,238,416	1,898,279
Landfill post-closure	302,435	3,629	-	306,064	-
Net pension liability	4,124,726	-	195,176	3,929,550	-
Total OPEB liability	125,906	22,364	-	148,270	-
Notes payable	55,072	-	45,674	9,398	4,699
Compensated Absences	253,608	-	77,229	176,379	17,638
Total Business-type Activities	\$17,158,442	\$ 4,612,993	\$ 1,963,358	\$19,808,077	\$ 1,920,616

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Compensated absences and net pension liability that pertain to internal service employees will be liquidated by Central Garage and Stores fund. For the other governmental activities, compensated absences and net pension liabilities are mainly liquidated by the general fund.

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for the years subsequent to September 30, 2021 are as follows:

Governmental:	Minimum
Year Ending	Lease
<u>September 30</u>	<u>Payments</u>
2022	160,719
2023	160,719
2024	160,719
2025	<u>160,719</u>
Total Minimum Lease Payments	\$ 642,876
Less: Interest	<u>37,962</u>
Present Value of Minimum Lease Payments	<u>\$ 604,914</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

Year Ending September 30	Business-Type Activities		Total
	Principal	Interest	
2022	\$ 1,807,699	\$ 267,808	\$ 2,075,507
2023	1,857,699	221,525	2,079,224
2024	1,899,000	173,410	2,072,410
2025	1,950,000	123,421	2,073,421
2026	570,000	71,305	641,305
2027 - 2031	2,922,000	287,267	3,209,267
2032 - 2036	2,683,000	151,079	2,834,079
2037 - 2041	1,217,000	53,096	1,270,096
	<u>\$14,906,398</u>	<u>\$ 1,348,911</u>	<u>\$16,255,309</u>

Default Provisions

Default provisions on the Stryker Flex Financial provisions are that upon default, Stryker may declare the entire balance of unpaid payments for full term immediately due and payable.

Restricted Asset Account for Debt

Below is a summary of the business-type restricted asset account for debt:

Bond Accrued Interest Payable	\$ 37,420
Current Maturities of Bonds	<u>552,078</u>
Total Interest and Sinking Fund	<u>\$ 589,498</u>

Direct Interest

The bonds listed in note (5) were issued for the creation or continuing existence of specific programs for the City's water and wastewater system. Interest on those bonds is reported in the water and wastewater fund as direct expenses on the Statement of Activities.

(6) Net Investment in Capital Assets

Net investment in capital assets is composed of the following:

	Capital Assets - Net	Related Debt	Unspent Debt Proceeds	Total
Governmental Activities	\$ 8,723,338	\$ 604,915	\$ -	\$ 8,118,423
Business-type Activities:				
Water and Wastewater Fund	25,737,959	15,238,416	4,377,194	14,876,737
Solid Waste Management	682,207	-	-	682,207
Ambulance Fund	<u>85,486</u>	<u>9,398</u>	-	<u>76,088</u>
Total Business-type Activities	<u>\$ 26,505,652</u>	<u>\$ 15,247,814</u>	<u>\$ 4,377,194</u>	<u>\$ 15,635,032</u>

(7) Property Tax

The City's property tax is levied and becomes a lien each October 1, on 100 percent of assessed value listed for all real and personal property located in the City as of the prior January 1. Assessed values are established by the Nolan County Central Appraisal District and certified by the Board of Review.

The City is permitted by Article II, Section 5 of the State of Texas constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2021

and interest on general obligation long-term debt. Taxes are due on the levy date and are delinquent on January 31, following the October 1, levy date. Current tax collections for the year ended September 30, 2021 were 96 percent of the tax levy.

Property tax revenues are recognized when they become available. Available means collected within the current period and the amount expected to be collected soon after year-end to pay liabilities of the current period not to exceed 60 days. The amount of taxes collected in the balance of taxes receivable, net of allowance, is recorded as deferred revenue.

Beginning in 1982, 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 market value and is prohibited from applying any assessment ratios. The value of property within the Appraisal District must be reviewed every four years; however, the City may at its own expense, require annual reviews of appraised values. The City 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 City property. However, if the effective tax rates, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the calculated tax rate of the previous year levy and the current year valuation.

(8) Employee Retirement Systems Texas Municipal Retirement System

Plan Description

The City participates as one of 895 member cities in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.tmr.com. All eligible employees of the city are required to participate in TMRS.

Benefits Provided

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

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

Vesting and Retirement Eligibility

TMRS members vest after 5 years of service. If a vested member leaves covered employment before reaching retirement eligibility, the member may leave his or her deposits with TMRS, earn interest on the deposits, and, upon reaching age 60, apply for and receive a monthly retirement payment. A member becomes eligible for service retirement based on various combinations of age and service, depending on which provisions have been adopted by the employing municipality. The City of Sweetwater has adopted a 5 yrs/age 60, 25 yrs/any age provision for their service retirement eligibilities.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

Cost of Living adjustments

Cost-of-living adjustments are calculated at 1% for a recurring COLA and .90% for a No Recurring COLA.

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	87
Inactive employees entitled to but not yet receiving benefits	39
Active employees	<u>99</u>
Total	<u>225</u>

Contributions

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

Employees for the City of Sweetwater were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.73% and 16.35% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$971,152 and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions:

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

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

Salary increases were based on a service-related table. Mortality rates for active members 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.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

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

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

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

Discount Rate

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

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

Changes in the Net Pension Liability

	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] – [b]
Balance at 12/31/2019	\$ 34,459,484	\$ 30,173,385	\$ 4,286,099
Changes for the year:			
Service cost	950,245	-	950,245
Interest	2,297,475	-	2,297,475
Difference between expected and actual experience	10,958	-	10,958
Changes in assumptions	-	-	-
Contributions – employer	-	1,037,427	(1,037,427)
Contributions – employee	-	409,588	(409,588)
Net investment income	-	2,290,002	(2,290,002)
Benefit payments, including refunds of employee contributions	(1,795,882)	(1,795,882)	-
Administrative expense	-	(14,820)	14,820
Other changes	-	(578)	578
Net changes	\$ 1,462,796	\$ 1,925,736	\$ (462,940)
Balance at 12/31/2020	\$ 35,922,280	\$ 32,099,121	\$ 3,823,159

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

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

	Discount rate	Net pension liability
1% decrease	5.75%	\$ 8,571,345
Current discount rate	6.75%	\$ 3,823,159
1% increase	7.75%	\$ (88,824)

Pension Plan Fiduciary Net Position

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

Pension Expense, 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 \$229,158. At September 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual economic experience	\$ -	\$ 340,990
Changes in actuarial assumptions	19,183	-
Differences between projected and actual investment earnings	-	860,192
Contributions subsequent to the measurement date	710,702	-
Total	<u>\$ 729,885</u>	<u>\$ 1,201,182</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement dates of \$710,702 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2021 (i.e. recognized in the city's financial statements September 30, 2022).

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

Year ending Dec 31:	
2021	\$ (511,378)
2022	(110,096)
2023	(509,866)
2024	(50,659)
2025	-
Thereafter	-
Total	<u>\$ (1,181,999)</u>

Other Post-Employment 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. Membership in the plan at December 31, 2020, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>99</u>
	<u>173</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

The City's Total OPEB Liability (TOL), as of December 31, 2020 was calculated as follows:

	<u>Total OPEB Liability</u>
Total OPEB Liability – beginning of year	\$ 424,084
Changes for the year:	
Service cost	20,479
Interest on total OPEB liability	11,896
Changes in benefit terms	-
Differences between expected and actual experience	(3,028)
Changes in assumptions or other inputs	62,284
Benefit payments	<u>(3,511)</u>
Net changes	<u>88,120</u>
Total OPEB liability – end of year	<u>\$ 512,204</u>

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 on-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 life insurance during employees' entire careers. The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

The assumptions are summarized below:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
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 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

The SDBF required contribution rates, based on these assumptions, are as follows:

For the Plan Year Ended	Total SDBF Contribution	Retiree Portion of SDBF Contribution
	Rate	Rate
2021	0.26%	0.14%
2020	0.24%	0.06%
2019	0.26%	0.07%
2018	0.23%	0.07%
2017	0.26%	0.07%

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:

	Discount rate	Total OPEB liability
1% decrease	1.00%	\$ 614,526
Current discount rate	2.00%	\$ 512,204
1% increase	3.00%	\$ 431,338

The City's Total OPEB expense as of December 31, 2020 was calculated as follows:

Service cost	\$ 20,479
Interest on total OPEB liability	11,896
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources; Differences between expected and actual experience	(11,104)
Changes in assumptions or other inputs ¹	28,037
Total OPEB expense	\$ 49,308

¹. Generally, this will only be the annual change in the municipal bond index rate.

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2021 the city recognized OPEB expense of \$49,308. The City also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
Differences between expected and actual experience	\$ -	\$ 26,498
Changes in assumptions and other inputs	85,069	-
Contributions subsequent to the measurement date	6,085	-
Total	<hr/> \$ 91,154	<hr/> \$ 26,498

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$6,085 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2021 (i.e. recognized in the city's financial statements September 30, 2022).

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

Year ending Dec 31:	Net deferred outflows (inflows) of resources
	<hr/>
2021	\$ 16,828
2022	11,814
2023	22,538
2024	7,391
2025	-
Thereafter	<hr/> -
Total	<hr/> \$ 58,571

**Sweetwater Firemen's Relief and Retirement Fund
Plan Description**

The Board of Trustees is the administrator of the Sweetwater Firemen's Relief and Retirement Fund, a single-employer defined benefit pension plan. The plan is an independent entity for financial reporting purposes. The city of Sweetwater, Texas is the only contributing employer. Members of the fund also contribute to the plan. The plan covers current and former fire fighters of the City of Sweetwater, Texas as well as certain beneficiaries of former fire fighters. The plan is open to new entrants. The plan's benefit provisions are established under the authority of the Texas Local Fire Fighters Retirement Act (TLFFRA). Specific plan provisions are governed by a plan document executed by the Board of Trustees. The fund was established November 3, 1941 and was most recently amended August 1, 2017. The plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. The report is available by writing P.O. Box 450, Sweetwater, Texas 79556.

Authority for the Fund and Definitions

The Sweetwater Firemen's Relief and Retirement Fund is established under the authority of the Texas Local Fire Fighter's Retirement Act (TLFFRA). The fund is administered by a Board of Trustees. The Board is made up of three members elected from and by the fund's members, two representatives of the City of Sweetwater, Texas, and two citizen members.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2021

The City of Sweetwater contributes 18% of each member's total pay (including regular, longevity and overtime pay, but excluding lump sum distributions for unused sick leave, or vacation) and members contributed 17%.

Employee contributions are "picked up" by the City, as permitted under Section 414(h)(2) of the Internal Revenue Code. For this reason, a member's contributions are excluded from taxable income when paid into the fund.

Fund members receive credit for service for the period during which they pay into, and keep on deposit in the fund, the contributions required by the fund. Service is also granted for certain periods during which a member received disability benefits from the fund; however, service granted during periods of disability is limited to the amount of service, if any, needed to bring a member's service up to 20 years.

Retirement, death, disability, and termination benefits are calculated based upon a member's average monthly salary for the highest 3 years, of the 72 consecutive pay periods which will produce the highest average.

Eligibility

All active employees of the Fire Department of the City of Sweetwater, Texas, are members of the Sweetwater Firemen's Relief and Retirement Fund.

Service Retirement Benefits

A member is eligible for service retirement upon termination of credited service after completion of 20 years of service and attainment of age 50. A member who retires under the service retirement provisions of the fund will receive a monthly benefit equal to the sum of a. and b., below, where:

- a. Members starting service before August 1, 2017 equals 3.95% of the member's high three-year average monthly salary multiplied by his years of service, not in excess of 20. Members starting service after August 1, 2017 equals 3.5% of the member's high five-year average monthly salary multiplied by his year of service, not in excess of 20, and
- b. Equals \$50.00 per month for each year of service in excess of 20.

Service retirement benefits are payable for the member's lifetime. In the event the member's death precedes that of his spouse, two-thirds of the member's pension will be continued to the spouse for her lifetime. A member may elect at the time of his retirement to receive a modified monthly amount payable for as long as either he or his spouse is living.

Disability Benefits

An active member who becomes disabled will receive a monthly disability benefit. Disability benefits are payable in the same form as service retirement benefits. However, disability benefits stop if the member recovers to the point that he no longer meets the definition of disability under the fund. The application for continuing disability benefits must also be made in accordance with procedures adopted by the board of trustees.

Definition of Disability

For the first two and one-half years, the member need only be disabled to the extent of being unable to perform the duties of a position offered him in the fire department providing equal or greater pay. After two and one-half years, the member must be unable to perform the duties of any occupation for which he is reasonably suited by reason of education, training or experience.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2021

Amount of Disability Benefit

The amount of monthly disability benefit payable under the fund will equal the sum of a. and b., below, where:

- a. Members service starting before August 1, 2017 equals 79.0% of the member's high three-year average monthly salary. Members service starting after August 1, 2017 equals 70.0% of the member's high five-year average monthly salary, and
- b. Equals the \$50.00 multiplied by his number of years of service in excess of 20.

A member's disability benefit will commence once his regular salary, including vacation and sick leave pay, has ceased. Disability benefits are payable in the same joint-and-survivor form as service retirement benefits. A member may elect at the time of his disability retirement to receive a modified monthly amount payable for as long as either he or his spouse is living.

If a disabled member receives workers' compensation benefits, Social Security benefits or a combination of these two benefits, the monthly disability benefit payable under the plan will be the lesser of (i) the disability benefit specified above or (ii) 100 percent of the member's average monthly compensation less the equivalent benefit received from workers' compensation and Social Security. For members whose service begins after August 1, 2017 the average changes to high five-year average monthly compensation.

