



**City of Sweetwater, Texas
Comprehensive
Annual Financial
Report
FY 2018-2019
Ended September 30, 2019**

City of *Sweetwater*, Texas
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2019

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
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019

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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.cityofsweetwatertx.com

February 3, 2020

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, 2019.

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.

Cathrine Wilks, CPA LLC, has issued an unmodified ("clean") opinion on the City of Sweetwater's financial statements for the year ended September 30, 2019. 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 10,906. 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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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.

The previous years' rains relieved a severe drought in the area. Recreation lakes have been filled and are now stocked with fish. Farmers and ranchers have enjoyed the benefits of the rain in regards to their cotton crops and grass conditions for livestock have been improved. Underground water tables are at healthy levels.

The price of oil has stabilized at moderate prices over the past year, causing the local service and production industry to stall. Many oil and gas companies have closed their doors locally, but Sweetwater has a diverse economy not totally dependent on oil and gas.

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 2018 for both real and personal in the City is \$454,864,610, which is an increase of \$7.5 million, or 1.68% 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 Economic Development's primary objective is to promote Sweetwater and to promote 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. The City has already begun steps for an in-depth street study, with the hopes of making large scale investments into our roads in the very near future.
- 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 2019, Oak Creek Lake was at 90 percent capacity after increased rain fall during the year. The City will be looking at alternative sources over the next ten to twenty years.
- The City and SEED MDD are working on how to create an environment for investment in housing development in Sweetwater. We have a challenge in the lack of housing subdivisions that have been built here over the last 20 years, so this issue will be studied in depth.
- Consideration of future annexation sites for incorporation into City boundaries.
- 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.

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PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

- 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.

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. In FY 2019 efforts to implement portions of the park plan had begun by building of a municipal dog park and implementing the design phase of a splash pad.

In fiscal year 2016, the City received a 5 million-dollar Texas Water Development Board Drinking Water SRF low interest loan to be used to replace a 1930's 750,000 gallon elevated storage tank, replacement of 1600 feet of aging water line, replacement of aging filtering membranes at the water treatment plant, and for continued maintenance of the water and wastewater utility system infrastructure. The majority of the construction has been completed. Expending of the remaining funds and completion of the project is expected to be in fiscal year 2020

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 has begun with an expected project start date late fiscal year 2020 or early 2021.

With the opening of the newly permitted Type IV landfill, 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.

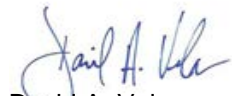
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sweetwater for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. This was the fortieth 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 CAFR 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 CAFR 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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