Death Benefits

If a member whose service starts before August 1, 2018 dies while in active service, after completing at least 10 years of credited service, his widow will receive an immediate monthly benefit, payable for as long as she is living. The amount of the benefit will be equal to the sum of (i) a standard benefit equal to 52.67% of his average salary; plus (ii) two-thirds (2/3) of any additional service benefit the member had earned as of the date of his death.

If a member whose service starts after August 1, 2017 dies while in active service, after completing at least 10 years of credited service, his widow will receive an immediate monthly benefit, payable for as long as she is living. The amount of the benefit will be equal to the sum of (1) a standard benefit equal to 46.67% of his average salary; plus (ii) two-thirds (2/3) of any additional service benefit the member had earned as of the date of his death.

If a member dies while in active service prior to completing at least 10 years of credited service, his widow will receive an immediate monthly benefit of \$100, payable for as long as she is living and does not remarry. In addition, such widow will receive a one-time payment of \$40,000.

In addition to the above widow's benefit, each unmarried child of the member will receive a monthly benefit of 10.53% of the fire fighter's high three-year average monthly salary and members service starting after August 1, 2017 the monthly benefit is 9.33% of the high five-year average monthly compensation. Orphan benefits continue until the child reaches age 18. However, benefits will continue until age 22 for a child who is a full-time student. Orphan benefits are continued for life to disabled children.

The total of all benefits paid as a result of the death of an active fund member may not exceed the disability or retirement benefit such member had earned as of the date of his death. The total of all benefits paid as a result of the death of a retired member may not exceed the retirement benefit the member was receiving as of the date of his death. Benefits are reduced pro rata, if necessary, in order to satisfy these limitations.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

Termination Benefits

Members with at Least Ten Years of Service

A fund member who terminates employment after completing at least 10 years of credited service, but prior to the date he becomes eligible for a service retirement benefit, will be entitled to receive a monthly benefit starting on the date he would have both completed 20 years of credited service and attained age 50. The amount the member will receive equals the monthly service retirement benefit he had accumulated on the date he separated from service.

Members with Less Than Ten Years of Service

A fund member who terminates employment prior to completing 10 years of service will be entitled to the return of the excess of his contributions to the fund over the amount of any benefits he has received from the fund. such refund will not include any interest on the member's contributions.

The DROP Option

A member is eligible to receive his benefit under the plan's DROP provision after he has both completed 23 years of service and attained age 53. The election to participate in the DROP may be made at the time the member elects to retire.

Amount of Monthly Retirement Income to DROP Program Participants

The monthly retirement income payable to a member who retires under the DROP will equal his service retirement benefit under the plan based on average monthly salary and years of service as of the member's DROP Eligibility Date. The member's benefit will be calculated, however, using the benefit formula in effect on the member's actual date of retirement.

A member's DROP Eligibility Date is the later of (a) the date the member meets the eligibility requirements for the DROP or (b) the date is three years prior to the member's actual retirement date. Upon retirement, the member will receive - in addition to his monthly retirement benefit - a single payment equal to the total of the monthly retirement benefits the member would have received between his DROP Eligibility Date and the time he retired under the plan.

Amendment of the Plan

The plan document may be amended as provided in Section 7 of the Texas Fire Fighters' Retirement Act (Article 6243e. V.T.C.S.). Amending the plan requires approval of any proposed change by (a) an eligible actuary and (b) a majority of the participating members of the fund.

Employees covered by the plan

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

Retirees and beneficiaries currently receiving benefits	27
Terminated employees entitled to but not yet receiving benefits	2
Active members	<u>26</u>
Total	<u>55</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 8.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

	<u>Discount rate</u>	<u>Net pension liability</u>
1% decrease	7.0%	\$ 6,905,241
Current discount rate	8.0%	\$ 5,189,016
1% increase	9.0%	\$ 3,752,206

Investments and the Long-term Expected rate of Return on Pension Plan Assets

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Large Cap Equity	41%	6.3%
Non-US Development Equity	9%	6.5%
Emerging Market Equity	10%	8.4%
US High Yield Corporate Bond	5%	5.0%
US Aggregate Bond	15%	2.0%
Multi-Asset	<u>20%</u>	5.6%
Total	100%	

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> <u>[a]</u>	<u>Plan Fiduciary Net Position</u> <u>[b]</u>	<u>Net Pension Liability</u> <u>[a] – [b]</u>
Balance at 12/31/2019	\$ 14,366,190	\$ 9,019,490	\$ 5,346,700
Changes for the year:			
Service cost	339,236	-	339,236
Interest	1,141,733	-	1,141,733
Difference between expected and actual experience	(48,688)	-	(48,688)
Changes in assumptions	-	-	-
Contributions – employer	-	306,973	(306,973)
Contributions – employee	-	289,919	(289,919)
Net investment income	-	1,016,738	(1,016,738)
Benefit payments, including refunds of employee contributions	(867,523)	(867,523)	-
Administrative expense	-	(23,665)	23,665
Net changes	<u>\$ 564,758</u>	<u>\$ 722,442</u>	<u>\$ (157,684)</u>
Balance at 12/31/2020	<u>\$ 14,930,948</u>	<u>\$ 9,741,932</u>	<u>\$ 5,189,016</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

Pension Expense, 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 \$479,851.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 328,632
Changes of assumptions	445,763	
Net difference between projected and actual earnings on Plan investments	-	364,180
Contributions subsequent to the measurement date	245,080	-
Total	\$690,843	\$ 692,812

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$245,080 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2021 (i.e. recognized in the city's financial statements September 30, 2022).

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

Year ending Dec 31:	
2021	\$ (35,239)
2022	42,120
2023	(201,740)
2024	(44,808)
2025	(7,382)
Thereafter	<u>-</u>
Total	\$ (247,049)

The plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. The report is available by writing P.O. Box 450, Sweetwater, Texas 79556.

Aggregate Totals for Net Pension Liability and Pension Expense at September 30, 2021:

	TMRS Plan	Sweetwater Firemen's Relief and Retirement Fund Plan	Total
Net Pension Liability	\$3,823,159	\$5,189,016	\$9,012,175
Pension expense	229,158	479,851	709,009

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

(9) Fund Balance Deficit

The Ambulance Enterprise Fund had a deficit fund balance at September 30, 2021 of \$2,576,921. This deficit is due to the implementation of GASB 68 and the requirement to restate beginning net position for prior period liability and the reclassification of contributions subsequent to the measurement date of December 31, 2014.

The Firemen's Relief and Retirement Board has raised the contribution rates in order to comply with the pension board guidelines necessary to get the amortization period below 40 years. This reduction will be accomplished within 10 years.

(10) Individual Fund Disclosures

For fiscal year ended September 30, 2021, the City has expended funds in excess of appropriations at the level of control in the following areas for those funds with budgets presented:

<u>Fund</u>	<u>Department/Control Level</u>	<u>Excess Amount</u>
General Fund	City finance	\$ 21,854
	Non-departmental	28,233
	Police department	120,209
	Animal control	13,100
	Parks and cemetery	13,512
	Community services	1,166
Senior Nutrition Activities Project	Community services	6,509
Cemetery Special Revenue Fund	Community services	11,685

These over-expenditures were mainly funded by decreased expenditures in other departments.

(11) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2021, is as follows:

	<u>Due From</u>	<u>Due To</u>
General fund	\$ 4,822	\$ 355,279
Non-major governmental funds	7,390	4,357
Major enterprise funds:		
Water and wastewater fund	239,974	48,884
Solid waste management fund	873	13,971
Ambulance	403	14,655
Internal service funds	190,063	6,379
	<u>\$ 443,525</u>	<u>\$ 443,525</u>

The central garage and stores is an internal service fund that makes inventory purchases for the City and is then reimbursed by the other funds through a transfer. All balances due are scheduled to be collected in the subsequent year.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 675,250	\$ 901,965
Non-major governmental funds	328,632	-
Major enterprise fund:		
Water and wastewater	-	961,750
Solid waste management	286,500	
Ambulance	573,333	-
	<u>\$ 1,863,715</u>	<u>\$ 1,863,715</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

Interfund transfers relate to the funding of deficits by the general fund to the senior nutrition project, cemetery fund and the ambulance fund.

(12) Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. To manage these risks, the City obtains general liability, errors and omissions, and workers' compensation coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

In addition to the above insurance coverage, the City also has a self-funded employee benefit fund. This fund was established in the fiscal year 1994 for funding the City's employees' health claims and premiums. This plan is a "self-insured" minimum premium cash flow plan. The City and each covered employee make a predetermined monthly contribution to the plan. All claims are reviewed and processed by an independent plan administrator. The plan administrator pays claims based on the health plan, from the City's checking account and the City releases the checks. The plan administrator charges the City a monthly fee.

The City informally budgets for current claims based on current health care statistics. The City incurred \$2,080,668 in health claims and stop-loss premiums for the year ended September 30, 2021. The City contributed \$979,120 and City employees contributed \$345,695 to the health insurance program for the year ended September 30, 2021. Administrative costs paid to the health plan program administrator are paid directly from the other funds based on their covered employees. The City obtained excess loss insurance which limited annual claims to \$55,000 for any individual participant and an aggregate limit equal to \$639,883.

Incurred but not reported estimated health claims have been accrued as a liability based on the claims submitted after September 30, 2021, and on the City's remaining exposure under the aggregate stop-loss insurance coverage. The estimated liability for health claims is \$386,014 at September 30, 2021.

	Balance at Beginning <u>Fiscal Year</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance At End of <u>Fiscal Year</u>
2018-2019	\$ 136,935	\$ 1,879,739	\$ 1,858,686	\$ 157,988
2019-2020	\$ 157,988	\$ 1,731,881	\$ 1,851,527	\$ 38,342
2020-2021	\$ 38,342	\$ 2,428,340	\$ 2,080,668	\$ 386,014

(13) Segment Information

The Government issued revenue bonds to finance its water treatment plant and its wastewater treatment plant. The water and wastewater fund is a major enterprise fund, therefore, the required segment information is already provided in the basic financial statements and condensed information is not required.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

(14) Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, 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.

(15) Commitments

Construction Commitments

The City has several construction projects at fiscal year-end. One project is an airport pavement rehabilitation project. The City also has a water transmission main replacement project that has not been completed by fiscal year-end. There are two drinking water improvements projects and a sewer system improvement project ongoing as well.

At fiscal year-end, the City's commitments with contractors and vendors are as follows:

<u>Capital Projects</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
General Fund – Airport	\$ 17,484	\$ 1,315,922
Enterprise Fund – Water and Wastewater Fund:		
Water transmission main replacement	\$ 784,947	\$1,227,370
Drinking water improvements	\$ 124,122	\$ 209,500
Sewer system improvements	\$ 115,655	\$ 250,900

The airport commitments will be funded by a United States Federal Aviation Administration grant. The project is expected to be completed in 2022. The entire project is expected to cost \$\$1,333,406.

The water transmission main replacement project is being funded by the City as well as SEED-MDD. The project is expected to be completed in 2022. The project is expected to cost a little more than 2 million dollars.

The drinking water improvements projects are being funded by \$2,187,000 in Texas Water Development bond issuance 2021A certificates of deposit and a \$913,725 TWDB grant. The 2020 DWSRF Improvement projects are expected to be completed in 2023.

The 2020 CWSRF project is being funded by \$2,400,000 2021B Certificates of Obligation bond issue. This project is expected to be completed in 2023 as well.

Lease Agreements

Commitments under operating lease agreements for equipment are immaterial; therefore, minimum annual rental payments are not presented.

(16) Landfill Closure and Post-closure Care Costs

The City of Sweetwater Type IV landfill site was approved by TCEQ on May 9, 1995. A major amendment #50B, was approved by the TCEQ May 12, 2004. State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for 5 years after closure. A liability is reported in the solid waste management fund which represents the estimated remaining current cost of all post-closure care. However, due to changes in technology, laws or regulations these costs may change in the future.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2021

The Sanitation Department opened a new landfill site this year. Municipal Solid Waste Permit No. MSW 50B has a closure cost estimate of \$103,593 and a post-closure cost estimate of \$19,007. Permit No. MSW 2385 has a closure cost estimate of \$144,624 and a post-closure cost estimate of \$38,840 for a total of \$306,064 for both locations.

As previously noted, the City of Sweetwater has two landfills. The old landfill was approved as a Type IV landfill in 1995 and the new one is also a Type IV landfill approved for receiving garbage late fiscal year 2019. The old landfill has reached capacity as of October 2019 and the post closure process has begun. The new landfill has a 120-year estimated life and began accepting garbage October 2019.

(17) Tax Abatements

Tax abatement agreements entered into directly by the City

The City has entered a Chapter 380 grant in the form of a municipal sales tax rebate. Grants are authorized under Texas Local Government Code Chapter 380. A business or entity shall be eligible to participate in the Chapter 380 Economic Development Program on terms and conditions established by the City Council on a case-by-case basis if: (a) the business or entity enters a binding contract with the City under which the business or entity (Operator) is required to make specific and verifiable employment and other commitments that serve the public purposes overseen by the City. The Operator shall deliver to the City a report by January 31 of each year stating (i) the cost of improvements, as set forth in the contract and (ii) the number of new full-time jobs and the number of new part-time jobs at the property.

Subject to the terms and conditions as set forth in the contract, the City shall pay Operator one-third of the reimbursable sales tax collected by the City for all sales generated within the project up to but not to exceed the maximum reimbursement amount of \$500,000. Such payment is due to Operator 60 days after the City's receipt of the respective payment from the State of Texas. If the recipient of a Chapter 380 award breaches any of the terms or conditions of the Economic Development Program Agreement and fails to cure such a breach in accordance with the Economic Development Grant Agreement, the City shall have the right to terminate the Agreement.

No additional commitments were made by the City as part of these agreements. The gross dollar amount, on accrual basis, by which the City sales tax revenues were reduced as a result of the abatement agreement were \$12,044 in fiscal year 2020 and \$22,048 in fiscal year 2021.

Tax abatement agreements entered into by SEED-MDD

SEED-MDD is a participant in the same agreement with Operator on the above Economic Development Program Agreement pursuant to Section 377 of the Texas Local Government Code pertaining to the Project which is intended to compliment the City's agreement. Additionally, the SEED-MDD agreement contains identical development requirements to those in the City's contract. The contract requirements are universal to both agreements and not intended to be duplicated. The gross dollar amount, on the accrual basis, by which SEED-MDD sales tax revenues were reduced as a result of the abatement agreement were \$10,210 in fiscal year 2020 and \$23,882 in fiscal year 2021.

(18) Recent Accounting Pronouncements

The GASB has issued the following statements which will become effective in future years.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting by requiring reporting of certain lease liabilities that currently are not reported. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2021.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2021

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to Statement 87 and implementation guide 2019-3 are effective upon issuance. The other requirements of the statement are effective for fiscal years beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which improves accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The Council is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption of these statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SWEETWATER, TEXAS

Texas Municipal Retirement System
 Schedule of Changes in Net Pension Liability and Related Ratios
 Last 10 years (will ultimately be displayed)

	Measurement Year <u>2020</u>	Measurement Year <u>2019</u>	Measurement Year <u>2018</u>
Total pension liability			
Service Cost	\$ 950,245	\$ 973,702	\$ 920,875
Interest (on the Total Pension Liability)	2,297,475	2,244,948	2,157,453
Changes of benefit terms	-	-	-
Difference between expected and actual experience	10,958	(665,254)	(126,129)
Change of assumptions	-	40,035	-
Benefit payments, including refunds of employee contributions	<u>(1,795,882)</u>	<u>(1,811,161)</u>	<u>(1,553,626)</u>
Net Change in Total Pension Liability	1,462,796	782,270	1,398,573
Total Pension Liability - Beginning	<u>34,459,484</u>	<u>33,677,214</u>	<u>32,278,641</u>
Total Pension Liability - Ending (a)	<u>\$ 35,922,280</u>	<u>\$ 34,459,484</u>	<u>\$ 33,677,214</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,037,427	\$ 1,043,464	\$ 1,007,103
Contributions - Employee	409,588	413,838	389,494
Net Investment Income	2,290,002	4,090,589	(822,415)
Benefit payments, including refunds of employee contributions	(1,795,882)	(1,811,161)	(1,553,626)
Administrative Expense	(14,820)	(23,115)	(15,895)
Other	<u>(578)</u>	<u>(694)</u>	<u>(830)</u>
Net change in Plan Fiduciary Net Position	1,925,736	3,712,921	(996,169)
Plan Fiduciary Net Position - Beginning	<u>30,173,385</u>	<u>26,460,464</u>	<u>27,456,633</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 32,099,121</u>	<u>\$ 30,173,385</u>	<u>\$ 26,460,464</u>
Net Pension Liability - Ending (a) - (b)	\$ 3,823,159	\$ 4,286,099	\$ 7,216,750
Plan Fiduciary Net Position as a % of Total Pension Liability	89.36%	87.56%	78.57%
Covered Payroll	\$ 5,851,259	\$ 5,911,976	\$ 5,564,202
Net Pension Liability as a % of Covered Payroll	65.34%	72.50%	129.70%

Notes to Schedule:

N/A

Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
\$ 892,819	\$ 860,020	\$ 792,135	\$ 671,107
2,079,395	1,979,740	1,976,956	1,911,569
-	-	-	-
(298,136)	248,458	(226,424)	(329,247)
-	-	72,076	-
<u>(1,509,744)</u>	<u>(1,746,755)</u>	<u>(1,376,124)</u>	<u>(1,383,552)</u>
1,164,334	1,341,463	1,238,619	869,877
<u>31,114,307</u>	<u>29,772,844</u>	<u>28,534,225</u>	<u>27,664,348</u>
<u>\$ 32,278,641</u>	<u>\$ 31,114,307</u>	<u>\$ 29,772,844</u>	<u>\$ 28,534,225</u>

\$ 967,945	\$ 962,349	\$ 967,603	\$ 930,310
381,081	371,155	352,957	326,100
3,364,048	1,563,907	34,208	1,262,036
(1,509,744)	(1,746,755)	(1,376,124)	(1,383,552)
(17,433)	(17,661)	(20,836)	(13,177)
<u>(884)</u>	<u>(952)</u>	<u>(1,029)</u>	<u>(1,083)</u>
3,185,013	1,132,043	(43,222)	1,120,634
<u>24,271,620</u>	<u>23,139,577</u>	<u>23,182,799</u>	<u>22,062,165</u>
<u>\$ 27,456,633</u>	<u>\$ 24,271,620</u>	<u>\$ 23,139,577</u>	<u>\$ 23,182,799</u>

\$ 4,822,008	\$ 6,842,687	\$ 6,633,267	\$ 5,351,426
85.06%	78.01%	77.72%	81.25%
\$ 5,444,016	\$ 5,302,221	\$ 5,042,236	\$ 4,658,574
88.57%	129.05%	131.55%	114.87%

CITY OF SWEETWATER, TEXAS

Texas Municipal Retirement System
Schedule of Pension Contributions
Last 10 years (will ultimately be displayed)

	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Actuarially Determined Contribution	\$ 971,152	\$ 1,052,211	\$ 1,032,752	\$ 994,574	\$ 962,349	\$ 963,144	\$ 957,565
Contributions in relation to the actuarially determined contribution	\$ 971,152	\$ 1,052,211	\$ 1,032,752	\$ 994,574	\$ 962,349	\$ 963,144	\$ 957,565
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,815,781	\$ 5,941,673	\$ 5,814,837	\$ 5,548,494	\$ 5,447,328	\$ 5,229,357	\$ 4,581,299
Contributions as a % of covered payroll	16.70%	17.71%	17.76%	17.93%	17.67%	18.42%	20.90%

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other information:

Notes There were no benefit changes during the year.

CITY OF SWEETWATER, TEXAS

Texas Municipal Retirement System
Changes in the Total OPEB Liability and Related Ratios
Last 10 years (will ultimately be displayed)

	Measurement Year <u>2020</u>	Measurement Year <u>2019</u>	Measurement Year <u>2018</u>	Measurement Year <u>2017</u>
Changes in the Total OPEB Liability				
Total OPEB Liability - beginning of year	\$ 424,084	\$ 349,209	\$ 379,565	\$ 328,847
Changes for the year				
Service Cost	20,479	15,962	17,805	15,243
Interest on Total OPEB Liability	11,896	13,175	12,794	12,646
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(3,028)	(17,662)	(34,226)	-
Changes in assumptions or other inputs	62,284	67,538	(22,834)	26,640
Benefit payments**	(3,511)	(4,138)	(3,895)	(3,811)
Net changes	<u>88,120</u>	<u>74,875</u>	<u>(30,356)</u>	<u>50,718</u>
Total OPEB Liability - end of year	<u>\$ 512,204</u>	<u>\$ 424,084</u>	<u>\$ 349,209</u>	<u>\$ 379,565</u>
Covered employee payroll	\$ 5,851,259	\$ 5,911,976	\$ 5,564,202	\$ 5,444,016
Total OPEB Liability as a % of covered payroll	8.75%	7.17%	6.28%	6.97%

** Due to the SDBF being considered in unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to RSI:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75 to pay related benefits.

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

CITY OF SWEETWATER, TEXAS

Sweetwater Firemen's Relief and Retirement Fund Schedule of Changes in Net Pension Liability and Related Ratios Last 10 years (will ultimately be displayed)

	Measurement Year <u>2020</u>	Measurement Year <u>2019</u>	Measurement Year <u>2018</u>
Total pension liability			
Service Cost	\$ 339,236	\$ 386,150	\$ 386,326
Interest (on the Total Pension Liability)	1,141,733	1,051,335	1,007,032
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(48,688)	-	204,380
Change of assumptions	-	-	306,387
Benefit payments, including refunds of employee contributions	<u>(867,523)</u>	<u>(789,512)</u>	<u>(774,953)</u>
Net Change in Total Pension Liability	564,758	647,973	1,129,172
Total Pension Liability - Beginning	<u>14,366,190</u>	<u>13,718,217</u>	<u>12,589,045</u>
Total Pension Liability - Ending (a)	<u>\$ 14,930,948</u>	<u>\$ 14,366,190</u>	<u>\$ 13,718,217</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 306,973	\$ 298,733	\$ 292,460
Contributions - Employee	289,919	282,136	276,212
Net investment income	1,016,738	1,494,775	(543,173)
Benefit payments, including refunds of employee contributions	(867,523)	(789,512)	(774,953)
Administrative Expense	(23,665)	(27,624)	(36,736)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Plan Fiduciary Net Position	722,442	1,258,508	(786,190)
Plan Fiduciary Net Position - Beginning	<u>9,019,490</u>	<u>7,760,982</u>	<u>8,547,172</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,741,932</u>	<u>\$ 9,019,490</u>	<u>\$ 7,760,982</u>
Net Pension Liability - Ending (a) - (b)	\$ 5,189,016	\$ 5,346,700	\$ 5,957,235
Plan Fiduciary Net Position as a % of Total Pension Liability	65.25%	62.78%	56.63%
Covered Payroll (Estimated)	\$ 1,705,405	\$ 1,659,628	\$ 1,624,778
Net Pension Liability as a % of Covered Payroll	304.3%	322.2%	366.6%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only available information is shown. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

Measurement Year <u>2017</u>	Measurement Year <u>2016</u>	Measurement Year <u>2015</u>	Measurement Year <u>2014</u>
\$ 371,467	\$ 357,180	\$ 341,799	\$ 327,271
962,131	975,941	939,280	865,092
-	-	-	-
-	(105,695)	-	(971,741)
-	(631,974)	-	1,473,737
<u>(799,457)</u>	<u>(765,290)</u>	<u>(911,057)</u>	<u>(686,376)</u>
534,141	(169,838)	370,022	1,007,983
<u>12,054,904</u>	<u>12,224,742</u>	<u>11,854,720</u>	<u>10,846,737</u>
<u>\$ 12,589,045</u>	<u>\$ 12,054,904</u>	<u>\$ 12,224,742</u>	<u>\$ 11,854,720</u>

\$ 284,446	\$ 256,845	\$ 236,832	\$ 221,847
268,643	252,797	236,832	221,847
1,001,682	543,748	(216,775)	412,292
(799,457)	(765,290)	(911,057)	(686,376)
(35,021)	(41,956)	(29,349)	(34,337)
<u>-</u>	<u>69</u>	<u>-</u>	<u>-</u>
720,293	246,213	(683,517)	135,273
<u>7,826,879</u>	<u>7,580,666</u>	<u>8,264,183</u>	<u>8,128,910</u>
<u>\$ 8,547,172</u>	<u>\$ 7,826,879</u>	<u>\$ 7,580,666</u>	<u>\$ 8,264,183</u>

\$ 4,041,873	\$ 4,228,025	\$ 4,644,076	\$ 3,590,537
67.89%	61.18%	62.01%	69.71%
\$ 1,580,254	\$ 1,554,689	\$ 1,480,200	\$ 1,386,544
255.8%	272.0%	313.7%	259.0%

CITY OF SWEETWATER, TEXAS

Sweetwater Firemen's Relief and Retirement Fund
 Schedule of Contributions
 Last 10 years (will ultimately be displayed)

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Actuarially Determined Contribution	\$ 325,178	\$ 302,909	\$ 298,504	\$ 290,565	\$ 283,387
Contributions in relation to the actuarially determined contribution	<u>325,178</u>	<u>302,909</u>	<u>298,504</u>	<u>290,565</u>	<u>283,387</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,806,542	\$ 1,682,827	\$ 1,658,360	\$ 1,614,247	\$ 1,574,371
Contributions as a % of covered payroll	18.00%	18.00%	18.00%	18.00%	18.00%

Notes to Schedule of Contributions

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. Fiscal year refers to the plan year.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Valuation Date	December 31, 2020
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, open
Remaining Amortization Period	68.9
Asset Valuation Method	5 year smoothed market value
Inflation	3.00%
Projected Salary Increases	6.6% to 2.8% per year, compounded annually
Investment Rate of Return, Net of Expenses Compounded Annually	8.00%
Retirement Rates	Age and service related

Significant Factors Affecting Trends in Actuarial Information

There were not any significant changes in plan provisions and actuarial assumptions from the prior year that significantly affect the identification of trends in the amounts reported in the required schedules.

<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 247,893	\$ 231,566	\$ 199,664
<u>247,893</u>	<u>231,566</u>	<u>199,664</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,549,334 16.00%	\$ 1,447,285 16.00%	\$ 1,247,900 16.00%

**“We lead with trust and respect to provide a vibrant,
secure community for all”**



PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

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

Senior Nutrition Activities Project – account for Federal funds received through grants administered by the West Central Texas Council of Governments and the Texas Department of Human Services.

Hotel and Motel Fund – established October 1, 1988 to account for collections of a tax, as permitted by law, which is mandated to support and promote tourism in the City.

Cemetery Perpetual Care Fund – established to accumulate funds until a time when annual revenue generated by investments could fund the cost of caring for the cemetery.

Drug Enforcement Fund – accounts for confiscated assets received as a result of drug interdiction activities. Expenditures are made for police department vehicles, equipment and training.