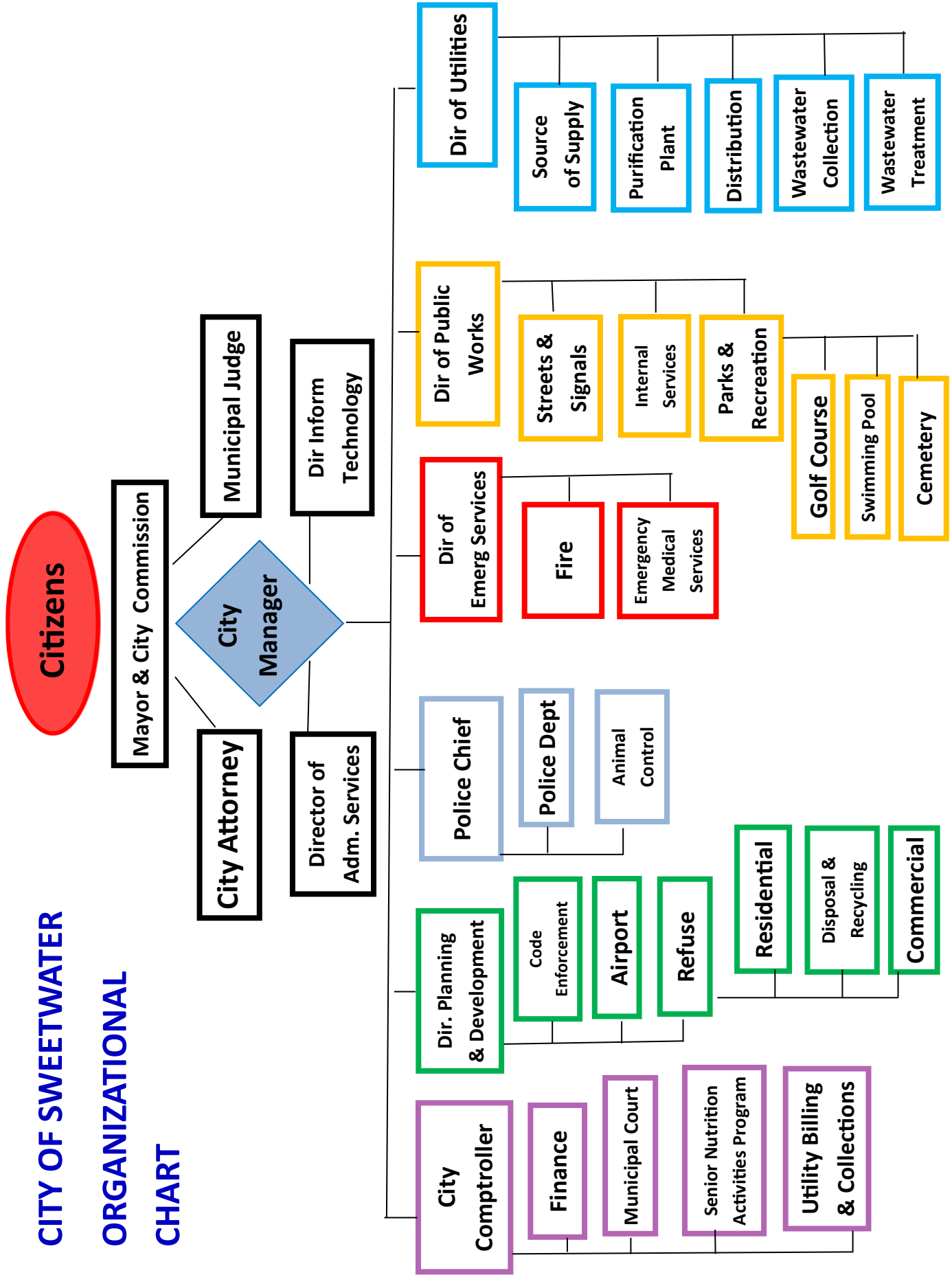
September 30, 2018

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, 2019**

Elected Officials

Jim McKenzie
Grant Cherry
Jim Lee
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
Russell Jones
Brian Frieda
Grant Madden
Eddy Campbell
Dana Schoening
Tonya Challis
Zach Adames
Kenny Maxwell
Peter Sheridan

City Manager
City Comptroller/City Secretary
Personnel Officer/Civil Service Director
Public Works/Internal Services Dir.
Police Chief
Emergency Management Dir.
Director of Utilities
Planning and Development Director
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 units, and the aggregate remaining funds of the City of Sweetwater, Texas, ("City") as of and for the year ended September 30, 2019, 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 units, and the aggregate remaining funds of the City of Sweetwater, Texas, as of September 30, 2019, 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, the Texas Municipal Retirement System and Sweetwater Firemen's Relief and Retirement Fund Schedules of Changes in Net Pension Liability and Related Ratios, and Schedules of Contributions and Notes to

Schedules of Contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 combining and individual nonmajor fund financial statements and schedules, and other schedules, 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, and other schedules, 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 3, 2020, 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 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 3, 2020

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, 2019. 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 \$29,094 (*net position*). The majority of the City's net position, \$22,803 (78%), is invested in capital assets and is not available for future spending. The City's total net position decreased \$703 and the unrestricted net position is \$3,913 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 \$5,015; of this amount, \$3,556 is *available for spending* at the government's discretion (*unassigned fund balance*), \$158 is restricted and \$1,301 is nonspendable.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,556 or 38 percent of total general fund expenditures.
- On a budgetary-basis the City's General Fund revenues were below budget by \$162 thousand or 1.6% and total expenditures were below budget by \$301 thousand or 3.2%.

Overview of the Financial Statements

This discussion and analysis is 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 liabilities, 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.

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.

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

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 is 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.

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 63-71 of this report.

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

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 73-83 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 \$29,094 at the close of the most recent fiscal year.