CITY OF SWEETWATER, TEXAS

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2021

	Senior Nutrition Activities Project	Hotel and Motel Fund	Cemetery Fund	Drug Enforcement Fund	Total Nonmajor Governmental Funds
Assets					
Current cash and cash equivalents	\$ 4,925	\$ 108,964	\$ 1,345,624	\$ 2,603	\$ 1,462,116
Due from other funds	-	-	7,390	-	7,390
Due from other governments	12,490	-	-	-	12,490
Total assets	<u>\$ 17,415</u>	<u>\$ 108,964</u>	<u>\$ 1,353,014</u>	<u>\$ 2,603</u>	<u>\$ 1,481,996</u>
Liabilities					
Accounts payable	9,045	-	1,320	-	10,365
Due to other funds	1,127	-	3,230	-	4,357
Due to other governments	-	108,964	-	-	108,964
Total liabilities	<u>10,172</u>	<u>108,964</u>	<u>4,550</u>	<u>-</u>	<u>123,686</u>
Fund Balances					
Restricted for senior nutrition program	7,243	-	-	-	7,243
Restricted for drug enforcement	-	-	-	2,603	2,603
Committed for cemetery care	-	-	1,348,464	-	1,348,464
Total fund balances	<u>7,243</u>	<u>-</u>	<u>1,348,464</u>	<u>2,603</u>	<u>1,358,310</u>
Total liabilities and fund balances	<u>\$ 17,415</u>	<u>\$ 108,964</u>	<u>\$ 1,353,014</u>	<u>\$ 2,603</u>	<u>\$ 1,481,996</u>

CITY OF SWEETWATER, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2021

	Senior Nutrition Activities Project	Hotel and Motel Fund	Cemetery Fund	Drug Enforcement Fund	Total Nonmajor Governmental Funds
Revenues					
Occupancy tax	\$ -	\$ 565,496	\$ -	\$ -	\$ 565,496
Intergovernmental	127,122	-	-	-	127,122
Charges for services	-	-	1,150	-	1,150
Investment income	1	-	11,741	26	11,768
Contributions and donations	27,423	-	-	-	27,423
Miscellaneous	-	-	21,631	-	21,631
Total revenues	<u>154,546</u>	<u>565,496</u>	<u>34,522</u>	<u>26</u>	<u>754,590</u>
Expenditures					
Current:					
Public safety	-	-	-	-	-
Culture and recreation	-	565,496	-	-	565,496
Community services	433,565	-	61,281	-	494,846
Total expenditures	<u>433,565</u>	<u>565,496</u>	<u>61,281</u>	<u>-</u>	<u>1,060,342</u>
Excess (deficiency) of revenues over (under) expenditures	(279,019)	-	(26,759)	26	(305,752)
Other Financing Sources (Uses):					
Transfers in	277,333	-	51,299	-	328,632
Transfers out	-	-	-	-	-
Net change in fund balances	<u>(1,686)</u>	<u>-</u>	<u>24,540</u>	<u>26</u>	<u>22,880</u>
Fund balances - beginning	<u>8,929</u>	<u>-</u>	<u>1,323,924</u>	<u>2,577</u>	<u>1,335,430</u>
Fund balances - ending	<u>\$ 7,243</u>	<u>\$ -</u>	<u>\$ 1,348,464</u>	<u>\$ 2,603</u>	<u>\$ 1,358,310</u>

CITY OF SWEETWATER, TEXAS

Senior Nutrition Activities Project Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 169,780	\$ 169,780	\$ 127,122	\$ (42,658)
Investment income	-	-	1	1
Contributions and donations	41,600	41,600	27,423	(14,177)
Miscellaneous	500	500	-	(500)
Total revenues	<u>211,880</u>	<u>211,880</u>	<u>154,546</u>	<u>(57,334)</u>
Expenditures				
Current:				
Community services	419,616	427,056	433,565	(6,509)
Total expenditures	<u>419,616</u>	<u>427,056</u>	<u>433,565</u>	<u>(6,509)</u>
Excess (deficiency) of revenues over (under) expenditures	(207,736)	(215,176)	(279,019)	(63,843)
Other Financing Sources (Uses):				
Transfers in	<u>274,000</u>	<u>274,000</u>	<u>277,333</u>	<u>3,333</u>
Net change in fund balances	66,264	58,824	(1,686)	(60,510)
Fund balances - beginning	<u>8,929</u>	<u>8,929</u>	<u>8,929</u>	<u>-</u>
Fund balances - ending	<u>\$ 75,193</u>	<u>\$ 67,753</u>	<u>\$ 7,243</u>	<u>\$ (60,510)</u>

CITY OF SWEETWATER, TEXAS

Hotel and Motel Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Occupancy tax	\$ 680,000	\$ 680,000	\$ 565,496	\$ (114,504)
Total revenues	<u>680,000</u>	<u>680,000</u>	<u>565,496</u>	<u>(114,504)</u>
Expenditures				
Current:				
Culture and recreation	<u>680,000</u>	<u>680,000</u>	<u>565,496</u>	<u>114,504</u>
Total expenditures	<u>680,000</u>	<u>680,000</u>	<u>565,496</u>	<u>114,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF SWEETWATER, TEXAS

Cemetery Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 4,600	\$ 4,600	\$ 1,150	\$ (3,450)
Miscellaneous	20,000	20,000	21,631	1,631
Investment income	15,000	15,000	11,741	(3,259)
Total revenues	<u>39,600</u>	<u>39,600</u>	<u>34,522</u>	<u>(5,078)</u>
Expenditures				
Current:				
Community services	<u>49,596</u>	<u>49,596</u>	<u>61,281</u>	<u>(11,685)</u>
Total expenditures	<u>49,596</u>	<u>49,596</u>	<u>61,281</u>	<u>(11,685)</u>
Excess (deficiency) of revenues over (under) expenditures	(9,996)	(9,996)	(26,759)	(16,763)
Other Financing Sources (Uses):				
Transfers in	<u>36,846</u>	<u>43,000</u>	<u>51,299</u>	<u>8,299</u>
Net change in fund balances	<u>26,850</u>	<u>33,004</u>	<u>24,540</u>	<u>(8,464)</u>
Fund balances - beginning	<u>1,323,924</u>	<u>1,323,924</u>	<u>1,323,924</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,350,774</u>	<u>\$ 1,356,928</u>	<u>\$ 1,348,464</u>	<u>\$ (8,464)</u>

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Central Garage and Stores – this fund is used to account for the rental of motor vehicles to other departments, repairs, and fuel for motor vehicles, and the purchase and distribution of inventory, supplies, and information technology services performed for other departments.

Employee Benefit Fund – this fund is used to account for the group health insurance for City employees and dependents.

CITY OF SWEETWATER, TEXAS

Internal Service Funds
Combining Statement of Net Position
September 30, 2021

	Central Garage and Stores	Employee Benefit Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,667,662	\$ 429,958	\$ 2,097,620
Accounts receivable	-	79,030	79,030
Due from other funds	190,063	-	190,063
Due from other governments	30	-	30
Inventory	32,004	-	32,004
Restricted cash and cash equivalents	146,055	-	146,055
Total current assets	<u>2,035,814</u>	<u>508,988</u>	<u>2,544,802</u>
Capital assets:			
Buildings	145,573	-	145,573
Improvements other than buildings	49,726	-	49,726
Machinery and equipment	6,700,229	-	6,700,229
Less accumulated depreciation	<u>(4,743,109)</u>	<u>-</u>	<u>(4,743,109)</u>
Total capital assets (net of accumulated depreciation)	<u>2,152,419</u>	<u>-</u>	<u>2,152,419</u>
Total assets	<u>4,188,233</u>	<u>508,988</u>	<u>4,697,221</u>
Deferred Outflows of Resources			
Pension Plan	52,719	-	52,719
OPEB	7,997	-	7,997
Total deferred outflows of resources	<u>60,716</u>	<u>-</u>	<u>60,716</u>
Liabilities			
Current Liabilities:			
Accounts payable	31,677	386,015	417,692
Due to other funds	6,379	-	6,379
Accrued liabilities	12,988	-	12,988
Accrued compensated absences	2,918	-	2,918
Capital lease payable	145,718	-	145,718
Note payable	-	-	-
Total current liabilities	<u>199,680</u>	<u>386,015</u>	<u>585,695</u>
Noncurrent liabilities:			
Accrued compensated absences	26,259	-	26,259
Capital lease payable	459,196	-	459,196
Note payable	-	-	-
Net pension liability	333,930	-	333,930
Total OPEB liability	46,779	-	46,779
Total noncurrent liabilities	<u>866,164</u>	<u>-</u>	<u>866,164</u>
Total liabilities	<u>1,065,844</u>	<u>386,015</u>	<u>1,451,859</u>
Deferred Inflows of Resources			
Pension Plan	134,529	-	134,529
OPEB	2,730	-	2,730
Total deferred inflows of resources	<u>137,259</u>	<u>-</u>	<u>137,259</u>
Net Assets			
Net investment in capital assets	1,547,505	-	1,547,505
Restricted	146,055	-	146,055
Unrestricted	1,352,286	122,973	1,475,259
Total net position	<u>\$ 3,045,846</u>	<u>\$ 122,973</u>	<u>\$ 3,168,819</u>

CITY OF SWEETWATER, TEXAS

Internal Service Funds
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
 For the Year Ended September 30, 2021

	Central Garage and Stores	Employee Benefit Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Charges for services	\$ 1,760,556	\$ 2,467,072	\$ 4,227,628
Miscellaneous	5,438	5,695	11,133
	<u> </u>	<u> </u>	<u> </u>
Total operating income	<u>1,765,994</u>	<u>2,472,767</u>	<u>4,238,761</u>
Operating expenses:			
Personal services	797,997	-	797,997
Supplies	28,320	-	28,320
Other services and charges	327,118	2,718,099	3,045,217
Depreciation	439,400	-	439,400
	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	<u>1,592,835</u>	<u>2,718,099</u>	<u>4,310,934</u>
Operating income	<u>173,159</u>	<u>(245,332)</u>	<u>(72,173)</u>
Non-operating revenues (expenses):			
Interest income	15,282	3,597	18,879
Intergovernmental	98,400	-	98,400
Gain on disposal of property	151,333	-	151,333
Interest expense	(18,163)	-	(18,163)
	<u> </u>	<u> </u>	<u> </u>
Total non-operating revenues (expenses)	<u>246,852</u>	<u>3,597</u>	<u>250,449</u>
Income (loss) before transfers	420,011	(241,735)	178,276
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	420,011	(241,735)	178,276
Total net position - beginning	2,625,835	364,708	2,990,543
Total net position - ending	<u>\$ 3,045,846</u>	<u>\$ 122,973</u>	<u>\$ 3,168,819</u>

CITY OF SWEETWATER, TEXAS

Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2021

	Central Garage and Stores	Employee Benefit Fund	Total
Cash Flows From Operating Activities			
Receipts from interfund services provided	\$ 1,765,994	\$ 2,472,767	\$ 4,238,761
Payments to suppliers	347,005	368,789	715,794
Payments for claims	-	2,080,668	2,080,668
Payments to employees	826,781	-	826,781
Net cash provided by operating activities	<u>592,208</u>	<u>23,310</u>	<u>615,518</u>
Cash Flows From Capital and Related Financing Activities			
Debt reduction	(217,491)	-	(217,491)
Purchases of capital assets	(686,012)	-	(686,012)
Interest expense	(18,163)	-	(18,163)
Proceeds from sale of assets	353,706	-	353,706
Proceeds from capital grants	98,400	-	98,400
Net cash used by capital and related financing activities	<u>(469,560)</u>	<u>-</u>	<u>(469,560)</u>
Cash Flows From Investing Activities			
Interest and dividends received	15,282	3,597	18,879
Net cash provided (used) by investing activities	<u>15,282</u>	<u>3,597</u>	<u>18,879</u>
Net increase (decrease) in cash and cash equivalents	137,931	26,907	164,838
Cash and cash equivalents at beginning of year	1,675,786	403,051	2,078,837
Cash and cash equivalents at end of year	<u>\$ 1,813,717</u>	<u>\$ 429,958</u>	<u>\$ 2,243,675</u>
As reported on balance sheet:			
Cash	\$ 1,667,662	\$ 429,958	\$ 2,097,620
Restricted Cash	146,055	-	146,055
Total cash and cash equivalents at end of year	<u>\$ 1,813,717</u>	<u>\$ 429,958</u>	<u>\$ 2,243,675</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	173,159	(245,332)	(72,173)
to net cash provided (used) by operating			
Depreciation expense	439,400	-	439,400
(Increase) decrease in other receivables	-	(79,030)	(79,030)
(Increase) decrease in due from other funds	5,917	-	5,917
(Increase) in due from other governments	71	-	71
(Increase) decrease in inventories	(2,250)	-	(2,250)
(increase) decrease in deferred outflows of resources	30,167	-	30,167
Increase (decrease) in accounts payable	768	347,672	348,440
Increase (decrease) in due to other funds	6,379	-	6,379
Increase (decrease) in accrued liabilities	(2,452)	-	(2,452)
Increase (decrease) in net pension liability	(33,378)	-	(33,378)
Increase (decrease) in total OPEB liability	6,204	-	6,204
Increase (decrease) in compensated absences	(5,558)	-	(5,558)
Increase (decrease) in deferred inflows of resources	(26,219)	-	(26,219)
Total adjustments	<u>419,049</u>	<u>268,642</u>	<u>687,691</u>
Net cash provided by operating activities	<u>\$ 592,208</u>	<u>\$ 23,310</u>	<u>\$ 615,518</u>

OTHER SCHEDULES - CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF SWEETWATER, TEXAS

Capital Assets Used in the Operation of Governmental Funds Comparative Schedules By Source September 30, 2021 and 2020

	2021	2020
General fixed assets:		
Land	\$ 178,332	\$ 178,332
Construction in-progress	17,484	-
Buildings	7,604,747	7,604,747
Improvements other than buildings	8,648,775	8,615,324
Machinery and equipment	2,211,578	2,007,288
 Total governmental funds capital assets	 \$ 18,660,916	 \$ 18,405,691
 Investments in governmental funds capital assets by source:		
Investment in property acquired prior to 10-01-52	864,768	864,768
Investment in airport property-gifts and general fund revenues	185,125	185,125
Investment in property acquired after 10-01-52:		
From general obligation bonds	313,976	313,976
From general fund revenues	7,589,896	7,417,839
From special assessments	190,350	190,350
From capital donations	1,170,712	1,170,712
From federal and other government grants (including federal revenue sharing)	5,145,756	5,070,029
From water and wastewater fund-transfer of swimming pool	486,881	486,881
From special revenue fund	2,713,452	2,706,011
 Total governmental funds capital assets	 \$ 18,660,916	 \$ 18,405,691

This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets and in Note (4) in the notes to the financial statements.

CITY OF SWEETWATER, TEXAS

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2021

	Total	Land	Construction in-progress	Building	Improvements other than Building	Machinery and Equipment
General government:						
Administration	\$ 119,606	\$ -	\$ -	\$ -	\$ 39,000	\$ 80,606
General government buildings	675,697	9,000	-	290,976	244,898	130,823
Total general government	795,303	9,000	-	290,976	283,898	211,429
Public safety:						
Police protection	6,259,851	20,472	-	4,525,643	488,522	1,225,214
Fire protection	1,732,237	81,451	-	1,025,710	135,979	489,097
Civil defense	107,299	-	-	-	63,824	43,475
Total public safety	8,099,387	101,923	-	5,551,353	688,325	1,757,786
Public works:						
Streets and highways	1,899,114	800	-	-	1,847,759	50,555
Recycling center	35,113	-	-	-	24,219	10,894
Animal control	45,204	-	-	26,509	18,695	-
Total Public works	1,979,431	800	-	26,509	1,890,673	61,449
Culture and recreation:						
Parks and cemetery	1,113,254	24,870	-	73,595	973,859	40,930
Golf course	275,980	-	-	71,222	167,249	37,509
Aquatics	1,280,265	-	-	-	1,276,687	3,578
Total culture and recreation	2,669,499	24,870	-	144,817	2,417,795	82,017
Community services:						
Municipal auditorium	38,850	-	-	28,850	10,000	-
Health department	43,719	3,000	-	40,719	-	-
Museum	164,457	1,500	-	162,957	-	-
SNAP	560,180	-	-	494,358	16,166	49,656
Total community services	807,206	4,500	-	726,884	26,166	49,656
Airport	4,310,090	37,239	17,484	864,208	3,341,918	49,241
Total governmental funds capital assets	\$ 18,660,916	\$ 178,332	\$ 17,484	\$ 7,604,747	\$ 8,648,775	\$ 2,211,578

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets and in Note (4) in the notes to the financial statements.

CITY OF SWEETWATER, TEXAS

Capital Assets Used in the Operation of Governmental Funds Schedule of Changes By Function and Activity For the Fiscal Year Ended September 30, 2021

	Governmental Funds Capital Assets 09/30/20	Additions	Deductions	Governmental Funds Capital Assets 09/30/21
General government:				
Administration	\$ 119,606	\$ -	\$ -	\$ 119,606
General government buildings	675,697	-	-	675,697
Total general government	<u>795,303</u>	<u>-</u>	<u>-</u>	<u>795,303</u>
Public safety:				
Police protection	6,133,266	126,585	-	6,259,851
Fire protection	1,636,342	95,895	-	1,732,237
Civil defense	107,299	-	-	107,299
Total public safety	<u>7,876,907</u>	<u>222,480</u>	<u>-</u>	<u>8,099,387</u>
Public works:				
Streets and highways	1,899,114	-	-	1,899,114
Recycling center	35,113	-	-	35,113
Animal control	37,384	7,820	-	45,204
Total public works	<u>1,971,611</u>	<u>7,820</u>	<u>-</u>	<u>1,979,431</u>
Culture and recreation:				
Parks and cemetery	1,113,254	-	-	1,113,254
Golf course	275,980	-	-	275,980
Aquatics	1,280,265	-	-	1,280,265
Total culture and recreation	<u>2,669,499</u>	<u>-</u>	<u>-</u>	<u>2,669,499</u>
Community Services:				
Municipal auditorium	38,850	-	-	38,850
Health department	43,719	-	-	43,719
Museum	164,457	-	-	164,457
SNAP	552,740	7,440	-	560,180
Total community services	<u>799,766</u>	<u>7,440</u>	<u>-</u>	<u>807,206</u>
Airport	4,292,606	17,484	-	4,310,090
Total governmental funds capital assets	<u>\$ 18,405,691</u>	<u>\$ 255,224</u>	<u>\$ -</u>	<u>\$ 18,660,916</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets and in Note (4) in the notes to the financial statements.

**“We lead with trust and respect to provide a vibrant,
secure community for all”**



PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

STATISTICAL SECTION

(Unaudited)

This part of the City of Sweetwater’s annual comprehensive 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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help readers understand how the City’s financial performance and well-being have changed over time.	94-100
Revenue Capacity These schedules contain information to help readers assess the City’s most significant local revenue source-its property tax.	101-106
Debt Capacity These schedules present information to help readers assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	107-111
Demographic and Economic Information These schedules offer demographic and economic indicators to help readers understand the environment within which the City’s financial activities take place.	112-113
Operating Information These schedules contain service and infrastructure data to help readers understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	114-116

CITY OF SWEETWATER, TEXAS

Net Position by Component
Last Ten Fiscal Years

(Prepared using the accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 4,133,554	\$ 5,164,107	\$ 8,580,204	\$ 9,459,578	\$ 9,047,241	\$ 8,494,897	\$ 7,934,319	\$ 7,571,669	\$ 8,624,559	\$ 8,118,423
Restricted	43,536	68,032	94,324	118,202	214,039	181,430	192,690	201,847	437,189	314,371
Unrestricted	10,223,118	9,842,449	6,846,447	1,493,359	1,655,007	686,372	360,070	(225,847)	(464,165)	519,165
Total governmental activities net position	\$ 14,400,208	\$ 15,074,588	\$ 15,520,975	\$ 11,071,139	\$ 10,916,287	\$ 9,362,699	\$ 8,487,079	\$ 7,547,669	\$ 8,597,583	\$ 8,951,959
Business-type activities										
Net investment in capital assets	\$ 10,023,438	\$ 11,863,504	\$ 13,306,489	\$ 13,394,090	\$ 13,743,436	\$ 9,931,071	\$ 14,476,834	\$ 15,231,426	\$ 15,209,990	\$ 15,635,031
Restricted	712,235	715,354	759,967	817,153	821,408	831,373	848,974	875,411	891,829	2,801,685
Unrestricted	8,490,962	7,890,460	7,184,602	4,464,617	4,715,014	9,440,428	5,984,007	5,439,859	5,847,000	7,548,299
Total business-type activities net position	\$ 19,226,635	\$ 20,469,318	\$ 21,251,058	\$ 18,675,860	\$ 19,279,858	\$ 20,202,872	\$ 21,309,815	\$ 21,546,696	\$ 21,948,819	\$ 25,985,015
Primary government										
Net investment in capital assets	\$ 14,156,992	\$ 17,027,611	\$ 21,886,693	\$ 22,853,668	\$ 22,790,677	\$ 18,425,968	\$ 22,411,153	\$ 22,803,095	\$ 23,834,549	\$ 23,753,454
Restricted	1,881,961	783,386	854,291	935,355	1,035,447	1,012,803	1,041,664	1,077,258	1,329,018	3,116,056
Unrestricted	17,587,890	17,732,909	14,031,049	5,957,976	6,370,021	10,126,800	6,344,077	5,214,012	5,382,835	8,067,464
Total primary government net position	\$ 33,626,843	\$ 35,543,906	\$ 36,772,033	\$ 29,746,999	\$ 30,196,145	\$ 29,565,571	\$ 29,796,894	\$ 29,094,365	\$ 30,546,402	\$ 34,936,974

Notes: The City implemented GASB Statement No. 65 in fiscal year 2014. The amounts for all fiscal years presented have been restated for the effects of this standard. The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard. The City implemented GASB Statement No. 75 in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this standard. Unspendable Cemetery funds have been reclassified to a Committed fund balance in fund financial statements and unrestricted in the Government-wide financial statement upon further investigation of GASB 54 classifications and historical city ordinances.

CITY OF SWEETWATER, TEXAS

**Changes in Net Position
Last Ten Fiscal Years**

(Prepared using the accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 1,395,375	\$ 1,392,522	\$ 1,563,157	\$ 1,557,499	\$ 1,642,864	\$ 1,814,626	\$ 1,685,953	\$ 1,877,741	\$ 1,812,243	\$ 1,891,668
Public safety	3,550,157	3,948,689	4,111,605	4,491,188	5,010,521	5,448,126	5,844,524	5,959,508	5,631,691	5,731,670
Public works	1,007,398	1,072,818	1,056,515	1,057,291	1,095,851	984,321	1,068,970	1,099,670	1,040,086	899,463
Culture and recreation	1,202,579	1,290,863	1,325,393	1,392,756	1,464,758	1,423,072	1,440,807	1,500,504	1,328,904	1,433,789
Community services	491,645	502,840	555,465	544,645	533,096	545,305	528,714	549,735	544,433	550,725
Airport	322,991	452,828	413,656	376,425	443,799	411,918	422,131	414,069	394,806	444,224
Total governmental activities expenses	7,970,144	8,660,559	9,025,791	9,419,804	10,190,889	10,627,368	10,991,099	11,401,227	10,752,163	10,951,539
Business-type activities:										
Water and sewer	5,814,647	5,826,397	6,379,513	6,401,399	6,344,981	6,163,135	6,381,468	6,527,669	6,723,079	6,728,933
Solid waste management	1,646,047	1,742,644	1,844,622	1,944,585	1,914,193	2,183,736	2,105,056	2,134,829	2,034,359	1,979,347
Ambulance	1,468,954	1,864,412	1,966,355	2,189,949	2,244,762	2,204,031	2,109,930	2,249,353	2,186,190	2,056,668
Total business-type activities expenses	8,929,648	9,433,453	10,190,490	10,535,933	10,503,937	10,550,902	10,596,454	10,911,851	10,943,628	10,764,948
Total primary government expenses	\$ 16,899,792	\$ 18,094,012	\$ 19,216,281	\$ 19,955,737	\$ 20,694,826	\$ 21,178,270	\$ 21,587,553	\$ 22,313,078	\$ 21,695,791	\$ 21,716,487

CITY OF SWEETWATER, TEXAS

**Changes in Net Position
Last Ten Fiscal Years**

(Prepared using the accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Continued										
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,168,289	\$ 1,236,249	\$ 1,608,618	\$ 1,277,724	\$ 1,338,490	\$ 1,358,629	\$ 1,711,344	\$ 1,703,198	\$ 1,810,914	\$ 1,944,464
Public safety	34,415	35,621	-	-	-	-	-	-	-	-
Public works	16,560	21,673	3,363	3,495	3,747	2,770	3,912	5,095	8,495	7,890
Culture and recreation	360,077	365,182	364,659	375,659	377,382	377,361	401,381	413,998	389,058	439,902
Community services	2,500	4,250	1,250	-	-	-	-	-	-	-
Airport	154,950	223,583	178,196	160,902	194,555	164,188	176,126	158,381	125,097	147,468
Operating grants and contributions	267,093	392,616	367,386	287,101	308,172	246,386	225,099	197,845	654,664	609,263
Capital grants and contributions	690,376	472,375	-	-	38,160	32,000	486,394	52,155	1,204,917	17,484
Total governmental activities program revenues	2,694,260	2,751,549	2,523,472	2,104,881	2,260,505	2,181,333	3,004,255	2,530,672	4,193,145	3,166,471
Business-type activities:										
Charges for services:										
Water and sewer	6,921,210	7,331,761	6,958,410	6,558,087	7,202,525	7,291,239	7,624,129	7,260,157	7,951,268	7,999,429
Solid waste management	1,775,439	1,883,190	1,953,590	1,895,226	1,891,078	1,886,909	1,441,468	2,023,957	2,076,336	1,438,294
Ambulance	1,102,030	1,566,407	1,533,151	1,582,404	1,561,508	1,454,635	2,054,866	1,324,861	1,251,791	1,312,934
Operating grants and contributions	10,832	20,454	9,979	18,069	1,600	12,260	10,011	9,689	135,153	58,949
Capital grants and contributions	252,083	-	-	-	-	-	46,337	228,663	-	3,597,753
Total business-type activities program revenues	10,061,594	10,801,812	10,455,130	10,053,786	10,656,711	10,645,043	11,176,811	10,847,327	11,414,548	14,407,359
Total primary government program revenues	\$ 12,755,854	\$ 13,553,361	\$ 12,978,602	\$ 12,158,667	\$ 12,917,216	\$ 12,826,376	\$ 14,181,066	\$ 13,377,999	\$ 15,607,693	\$ 17,573,830
Net (Expense)/Revenue										
Governmental activities	\$ (5,275,885)	\$ (5,909,011)	\$ (6,502,319)	\$ (7,314,923)	\$ (7,930,383)	\$ (8,446,034)	\$ (7,986,843)	\$ (8,870,555)	\$ (6,559,018)	\$ (7,785,068)
Business-type activities	1,131,946	1,368,359	264,640	(482,147)	152,776	94,141	580,357	(64,524)	470,920	3,642,411
Total primary government net expense	\$ (4,143,939)	\$ (4,540,652)	\$ (6,237,679)	\$ (7,797,070)	\$ (7,777,607)	\$ (8,351,893)	\$ (7,406,486)	\$ (8,935,079)	\$ (6,088,098)	\$ (4,142,657)