City of Sweetwater's Net position

	Governmental Activities		Business Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Current & other assets	\$ 7,385	\$ 7,174	\$ 13,476	\$ 13,198	\$20,861	\$20,372
Capital assets	8,155	7,720	28,510	27,649	36,665	35,369
Total assets	15,540	14,894	41,986	40,847	57,526	55,741
Deferred outflows of resources	976	2,470	655	1,565	1,631	4,035
Long-term liabilities outstanding	6,280	8,853	18,276	18,243	24,556	27,096
Other liabilities	701	539	2,454	2,369	3,155	2,908
Total liabilities	6,981	9,392	20,730	20,612	27,711	30,004
Deferred inflows of resources	1,048	425	601	253	1,649	678
Net position:						
Net investment in capital assets	7,934	7,571	14,477	15,232	22,411	22,803
Nonexpendable Restricted	1,256	1,301	-	-	1,256	1,301
Expendable Restricted	193	202	849	875	1,042	1,077
Unrestricted	(896)	(1,527)	5,984	5,440	5,088	3,913
Total net position	\$8,487	\$7,547	\$21,310	\$21,547	\$29,797	\$29,094

A significant portion of the City of Sweetwater's net position \$22,803 (78 percent) 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.

An additional portion of the City of Sweetwater's net position (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$3,913) may be used to meet the government's ongoing obligations to citizens and creditors.

There was a \$939 decrease in the ending net position of governmental activities and an increase of \$236 in the ending net position of business-type activities. The total primary government's ending net position decreased from the previous year by \$703. This decrease was due to the decrease in total assets of \$1,785, primarily capital assets net of depreciation, an increase in total liabilities of \$2,293, and a net total pension deferred outflows and inflows of resources positive increase of \$3,375.

At the end of the current fiscal year, the City of Sweetwater can report a government wide positive balance of \$29,094 in ending net position; however, the governmental activities had a negative unrestricted net position of \$1,527. This deficit increased \$631 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

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

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	
	2018	2019	2018	2019	2018	2019
Revenues:						
Program Revenues:						
Charges for Services	\$2,293	\$2,281	\$11,120	\$10,609	\$13,413	\$12,890
Operating Grants and Contributions	225	198	10	10	235	208
Capital Grants and Contributions	486	52	46	229	532	281
General Revenues:						
Property Taxes	2,231	2,263	-	-	2,231	2,263
Sales Taxes	2,973	2,792	-	-	2,973	2,792
Other Taxes	1,751	1,797	-	-	1,751	1,797
Other	874	986	138	394	1,012	1,380
Total Revenues	10,833	10,369	11,314	11,242	22,147	21,611
Expenses:						
General Government	1,686	1,878	-	-	1,686	1,878
Public Safety	5,844	5,959	-	-	5,844	5,959
Public Works	1,069	1,100	-	-	1,069	1,100
Culture and Recreation	1,441	1,500	-	-	1,441	1,500
Community Services	529	550	-	-	529	550
Airport	422	414	-	-	422	414
Water and Sewer	-	-	6,381	6,528	6,381	6,528
Emergency Medical Services	-	-	2,110	2,135	2,110	2,135
Solid Waste	-	-	2,105	2,249	2,105	2,249
Total Expenses	10,991	11,401	10,596	10,912	21,587	22,313
Increase in Net position Before Transfers and Special items	(158)	(1,032)	718	330	560	(702)
Transfers	(487)	93	487	(93)	-	-
Special item	-	-	-	-	-	-
Increase (decrease) in net position	(645)	(939)	1,205	237	560	(702)
Net position - beginning	9,132	8,487	20,105	21,310	29,237	29,797
Prior period adjustment	-	-	-	-	-	-
Net position	\$8,487	\$7,548	\$21,310	\$21,547	\$29,797	\$29,095

Governmental activities.

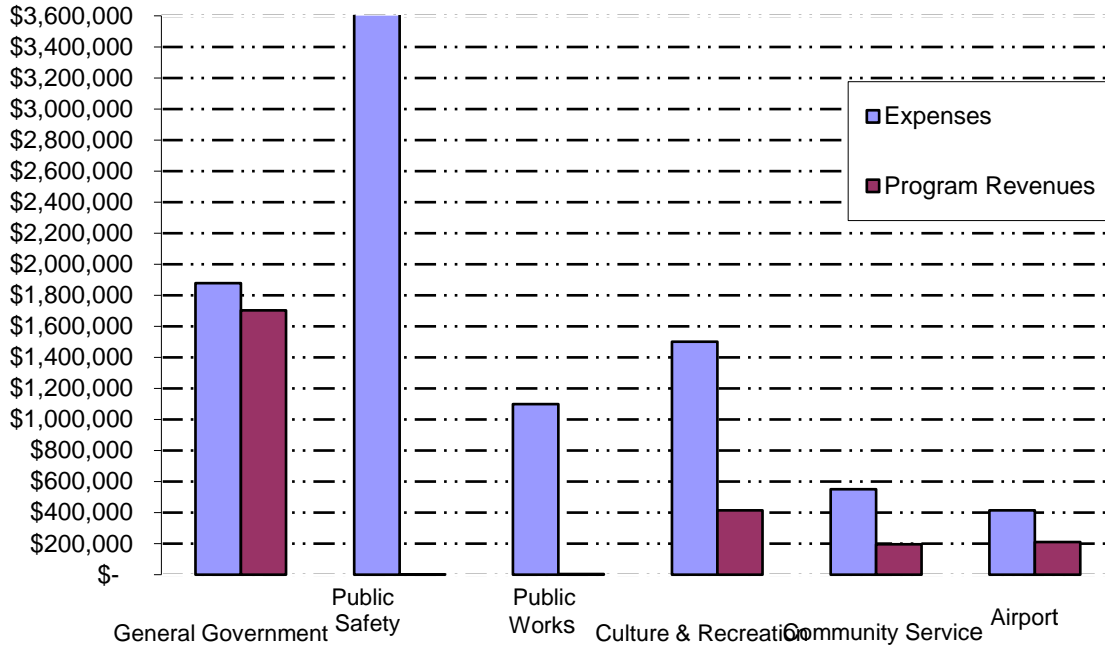
The key elements of the decrease to the City of Sweetwater's net position by \$939 are as follows:

- Charges for services, operating grants, capital grants and contributions decreased by \$473 primarily due to a onetime prior year \$390 police grant.
- The property net taxable values for 2019 increased by \$7.5 million. The City's property tax remained the same at \$0.497423 per \$100 of value. This resulted in a \$32 increase in current property taxes to be used for general governmental services.
- Sales tax revenue decreased from prior year by \$181.
- Expenses increased over all sectors of the government mostly due to the increased cost of employee benefits and insurances. Public Safety's increase of \$115 was primarily due to increased personnel expenses.
- The General Government saw increases along with the increased personnel expenses, due to a \$165 LED light retrofit project and election expenses of \$54 for both November and May elections.
- Street conditions required that the Street department perform a partial seal coat project of \$50 even with the decrease in sales tax revenue.
- The \$631 decrease in the unrestricted fund balance in governmental activities was primarily due from:
 - Pension related inflows and outflows resulted in a net increase of \$2,117 to unrestricted balance.

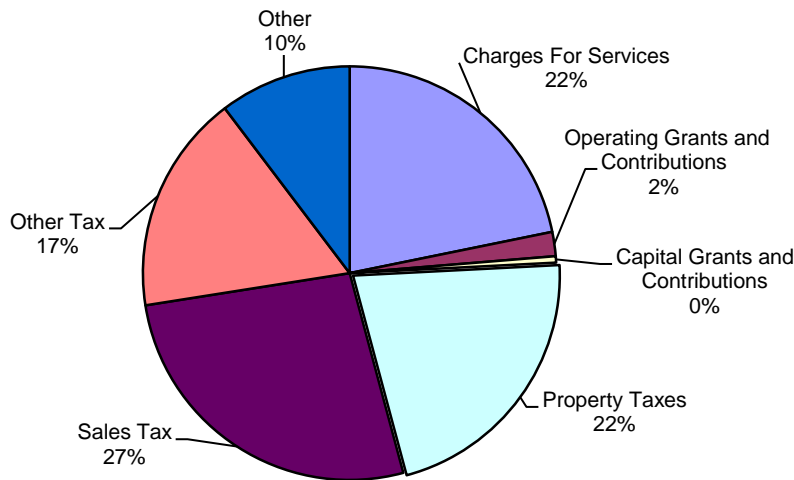
CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

- Long Term debt increased by \$2,573
- Accounts payable decreased \$162.
- Net investment in capital assets decreased \$362 due to net capital asset additions of \$551, depreciation increases of \$985 and related debt decrease of \$71.