CITY OF SWEETWATER, TEXAS

**Changes in Net Position
Last Ten Fiscal Years**

(Prepared using the accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Continued										
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$1,622,785	\$1,922,873	\$1,901,654	\$2,045,818	\$2,236,094	\$2,214,540	\$2,231,361	\$2,263,389	\$2,494,929	\$2,639,831
Sales taxes	2,902,727	2,552,984	2,706,835	2,841,341	3,377,448	2,779,816	2,972,679	2,791,806	2,842,706	3,040,622
Franchise taxes	1,066,545	1,009,669	1,097,948	1,151,119	1,064,016	1,060,142	1,071,082	1,103,867	1,201,782	1,058,911
Other taxes	505,979	572,910	620,562	723,538	735,637	623,046	679,577	692,600	594,429	579,305
Investment earnings	22,017	24,761	25,297	19,517	20,561	37,532	89,401	116,114	71,203	59,007
Miscellaneous	1,314,414	861,174	1,006,410	732,713	589,044	693,332	784,688	870,036	956,050	659,852
Special item	531,339	4,521	-	-	116,204	154,110	-	-	-	-
Transfers	(401,000)	(365,500)	(410,000)	(433,000)	(363,473)	(670,072)	(487,000)	93,333	(552,167)	101,915
Total governmental activities	\$7,564,805	\$6,583,391	\$6,948,706	\$7,081,046	\$7,775,531	\$6,892,446	\$7,341,788	\$7,931,145	\$7,608,932	\$8,139,443
Business-type activities:										
Investment earnings	22,459	23,304	20,667	19,463	26,111	64,240	137,741	221,310	139,107	112,064
Miscellaneous	89,737	77,793	86,433	166,118	61,637	94,561	-	173,428	-	383,637
Special item	-	-	-	-	-	-	-	-	(760,070)	-
Transfers	401,000	365,500	410,000	433,000	363,473	670,072	487,000	(93,333)	552,167	(101,915)
Total business-type activities	\$513,196	\$466,597	\$517,100	\$618,581	\$451,222	\$828,873	\$624,741	\$301,405	\$(68,796)	\$393,786
Total primary government	\$8,078,002	\$7,049,989	\$7,465,807	\$7,699,628	\$8,226,754	\$7,721,319	\$7,966,529	\$8,232,550	\$7,540,136	\$8,533,229
Change in Net Position										
Governmental activities	\$2,288,920	\$674,380	\$446,387	\$(233,877)	\$(154,852)	\$(1,553,588)	\$(645,055)	\$(939,410)	\$1,049,914	\$354,375
Business-type activities	1,645,141	1,834,958	781,740	136,434	603,998	923,014	1,205,098	236,881	402,124	4,036,197
Total primary government	\$3,934,062	\$2,509,338	\$1,228,127	\$(97,443)	\$449,146	\$(630,574)	\$560,043	\$(702,529)	\$1,452,038	\$4,390,572

Source: Annual Comprehensive Financial Report

Notes: The City implemented GASB Statement No. 65 in fiscal year 2014. The amounts for all fiscal years presented have been restated for the effects of this standard
The City implemented GASB Statement No. 68 in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard
The City implemented GASB Statement No. 75 in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this standard

CITY OF SWEETWATER, TEXAS

Program Revenues by Function/Program
Last Ten Fiscal Years

(Prepared using the accrual basis of accounting)

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
General Government	\$1,168,289	\$1,236,249	\$1,608,618	\$1,277,724	\$1,338,490	\$1,358,629	\$1,711,344	\$1,703,198	\$1,810,914	\$2,044,390
Public Safety	103,656	166,409	87,117	19,755	42,022	34,316	413,591	2,882	447,263	348,035
Public Works	210,239	21,673	3,363	3,495	3,747	2,770	3,912	5,095	8,495	7,890
Culture and Recreation	361,577	365,182	364,659	375,659	402,381	377,360	401,381	413,998	1,133,786	439,902
Community Services	257,040	266,078	275,629	262,470	261,167	226,515	203,526	194,963	183,779	154,545
Airport	593,459	695,958	184,086	165,778	212,698	181,743	270,502	210,536	608,909	171,709
Subtotal Governmental Activities	2,694,260	2,751,549	2,523,472	2,104,881	2,260,505	2,181,333	3,004,255	2,530,672	4,193,145	3,166,471
Business-type Activities										
Water and Sewer	7,173,293	7,331,761	6,958,410	6,558,087	7,202,525	7,291,239	7,670,466	7,488,820	7,951,268	11,597,182
Solid Waste Management	1,775,439	1,586,861	1,953,590	1,895,226	1,891,078	1,886,909	1,451,479	2,023,957	2,076,336	1,438,294
Ambulance	1,112,862	1,883,190	1,543,130	1,600,473	1,563,108	1,466,895	2,054,866	1,334,550	1,386,944	1,371,883
Subtotal Business-type Activities	10,061,594	10,801,812	10,455,130	10,053,786	10,656,711	10,645,043	11,176,811	10,847,327	11,414,548	14,407,359
Total Primary Government	\$12,755,854	\$13,553,361	\$12,978,602	\$12,158,667	\$12,917,216	\$12,826,376	\$14,181,066	\$13,377,999	\$15,607,693	\$17,573,830

Source: Annual Comprehensive Financial Reports

CITY OF SWEETWATER, TEXAS

**Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

(Prepared using the modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ 35,854	\$ 61,082	\$ 87,134	\$ 113,147	\$ 163,339	\$ 121,737	\$ 120,182	\$ 144,086	\$ 169,733	\$ 304,525
Unassigned	8,196,184	8,086,154	5,877,126	4,360,460	4,566,380	3,808,170	3,776,982	3,556,469	3,192,454	3,193,985
Total general fund	\$ 8,232,038	\$ 8,147,236	\$ 5,964,260	\$ 4,473,607	\$ 4,729,719	\$ 3,929,907	\$ 3,897,164	\$ 3,700,555	\$ 3,362,187	\$ 3,498,510
All Other Governmental Funds										
Restricted	7,682	6,950	7,190	5,055	75,700	59,693	29,189	14,012	11,506	9,846
Committed	\$ 1,126,190	\$ 1,151,193	\$ 1,177,458	\$ 1,199,074	\$ 1,217,604	\$ 1,234,690	\$ 1,255,618	\$ 1,300,669	\$ 1,323,925	\$ 1,348,464
Assigned	13,444	11,690	11,007	18,853	-	-	-	-	-	-
Total all other governmental funds	\$ 1,147,315	\$ 1,169,833	\$ 1,195,655	\$ 1,222,982	\$ 1,293,304	\$ 1,294,383	\$ 1,284,807	\$ 1,314,681	\$ 1,335,431	\$ 1,358,310
Total governmental funds	\$ 9,379,353	\$ 9,317,069	\$ 7,159,915	\$ 5,696,589	\$ 6,023,023	\$ 5,224,290	\$ 5,181,971	\$ 5,015,236	\$ 4,697,618	\$ 4,856,820

Source: City of Sweetwater Annual Comprehensive Financial Report for respective fiscal year.

Note: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Type Definitions" in fiscal year 2011.

CITY OF SWEETWATER, TEXAS

**Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

(Prepared using the modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 6,108,156	\$ 6,067,196	\$ 6,336,881	\$ 6,752,849	\$ 7,396,359	\$ 6,616,507	\$ 6,957,637	\$ 6,818,654	\$ 7,103,574	\$ 7,299,563
Intergovernmental	663,485	819,231	248,798	237,826	305,712	243,035	676,617	206,366	1,093,552	271,924
Charges for services	1,275,983	1,361,261	1,691,233	1,350,701	1,436,923	1,434,132	1,812,745	1,799,578	1,831,097	1,964,357
Licenses and permits	31,026	26,919	37,211	35,805	32,089	34,907	50,532	40,374	61,525	91,054
Investment income	23,891	24,761	25,297	19,517	20,561	37,532	89,401	116,113	71,203	59,007
Fines and forfeitures	50,788	59,405	43,772	50,270	59,314	54,743	42,137	44,744	47,256	50,316
Miscellaneous	2,019,907	1,345,905	1,508,869	1,162,993	1,015,513	1,261,960	1,206,913	1,310,007	2,128,614	1,448,670
Total revenues	10,173,236	9,704,678	9,892,061	9,609,961	10,266,471	9,682,816	10,835,982	10,335,836	12,336,821	11,184,891
Expenditures										
General government	1,371,854	1,344,973	1,540,874	1,588,013	1,637,268	1,742,582	1,694,033	1,807,932	1,873,355	2,038,949
Public safety	3,338,050	3,688,322	3,985,580	4,315,864	4,441,559	4,780,984	5,342,126	5,227,055	5,373,302	5,759,349
Public works	956,175	1,008,327	1,030,142	1,047,268	1,074,272	941,312	1,052,145	1,061,504	1,082,168	929,398
Culture and recreation	1,136,248	1,224,311	1,270,965	1,380,748	1,436,460	1,375,270	1,406,410	1,450,148	1,318,452	1,384,858
Community services	480,162	490,629	531,270	531,104	510,793	513,687	508,002	515,118	545,355	555,572
Airport	214,915	311,461	250,578	212,791	277,288	239,207	245,650	232,286	193,891	204,070
Capital outlay	625,523	1,337,961	3,029,805	1,564,499	179,669	218,434	142,934	301,860	1,715,748	255,224
Total expenditures	8,122,927	9,405,984	11,639,214	10,640,287	9,557,309	9,811,476	10,391,300	10,595,903	12,102,271	11,127,420
Excess of revenues over (under) expenditures	2,050,309	298,694	(1,747,153)	(1,030,326)	709,162	(128,660)	444,682	(260,067)	234,550	57,471
Other Financing Sources (Uses)										
Transfers in	146,613	163,636	192,210	210,849	221,244	207,517	196,703	823,718	279,758	1,003,882
Transfers out	(547,613)	(529,136)	(602,210)	(643,849)	(720,175)	(877,589)	(683,703)	(730,385)	(831,925)	(901,965)
Proceeds from sale of assets	255,750	4,521	-	-	116,204	-	-	-	-	-
Total other financing sources (uses)	(145,250)	(360,979)	(410,000)	(433,000)	(382,727)	(670,072)	(487,000)	93,333	(552,167)	101,917
Net change in fund balances	\$ 1,905,059	\$ (62,285)	\$ (2,157,153)	\$ (1,463,326)	\$ 326,434	\$ (798,733)	\$ (42,319)	\$ (166,735)	\$ (317,618)	\$ 159,388
Debt Service as a % of noncapital expenditures	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Annual Comprehensive Financial Reports

CITY OF SWEETWATER, TEXAS

**Tax Revenues By Source, Governmental Funds
Last Ten Fiscal Years**

Year	(1) Property Tax	(2) Sales Tax	Franchise Tax	(3) Occupancy Tax	Alcohol Beverage Tax	Total
2012	1,623	2,903	1,067	501	5	6,099
2013	1,923	2,553	1,010	568	5	6,059
2014	1,902	2,707	1,098	615	6	6,328
2015	2,037	2,841	1,151	716	8	6,753
2016	2,219	3,377	1,064	726	9	7,395
2017	2,154	2,780	1,060	613	10	6,617
2018	2,234	2,973	1,071	670	10	6,958
2019	2,230	2,792	1,104	681	12	6,819
2020	2,465	2,843	1,202	585	9	7,104
2021	2,621	3,041	1,059	565	14	7,300

Change:

2012-2021	61%	5%	-1%	13%	180%	20%
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Amounts are expressed in thousands.

¹ The City has kept its property tax rate at \$0.48 per \$100 assessed value until the fiscal year 2018 with a rate of \$0.497423 per \$100 assessed value. Fiscal year 2020 property tax rate increased to a \$0.539 per \$100 assessed value.

² The City charges a 1.5 percent sales and use tax within the City limits. Sales tax revenue has increased 5% compared to 10 years ago.

³ The City's occupancy tax rate is 9 percent which is collected by the City and allocated pursuant to Chapter 351 of the Texas Tax Code to entities supporting and promoting tourism in the city.

CITY OF SWEETWATER, TEXAS

**Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years**

Fiscal Year	Real Property		Personal		Less: Exempt Real Property	Tax	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Commercial	Other*						
	2012	168,192	133,436	70,993						
2013	212,969	90,572	131,650	1,941	16,923	420,209	0.4630	420,209	100%	
2014	212,753	102,838	97,084	1,314	16,345	397,644	0.4800	397,644	100%	
2015	215,970	120,004	106,200	1,558	15,852	427,880	0.4800	427,880	100%	
2016	220,863	133,319	110,888	12,440	12,317	465,193	0.4800	465,193	100%	
2017	240,649	133,399	97,320	3,413	12,317	462,464	0.4800	462,464	100%	
2018	248,063	126,577	80,493	2,985	10,753	447,365	0.4974	447,365	100%	
2019	250,913	126,225	88,549	2,889	13,712	454,864	0.4974	454,864	100%	
2020	253,435	129,744	92,292	3,444	11,768	467,147	0.5390	467,147	100%	
2021	258,341	124,207	113,453	3,792	13,436	486,357	0.5440	486,357	100%	

Source: Central Appraisal District of Nolan County

Note: Property is reassessed annually. The district assesses property at approximately 100 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$100 of assessed value. All amounts unless otherwise indicated, are expressed in thousands of dollars.

*CAD Software conversion in 2011 revealed misclassification of oil and gas as personal property rather than real property in prior years.