Expenses and Program Revenues - Governmental Activities



Revenue by Source - Governmental Activities

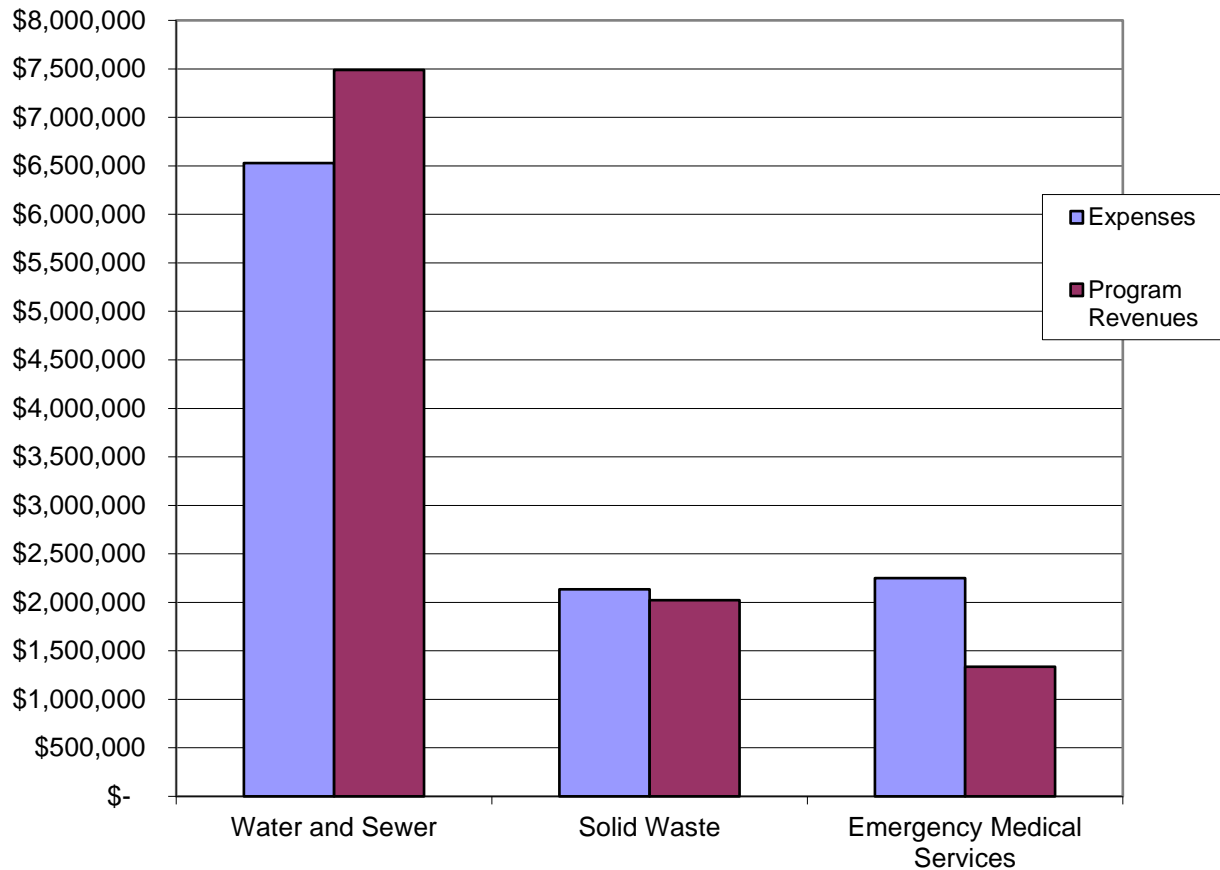


CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

Business-type activities. Business-type activities increased the City of Sweetwater's ending net position by \$237. Key elements of this increase are as follows.

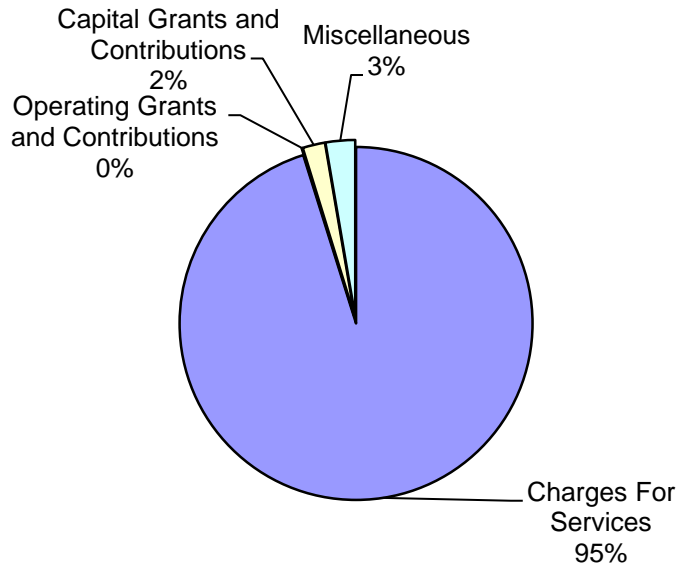
- Business type total revenues increased by 1% and expenditures increased by 3%.
- Charges for services decreased by \$512 (5%) for business-type activities.
 - An 8.79% decrease in water and sewer consumption or a \$379 decrease.
 - There was a \$31 or a 1% decrease in Refuse charges in spite of a 10% rate increase in the previous year. Ambulance charges decreased by 8% or \$117.
- There was an increase in investment earnings of \$84 and an increase in grant revenue of \$182.
- Transfers from the general fund into the ambulance department increased by \$20 and transfers from the water and sewer fund into the general fund increased \$600 to assist with public safety.

Expenses and Program Revenues - Business-type Activities



CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

Revenues by Source - Business-type Activities



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 \$5,015. The combined ending fund balances consist of \$3,557 in unassigned fund balance, which is available for spending at the government's discretion and \$1,458 in nonspendable, 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 \$3,701 of which \$3,557 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 39 percent of total general fund expenditures.

The fund balance of the City of Sweetwater's general fund decreased by \$197 during the current fiscal year. The key factors in this increase are as follows:

- General fund expenditures increased \$185 from fiscal year 2018 primarily due to an increase in general government expenditures of \$114 and culture and recreation expenditures of \$33. Capital Outlay increased \$159 from the previous year. There was a decrease in public safety of \$119.
- Transfers from the general fund increased from \$684 in 2018 to \$731 in 2019 and a onetime transfer in of \$600 from the water sewer fund resulted in a total decrease of transfers of \$553.
- General Revenues decreased by \$532 mostly due to property taxes remaining the same and sales tax revenue decreased \$181 and a decrease in intergovernmental revenues of \$461.

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

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 \$7,601. The total increase in net position for this Fund was \$483. The Solid Waste Management Fund had an increase in net position of \$114. The Ambulance Fund had a decrease in net position of \$360 which includes \$507 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 \$650 and increased its expenditures by \$297. Following are the main components of the amendments:

- Increase in miscellaneous revenues from approved SEED-MDD grant for dog park construction.
- Operating transfer in from the water sewer fund.
- Increase in election and legal expenses for charter election ordered.
- Increase in street department expenditures for seal coating project
- Increase in capital outlay for dog park project and energy efficiency lighting project.
- Increase in personnel expenses in fire department due to approval of additional temporary position.

The General Fund's actual budget basis revenues, expenditures, and other financing sources (uses) for 2019 resulted in a negative decrease in fund balance of \$197. The actual budget basis total revenues were \$9.4 million while budgeted total revenues were \$9.56 million. The negative variance of \$0.16 million was primarily due to property tax, sales tax, franchise tax, and investment earnings exceeding expectations.

General Fund's actual budget basis expenditures before other financing sources (uses) were \$9.46 million while budgeted expenditures were \$9.16 million. The negative variance of \$301 thousand was due to increased personnel overtime, increase cost of employee benefits, and increased cost of contracted support and maintenance services.