CITY OF SWEETWATER, TEXAS

**Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

Fiscal Year	City of Sweetwater			Sweetwater Independent						Overlapping Rates						Total Direct & Overlapping Rates
	Debt			School District			Nolan County			Nolan County Hospital District			Debt			
	Operating	Service	Total	Operating	Service	Total	Operating	Service	Total	Operating	Service	Total	Operating	Service	Total	
2012	0.4800	-	0.4800	1.0600	0.1650	1.2250	0.4230	-	0.4230	0.2042	0.0482	0.2524	0.2042	0.0482	0.2524	
2013	0.4630	-	0.4630	1.0950	0.1200	1.2150	0.3946	-	0.3946	0.2021	0.0197	0.2218	0.2021	0.0197	0.2218	
2014	0.4800	-	0.4800	1.0950	0.1200	1.2150	0.4431	0.0645	0.5076	0.2287	0.0236	0.2524	0.2287	0.0236	0.2524	
2015	0.4800	-	0.4800	1.0950	0.1200	1.2150	0.4448	0.0639	0.5087	0.2459	0.1580	0.4040	0.2459	0.1580	0.4040	
2016	0.4800	-	0.4800	1.0950	0.1180	1.2130	0.4758	0.0641	0.5399	0.2479	0.1560	0.4039	0.2479	0.1560	0.4039	
2017	0.4800	-	0.4800	1.0950	0.1100	1.2050	0.4994	0.0671	0.5665	0.2560	0.1480	0.4040	0.2560	0.1480	0.4040	
2018	0.4974	-	0.4974	1.0950	0.1130	1.2080	0.5008	0.0671	0.5680	0.2560	0.1480	0.4040	0.2560	0.1480	0.4040	
2019	0.4974	-	0.4974	1.0950	0.1130	1.2080	0.4730	0.0586	0.5317	0.2932	0.1068	0.4000	0.2932	0.1068	0.4000	
2020	0.5390	-	0.5390	1.0197	0.1101	1.1298	0.4701	0.0616	0.5317	0.3145	0.1075	0.4220	0.3145	0.1075	0.4220	
2021	0.5440	-	0.5440	0.9996	0.1040	1.1036	0.4817	0.0592	0.5409	0.3210	0.1040	0.4250	0.3210	0.1040	0.4250	

Source: Central Appraisal District of Nolan County

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City of Sweetwater

CITY OF SWEETWATER, TEXAS

**Principal Property Taxpayers,
Current Year and Ten Years Ago**

Taxpayer	FY 2021			FY 2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
CSI Acquisition Co.	19,584,240	1	4.03%			
Ludlum Measurements Inc	19,179,040	2	3.94%	16,080,380	1	4.74%
Crest Pumping Technologies LLC	9,372,690	3	1.93%			
Oncor Electric Delivery/TU	8,176,990	4	1.68%	4,281,630	4	1.26%
Suddenlink Communications	6,015,320	5	1.24%			
Loves Hospitality LLC	5,243,020	6	1.08%			
Union Pacific Railroad	4,955,290	7	1.02%	2,557,360	8	0.75%
HYTORC	4,911,020	8	1.01%			
Wal-Mart Stores LP A TEX LIM	3,784,120	9	0.78%	3,741,280	5	1.10%
Atmos Energy/Mid Tex Dist	3,577,390	10	0.74%			
Wal-Mart Stores Texas LP				4,818,450	2	1.42%
Texas TST Inc.				4,779,270	3	1.41%
Odessa Associates				3,111,700	6	0.92%
Sweet K Associates				2,881,600	7	0.85%
Texas WTV ltd				2,555,700	9	0.75%
Kmart				2,232,990	10	0.66%
Total	84,799,120		17.44%	47,040,360		13.86%

Source: Central Appraisal District of Nolan County

CITY OF SWEETWATER, TEXAS

**Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2012	1,627,454	1,556,652	96%	71,533	1,628,185	100%
2013	1,947,460	1,892,650	97%	50,444	1,943,094	100%
2014	1,909,117	1,855,387	97%	47,503	1,902,890	100%
2015	2,053,829	1,987,413	97%	58,025	2,045,438	100%
2016	2,232,971	2,159,055	97%	57,454	2,216,509	99%
2017	2,219,828	2,101,627	95%	97,433	2,199,060	99%
2018	2,225,365	2,129,052	96%	66,150	2,195,202	99%
2019	2,262,601	2,151,338	95%	67,332	2,218,670	98%
2020	2,517,923	2,406,837	96%	44,214	2,451,051	97%
2021	2,645,783	2,541,871	96%	-	2,541,871	96%

Source: Central Appraisal District of Nolan County

CITY OF SWEETWATER

**Principal Water Sales
Current Year and Ten Years Ago
Fiscal Year**

	FY 2021				FY 2012			
Water Customer	Water Rate	Water Sales	Rank	Percentage of Total Water Sales	Water Rate	Water Sales	Rank	Percentage of Total Water Sales
United States Gypsum Co.	\$ 7.99	\$ 917,515.14	1	17.55%	\$ 6.31	\$ 468,842.55	1	10.14%
Georgia Pacific	\$ 7.99	\$ 530,452.62	2	10.14%	\$ 6.31	\$ 269,642.16	3	5.83%
Sweetwater Housing Authority	\$ 7.69	\$ 281,601.93	3	5.39%	\$ 6.69	\$ 107,789.36	6	2.33%
City of Roby	\$ 6.53	\$ 260,460.67	4	4.98%	\$ 5.68	\$ 208,208.92	4	4.50%
City of Trent	\$ 6.53	\$ 156,622.69	5	3.00%	\$ 5.68	\$ 119,291.44	5	2.58%
Rolling Plains Memorial Hospital	\$ 7.99	\$ 102,696.94	6	1.96%				
Sweetwater ISD	\$ 7.99	\$ 100,701.81	7	1.93%	\$ 6.31	\$ 87,775.62	7	1.90%
Sweetwater Mustang Heights	\$ 7.69	\$ 82,401.65	8	1.58%				
Apple Creek Apartments	\$ 7.69	\$ 76,814.86	9	1.47%	\$ 6.69	\$ 37,736.35	9	0.82%
Peydex Partners LLC	\$ 7.69	\$ 60,290.53	10	1.15%				
Bittercreek Water Supply					\$ 5.68	\$ 331,262.67	2	7.17%
HBSN Investment LLC					\$ 6.69	\$ 42,930.41	8	0.93%
Sweetwater 76 Auto/Truck					\$ 6.31	\$ 30,010.74	10	0.65%
		<u>\$ 2,569,558.84</u>		49.14%		<u>\$ 1,703,490.22</u>		36.85%

Source: City of Sweetwater Utility Department

CITY OF SWEETWATER, TEXAS

**Ratios of Outstanding Debt by Type,
Last 10 Fiscal Years**

Fiscal Year	Governmental Activities				Business type Activities							Percentage of Personal Income (3)	Per Capita (4)
	Notes Payable	Capital Lease Obligations	Total Governmental Activities	General Obligation Bonds (1)	Certificates of Obligation Bonds (1)	Refunding Bonds (1)	Notes Payable	Total Business type Activities	Total Primary Government				
2012	-	-	-	8,600,000	1,665,000	7,133,523	-	17,398,523	17,398,523	0.1892%	1,595.32		
2013	-	-	-	8,520,000	1,360,000	6,223,707	-	16,103,707	16,103,707	0.2177%	1,476.59		
2014	-	-	-	8,445,000	2,975,000	5,293,892	-	16,713,892	16,713,892	0.2278%	1,532.54		
2015	-	-	-	-	1,840,000	13,667,167	-	15,507,167	15,507,167	0.2354%	1,421.89		
2016	-	-	-	-	6,745,000	12,197,072	-	18,942,072	18,942,072	0.1965%	1,736.85		
2017	290,000	-	290,000	-	6,405,000	10,696,978	-	17,101,978	17,391,978	0.1174%	1,594.72		
2018	220,037	-	220,037	-	6,065,000	9,476,884	230,513	15,772,397	15,992,434	0.1859%	1,466.39		
2019	148,694	-	148,694	-	5,725,000	8,211,789	156,255	14,093,044	14,241,738	0.2237%	1,305.86		
2020	75,300	747,105	822,405	-	5,385,000	6,911,695	55,072	12,351,767	13,174,172	0.2592%	1,207.97		
2021	-	604,914	604,914	-	9,632,000	5,606,416	9,398	15,247,814	15,852,728	0.2094%	1,492.44		

- Notes:**
- 1 Details regarding the City's outstanding debt can be found in the Note 5 to the current financial statements.
 - 2 The City's bonded debt is only in its Business - Type Activities.
 - 3 Estimated Personal Income source: Texas Association of Counties
 - 4 Estimated Population Source: Texas Association of Counties

CITY OF SWEETWATER, TEXAS

**Ratios of General Bonded Debt Outstanding,
Last 10 Fiscal Years**

Fiscal Year	General Obligation Bonds (1)	Certificates of Obligation Bonds (1)	Refunding Bonds (1)	Total	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	% of Actual Taxable Value of Property (2)	Per Capita (3)
2012	8,600,000	1,665,000	7,133,523	17,398,523	712,235	16,686,288	4.92%	1,530.01
2013	8,520,000	1,360,000	6,223,707	16,103,707	715,354	15,388,353	3.66%	1,411.00
2014	8,445,000	2,975,000	5,293,892	16,713,892	759,967	15,953,925	4.01%	1,462.86
2015	-	1,840,000	13,667,166	15,507,166	817,153	14,690,013	3.43%	1,346.97
2016	-	6,745,000	12,197,072	18,942,072	821,408	18,120,664	3.90%	1,661.53
2017	-	6,405,000	10,696,978	17,101,978	831,373	16,270,605	3.52%	1,491.89
2018	-	6,065,000	9,476,884	15,541,884	848,974	14,692,910	3.28%	1,347.23
2019	-	5,725,000	8,211,789	13,936,789	875,411	13,061,378	2.87%	1,197.63
2020	-	5,385,000	6,911,695	12,296,695	891,829	11,404,866	2.44%	1,045.74
2021	-	9,632,000	5,606,416	15,238,416	589,498	14,648,918	3.01%	1,379.11

Notes:

- 1 Details regarding the City's outstanding debt can be found in the Note 5 to the current financial statements.

General:

- 2 Central Appraisal District of Nolan County
- 3 City of Sweetwater Finance Department

CITY OF SWEETWATER, TEXAS

**Direct and Overlapping Governmental Activities Debt,
As of September 30, 2021**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt(1)</u>
Debt repaid with property taxes			
Sweetwater Independent School District	\$ 6,218,000	59.0%	\$ 3,669,864
Nolan County	10,087,000	22.6%	2,277,645
Nolan County Hospital District	20,258,728	24.2%	4,906,664
Subtotal, Overlapping Debt			<u>10,854,172</u>
City of Sweetwater direct debt			<u>604,914</u>
Total direct and overlapping debt			<u>\$ 11,459,086</u>
Total direct and overlapping debt percent of assessed taxable value			2.4%
Total direct and overlapping debt per Capita			\$1,079

Source: www.mactexas.com
Nolan County Central Appraisal District

Notes:

- 1 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 residence and businesses of Sweetwater. This process recognizes that, when considering the City of Sweetwater'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.
- 2 The percentage of government unit's total property value located with the City's limits.
- 3 All of the City's bonded debt are for business-type activities of the self-supporting Waterworks and Sewer system therefore excluded from this schedule. The City's bonds are secured by a first lien pledge of the net revenues of the water and wastewater system in a addition to a pledge of ad valorem taxes levied against all taxable property located with in the City's limits.

CITY OF SWEETWATER, TEXAS

**Legal Debt Margin Information
Last 10 Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$486,357,143
Debt limit ¹	12,158,929
(\$2.50 hundred dollar valuation)	
Debt applicable to limit:	
Total bonded debt	1,734,252
Less: Amount set aside for repayment of certificate of obligation debt	<u>(589,498)</u>
Total net debt applicable to limit	<u>1,144,754</u>
Legal debt margin	<u>\$ 11,014,175</u>

	<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>
Debt limit	\$ 8,477,492	\$ 10,505,242	\$ 9,941,110	\$ 10,697,024	\$ 11,629,821	\$ 11,561,604	\$ 11,184,114	\$ 11,371,615	\$ 11,678,676	\$ 12,158,929
Total net debt applicable to limit	<u>1,131,921</u>	<u>1,096,688</u>	<u>1,109,168</u>	<u>1,784,680</u>	<u>902,069</u>	<u>1,162,225</u>	<u>819,047</u>	<u>810,405</u>	<u>788,610</u>	<u>1,144,754</u>
Legal debt margin	<u>\$ 7,345,571</u>	<u>\$ 9,408,554</u>	<u>\$ 8,831,942</u>	<u>\$ 8,912,344</u>	<u>\$ 10,727,752</u>	<u>\$ 10,399,379</u>	<u>\$ 10,365,067</u>	<u>\$ 10,561,210</u>	<u>\$ 10,890,066</u>	<u>\$ 11,014,175</u>
Total net debt applicable to limit as a percentage of debt limit	13.4%	10.4%	11.2%	16.7%	7.8%	10.1%	7.3%	7.1%	6.8%	9.4%

Notes:

¹ The Constitution of the State of Texas limits the maximum ad valorem tax rate to \$2.50 per \$100 assessed valuation for home -rule cities

CITY OF SWEETWATER, TEXAS

**Pledged-Revenue Coverage,
Last 10 Fiscal Years**

Fiscal Year	Water Revenue Bonds					
	Water and Sewer Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service (1)		Coverage
				Principal	Interest	
2012	6,970,385	3,957,662	3,012,723	1,245,000	599,156	1.63
2013	7,377,626	3,990,698	3,386,928	1,265,000	547,042	1.87
2014	7,008,459	4,548,917	2,459,542	1,295,000	574,135	1.32
2015	6,697,673	4,310,847	2,386,826	2,090,000	511,834	0.92
2016	7,250,798	4,373,949	2,876,849	1,440,000	283,477	1.67
2017	7,350,802	4,384,432	2,966,370	1,715,000	278,598	1.49
2018	7,624,129	4,667,326	2,956,803	1,435,000	233,021	1.77
2019	7,377,819	4,829,180	2,548,639	1,480,000	205,816	1.51
2020	7,951,268	5,024,384	2,926,884	1,515,000	165,439	1.74
2021	8,112,757	4,674,891	3,437,866	1,550,000	184,252	1.98

Notes:

- (1) Details regarding the City's outstanding debt can be found in the Note 5 to the current financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF SWEETWATER, TEXAS

Demographic and Economic Statistics, Most Recently Available Ten Calendar Years

Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2012	10,906	\$502,560,000	\$32,914	37.1	2,273	5.6%
2013	10,906	\$523,214,000	\$35,059	37.5	2,209	5.0%
2014	10,906	\$572,484,000	\$38,072	38.7	2,196	4.6%
2015	10,906	\$550,910,000	\$36,501	37.6	2,169	3.5%
2016	10,906	\$562,315,000	\$37,222	37.4	2,126	4.3%
2017	10,906	\$434,402,267	\$20,415	38.2	2,222	4.6%
2018	10,906	\$439,028,155	\$29,725	37.8	2,152	3.4%
2019	10,906	\$469,908,791	\$31,856	37.8	2,158	3.5%
2020	10,906	\$502,399,410	\$34,144	38.0	2,137	5.9%
2021	10,622	\$488,519,748	\$33,201	38.0	2,076	4.1%

Sources:

- (1) Population information, Personal income information and median age was obtained from the Texas Association of Counties (TAC) website.
- (2) School Enrollment was obtained from the Texas Education Agency website.
- (3) The unemployment rate was obtained from the Texas Workforce Commission.