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, 2019 amounts to \$35,369 (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	
	2018	2019	2018	2019	2018	2019
Land	\$ 178	\$ 178	\$ 2,416	\$ 2,416	\$ 2,594	\$ 2,594
Buildings	4,256	3,980	5,946	5,568	10,202	9,548
Improvement other than buildings	1,637	1,600	16,049	15,614	17,686	17,214
Machinery and equipment	1,959	1,806	776	807	2,735	2,613
Construction in progress	124	156	3,324	3,244	3,448	3,400
Total	\$ 8,154	\$ 7,720	\$ 28,511	\$ 27,649	\$ 36,665	\$ 35,369

Additional information on the City of Sweetwater's capital assets can be found in Note (4) starting on page 41 of this report.

CITY OF SWEETWATER, TEXAS
Management's Discussion and Analysis

Long-term Obligations. At the end of the current fiscal year, the City of Sweetwater had \$28,968 of long-term obligations, an increase of \$2,555 thousand. Included in the long-term obligations is bonded debt outstanding of \$13,937, which represents bonds secured by revenue and tax sources.

City of Sweetwater's Long-Term Obligations

	Governmental activities		Business-type activities		Total	
	2018	2019	2018	2019	2018	2019
Net Pension Obligation	\$ 5,274	\$ 7,908	\$ 3,590	\$ 5,253	\$ 8,864	\$ 13,161
Net OPEB liability	266	245	113	105	379	350
Note Payable	220	149	231	156	451	305
Compensated Absences	656	694	231	224	887	918
General Obligation Bonds	-	-	8,790	7,650	8,790	7,650
Certificates of Obligation	-	-	6,065	5,725	6,065	5,725
Bond premium	-	-	687	562	687	562
Landfill Post-Closure	-	-	290	297	290	297
Total	\$ 6,416	\$ 8,996	\$ 19,997	\$ 19,972	\$ 26,413	\$ 28,968

The City of Sweetwater's total long-term obligations increased by \$2,555 (9 percent) during the current fiscal year. The increase was due to increased net pension obligation. There were no new debt obligations issued in current year.

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

Additional information on the City of Sweetwater's long-term debt can be found in Note (5) starting on page 42 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 3.1 percent, a decrease from the 3.2 rate a year ago. This compares favorably to the state's average unemployment rate for the same period of 3.3 percent. The decrease in unemployment rate is primarily due to the stabilization of the area's oil and gas production services and continued wind energy projects in the county.
- Inflationary trends in the region compare favorably to national indexes.
- Anticipating another year of lagging sales and franchise tax revenue, the City Council increased the FY 2020 property tax rate to \$0.539 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 2020 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.

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



PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

BASIC FINANCIAL STATEMENTS

CITY OF SWEETWATER, TEXAS

Statement of Net Position
September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	SEED MDD
Assets				
Current cash and cash equivalents	\$ 6,477,779	\$ 8,938,152	\$ 15,415,931	\$ 7,829,458
Receivables (net of allowance for uncollectibles)	366,851	1,524,481	1,891,332	43,029
Internal balances	92,042	(92,042)	-	-
Due from other governments	16,222	70,174	86,396	-
Inventories	33,629	204,862	238,491	-
Other assets	-	1,230	1,230	-
Restricted assets:				
Cash and cash equivalents	187,835	2,550,672	2,738,507	-
Capital assets (net of accumulated depreciation):				
Land	178,332	2,415,757	2,594,089	305,439
Construction in-progress	156,214	3,244,440	3,400,654	-
Buildings	3,980,372	5,567,795	9,548,167	-
Improvements other than buildings	1,600,110	15,614,358	17,214,468	-
Machinery and equipment	1,805,335	806,857	2,612,192	481,433
Total assets	<u>14,894,721</u>	<u>40,846,737</u>	<u>55,741,458</u>	<u>8,659,358</u>
Deferred Outflows of Resources				
Deferred pension outflow	2,462,518	1,561,318	4,023,836	-
Deferred OPEB outflow	7,844	3,473	11,317	-
Total deferred outflows of resources	<u>2,470,362</u>	<u>1,564,791</u>	<u>4,035,153</u>	<u>-</u>
Liabilities				
Accounts payable	266,971	204,817	471,788	4,075
Customer security deposits	-	391,161	391,161	-
Accrued liabilities	-	44,489	44,489	-
Due to other governments	129,338	-	129,338	-
Long-term liabilities:				
Due within one year	142,783	1,728,653	1,871,436	-
Due in more than one year	8,853,180	18,243,266	27,096,446	-
Total liabilities	<u>9,392,272</u>	<u>20,612,386</u>	<u>30,004,658</u>	<u>4,075</u>
Deferred Inflows of Resources				
Deferred pension inflow	404,060	243,868	647,928	-
Deferred OPEB outflow	21,082	8,578	29,660	-
Total deferred inflows of resources	<u>425,142</u>	<u>252,446</u>	<u>677,588</u>	<u>-</u>
Net Position				
Net investment in capital assets	7,571,669	15,231,426	22,803,095	786,872
Nonexpendable Restricted for:				
Perpetual cemetery care	1,300,669	-	1,300,669	-
Expendable Restricted for:				
Community services	11,641	-	11,641	-
Drug enforcement	2,371	-	2,371	-
PEG capital costs	144,086	-	144,086	-
Debt service	43,749	875,411	919,160	-
Development projects	-	-	-	1,966,000
Unrestricted (deficit)	(1,526,516)	5,439,859	3,913,343	5,902,411
Total Net Position	<u>\$ 7,547,669</u>	<u>\$ 21,546,696</u>	<u>\$ 29,094,365</u>	<u>\$ 8,655,283</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, 2019

Function/Program Activities Primary Government:	Program Revenues					Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Governmental Activities	Primary Government		
			Governmental Activities	Business-type Activities			Total		
\$ 1,877,741	\$ 1,703,198	\$ -	\$ -	\$ -	\$ (174,543)	\$ -	\$ -	\$ -	
5,959,508	-	2,882	-	-	(5,956,626)	-	-	(174,543)	
1,099,670	5,095	-	-	-	(1,094,575)	-	-	(5,956,626)	
1,500,504	413,998	-	-	-	(1,086,506)	-	-	(1,094,575)	
549,735	-	194,963	-	-	(354,772)	-	-	(1,086,506)	
414,069	158,381	-	52,155	-	(203,533)	-	-	(354,772)	
11,401,227	2,280,672	197,845	52,155	-	(8,870,555)	-	-	(203,533)	
Total governmental activities								(8,870,555)	
Business-type Activities:									
Water and wastewater	6,527,669	7,260,157	-	228,663	-	961,150	-	961,150	
Solid waste management	2,134,829	2,023,957	-	-	-	(110,872)	-	(110,872)	
Ambulance	2,249,352	1,324,861	-	9,689	-	(914,802)	-	(914,802)	
Total business-type activities	10,911,851	10,608,975	9,689	228,663	-	(64,525)	-	(64,525)	
Total Primary Government	\$ 22,313,078	\$ 12,889,647	\$ 207,534	\$ 280,818	\$ (8,870,555)	\$ (64,525)	\$ (8,935,080)	\$ -	

Component Unit:
SEED - Municipal Development District
Total component units

\$ 471,525	-	-	-	-	-	-	-	-	(471,525)
\$ 471,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (471,525)

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales tax

Franchise tax

Occupancy tax

Alcohol beverage

Investment earnings

Other

Transfers

Total general revenues, special item and transfers

Change in net position

Net position - beginning

Net position - ending

2,263,389	2,791,806	1,103,867	680,621	11,979	116,114	870,036	93,333	7,931,145	(939,410)	8,232,551	236,881	(702,529)	8,487,079	\$ 7,547,669	\$ 21,546,696	\$ 29,094,365
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
2,263,389	2,791,806	1,103,867	680,621	11,979	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
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-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
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-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
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-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
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-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	301,406	8,232,551	236,881	(702,529)	29,796,894	\$ 8,010,069	\$ 8,655,283		
-	-	-	-	-	221,310	173,429	(93,333)	30								

CITY OF SWEETWATER, TEXAS

Balance Sheet Governmental Funds September 30, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Current cash and cash equivalents	\$ 3,614,642	\$ 1,435,104	\$ 5,049,746
Receivables, net of allowance for uncollectibles	366,851	-	366