CITY OF SWEETWATER, TEXAS

**Principal Employers,
Current Year and Ten Years Ago**

Employer	FY 2021			FY 2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Sweetwater ISD	392	1	5.7%	390	2	5.3%
Ludlum Measurements	340	2	4.9%	425	1	5.8%
Rolling Plains Hospital	328	3	4.7%	251	3	3.4%
United States Gypsum	240	4	3.5%	181	5	2.5%
Wal-Mart	190	5	2.7%	250	4	3.4%
City of Sweetwater	141	6	2.0%	135	7	1.8%
Nolan County	113	7	1.6%	100	10	1.4%
Buzzi Unicem/Lone Star Cement	105	8	1.5%	110	9	1.5%
Texas State Technical College	104	9	1.5%	137	6	1.9%
MHMR	99	10	1.4%	100	10	1.4%
GE Wind Service Center				125	8	1.7%
Total	2,052		29.7%	2,204		30.1%

Source:

Sweetwater Enterprise for Economic Development.

Texas Workforce Commission

CITY OF SWEETWATER, TEXAS

**Full-Time Equivalent City Government Employees by Function/Program,
Last Ten Fiscal Years**

Function Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	3.00	3.00	3.00	3.20	3.00	3.00	3.00	3.00	3.00	3.00
Court and Legal	1.00	1.00	1.00	1.00	1.00	1.00	0.50	0.50	1.00	1.00
Planning and Development	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Police										
Officers	22.00	22.00	22.00	22.00	22.00	23.00	24.00	25.00	25.00	25.00
Civilians	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00
Firefighters and officers	14.00	14.00	14.00	15.00	16.00	16.00	15.00	15.00	15.00	15.00
Street and Signals	7.25	7.25	7.25	7.25	7.25	7.25	6.75	6.75	6.75	6.75
Animal Control	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00
Parks and Recreation	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00
Golf Course	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Aquatics	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Airport	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
S.N.A.P.	5.25	5.25	5.25	5.25	5.25	5.25	4.75	4.75	4.50	4.50
Water										
Billing and Collections	2.50	2.50	2.50	2.70	2.50	2.50	3.00	3.00	3.00	2.50
Source of Supply	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95
Water Purification	4.20	4.20	4.20	4.20	4.20	5.20	4.95	5.20	5.20	5.20
Water Distribution	9.20	9.20	9.20	9.20	9.20	9.20	9.20	10.20	11.20	11.20
Wastewater Collection	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	1.20	1.20
Wastewater Treatment	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95
Emergency Medical Services										
Paramedic/Firefighters/Officers	10.00	10.00	10.00	10.00	10.00	10.00	11.00	11.00	11.00	11.00
Civilians	1.00	1.00	1.00	1.20	1.00	1.00	1.00	1.00	1.00	1.00
Refuse										
Refuse Collection -Residential	5.75	5.75	5.75	5.85	5.75	5.75	5.75	5.75	5.75	-
Refuse Disposal	3.50	3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.75	5.75
Refuse Collection-Commercial	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	-
Internal Services and Stores	10.00	10.00	10.00	10.20	13.00	13.00	12.50	11.50	12.50	11.50
Cemetery	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

Source: City Human Resource Department

CITY OF SWEETWATER, TEXAS
Operating Indicators by Function/Program,
Last Ten Available Fiscal Years

Function Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Code Enforcement										
Building permits issued	142	190	168	159	230	480	238	296	311	250
Violation notices mailed										
Weeds	249	432	312	392	287	257	216	322	272	186
Junk	51	56	53	37	28	17	36	15	137	20
Other	77	131	121	126	72	47	65	8	77	4
Identified substandard structures	30	19	41	8	7	10	150	2	11	26
Police										
Crimes against person	530	700	612	533	673	643	617	706	398	297
Crimes against property	815	1,200	1,056	1,137	1,383	1,037	1,035	1,119	775	516
Traffic citations	1,600	1,500	569	594	547	881	2,153	592	494	514
Request for service	22,500	24,000	21,928	23,453	19,876	22,579	22,347	25,646	24,222	24,416
Persons arrested	1,350	1,200	923	977	1,020	583	537	574	489	393
Fire										
Fire calls in city	444	368	352	345	391	388	514	517	524	577
Fire calls out of city	328	215	247	409	279	282	388	285	285	279
Animal Control										
Dogs and cats impounded	675	534	687	668	658	435	422	624	504	552
Citizen calls	1,750	2,567	3,170	4,159	4,278	3,125	2,855	4,404	4,737	4,683
Golf Course										
Number of rounds played	4,386	3,104	3,956	3,336	3,413	4,495	4,702	5,434	6,660	6,586
Number of memberships	52	57	60	56	50	53	50	54	72	88
Swimming Pool										
Number of daily admissions	8,742	6,505	6,569	7,510	7,201	6,851	5,909	5,673	0	6,368
Water										
Gallons pumped	917,745,000	916,048,681	855,907,419	806,717,009	809,908,812	775,375,601	653,787,802	756,741,200	745,863,039	742,352,262
Gallons treated	847,000,000	831,825,000	474,191,919	713,665,836	726,647,812	706,525,601	767,874,168	728,918,742	730,467,240	723,576,925
Average daily consumption	2.3MGD	2.3MGD	2.1MGD	1.9MGD	1.98MGD	1.93MGD	2.2MGD	2.0 MGD	2.0 MGD	2.0 MGD
Peak Consumption	3.8MGD	3.5MGD	3.1MGD	2.8MGD	2.9MGD	2.7MGD	2.8MGD	2.9 MGD	3.0 MGD	3.3 MGD
Wastewater										
Average daily sewage treatment	1.0MGD	1.0MGD	1.0MGD	1.0MGD	1.0MGD	1.0MGD	1.0MGD	1.3 MGD	1.0 MGD	1.0 MGD
Emergency Medical Service										
Ambulance calls within city	890	885	1,146	1,123	909	947	940	888	733	789
Ambulance calls total	2,057	2,316	2,244	2,218	2,057	1,945	1,910	2,037	1,919	2,133
Refuse										
Residential tons collected	6,058	5,583	5,933	5,825	5,775	5,454	6,502	6,499	5,958	0
Commercial ton collected	3,634	3,724	3,807	4,016	4,330	4,106	4,196	4,268	4,873	0

Sources: Various City departments

Note:

1. Million Gallons per day is abbreviated MGD for reporting purposes
2. The City contracted with an outside refuse sanitation service October 1, 2020

CITY OF SWEETWATER, TEXAS
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	21	22	22	22	26	26	26	27
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire and Rescue Trucks	6	6	6	8	8	8	8	8	8	9
Other public works										
Streets (miles)	84.76	84.76	84.76	84.76	84.76	84.76	84.76	84.76	84.76	84.76
Streetlights	815	816	816	817	808	808	808	808	808	808
Traffic signs	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152
Parks and recreation										
Swimming pools	1	1	1	1	1	1	1	1	1	1
Parks	5	5	5	5	5	5	5	5	5	5
Parks - acreage	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085
Baseball/softball diamonds	5	5	5	5	5	5	5	5	5	5
Water										
Water mains (miles)	179	191	191	194	198	198	198	198	198	198
Fire hydrants	416	443	443	460	461	462	467	467	467	472
Storage capacity (MG)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Sewage										
Sanitary sewers (miles)	116	123	123	123	123	123	123	123	123	123
Treatment capacity (MGD)	2	2	2	2	2	2	2	2	2	2
Ambulance Services										
Ambulances	4	4	4	4	4	4	4	4	4	4

Sources: Various City departments

Note: Million Gallons per day is abbreviated MGD for reporting purposes

GOVERNMENT AUDITING STANDARDS
SECTION

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

Honorable Mayor Jim McKenzie and
Members of the City Council
Sweetwater, TX 79556

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining funds of the City of Sweetwater, Texas ("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 and have issued my report thereon dated February 7, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cathrine Wilks CPA LLC

Sweetwater, Texas
February 7, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor Jim McKenzie and
Members of the City Council
Sweetwater, TX 79556

Report on Compliance for Each Major Federal Program

I have audited the City of Sweetwater, Texas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Sweetwater, Texas's major federal programs for the year ended September 30, 2021. City of Sweetwater, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City of Sweetwater, Texas's major federal programs based on the audit of the types of compliance requirements referred to above. I conducted the audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Sweetwater, Texas's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that the audit provides a reasonable basis for my opinion on compliance for each major federal program. However, the audit does not provide a legal determination of the City of Sweetwater, Texas's compliance.

Opinion on Each Major Federal Program

In my opinion, the City of Sweetwater, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City of Sweetwater, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing the audit of compliance, I considered the City of Sweetwater, Texas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of

internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Sweetwater, Texas's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cathrine Wilks CPA LLC

Sweetwater, Texas
February 7, 2022

CITY OF SWEETWATER, TEXAS

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2021

I. Summary of the Auditor's Results:

Type of Report on Financial Statements	Unmodified
Significant deficiencies required to be reported in this schedule in the audit of the financial statements.	None
Noncompliance Material to the Financial Statements	None
Significant deficiencies required to be reported in this schedule in the audit of the major programs	None
Type of Report on Compliance with Major Programs	Unmodified
Audit findings disclosed that are required to be reported in accordance with 2CFR 200.516 (a) of the Uniform Guidance	None
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Low Risk Auditee Statements	The City was not considered a low-risk auditee in the context of the Uniform Guidance.
Major Federal Programs	Assistance Listing 66.468 Capitalization Grants for Drinking Water State Revolving Funds

II. Findings Relating to the Financial Statements which are required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

None

III. Findings and Questioned Costs for Federal Awards

None

CITY OF SWEETWATER, TEXAS

Summary Schedule of Status of Prior Audit Findings
For the Year Ended September 30, 2021

There were no prior audit findings.

CITY OF SWEETWATER, TEXAS

Schedule of Expenditures of Federal Awards September 30, 2021

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-Through Identity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Passed through the Office of the Governor Edward Bryne Justice Assistance Grant	16.738	DJ 4106001	\$ 30,000
U.S. Federal Aviation Administration			
Passed through Texas Department of Transportation Airport Improvement Program	20.106	2008SWEET	\$ 17,484
Total U.S. Federal Aviation Administration			\$ 17,484
U.S. Department of Treasury			
Passed through Texas Department of Emergency Management Covid 19 - Coronavirus Relief Funds	21.019	2020-705	\$ 16,931
Total U.S. Department of Treasury			\$ 16,931
Environmental Protection Agency			
Passed through Texas Water Development Board Capitalization Grants for Drinking Water State Revolving Funds	66.468	62699-L1000537	\$ 520,063
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62897-L1001194	111,711
Capitalization Grants for Drinking Water State Revolving Funds	66.468	62897-L1001212	10,000
			<u>641,774</u>
Capitalization Grant for Clean Water State Revolving Fund	66.458	73892-L1001195	157,433
Total Environmental Protection Agency			\$ 799,207
U.S. Department of Health and Human Services			
Passed through West Central Texas Council of Governments: Special Program for the Aging - Title III, Part C - Nutrition Services	93.045		\$ 25,066
Social Services Block Grant	93.667		77,823
Total Department of Health and Human Services			\$ 102,889
Total Expenditures of Federal Awards			<u>\$ 966,512</u>

CITY OF SWEETWATER, TEXAS

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2021

Note 1: General

The accompanying schedule of expenditures of federal and state awards (Schedule) includes the federal award activity of the primary government of the City of Sweetwater, Texas (City) under programs of the federal government for the year ended September 30, 2021. The City's reporting entity is defined in Note (1)(B) in the City's basic financial statements for the year ended September 30, 2021.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the City.

Note 2: Basis of Accounting

Governmental fund expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Proprietary fund expenses reported on the Schedule are reported on the accrual basis of accounting. The City's summary of significant accounting policies is presented in Note (1) to the City's basic financial statements for the year ended September 30, 2021. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: Federal Loan Program

The City received a \$5,000,000 revolving loan during fiscal year 2017. All proceeds were placed in a trust. As of September 30, 2021, the remaining \$520,063 has been expended on allowable projects. The full loan of \$5,000,000 was a capitalization grant from the Drinking Water State Revolving Funds, Assistance Listing Number 66.468.

In the fiscal year ending September 30, 2021, the City received two additional low interest loans. The first is a \$2,187,000 capitalization grant from the Drinking Water State Revolving Funds, Assistance Listing Number 66.468. The City expended \$111,711 of that capitalization grant in the fiscal year. They also received an additional non-loan grant with the same Assistance Listing Number bring the program total to \$641,774 for the year.

The second federal loan program was a Capitalization Grant for Clean Water State Revolving Funds in the amount of \$2,400,000. The funds expended this year are \$157,433.

Note 4: Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate.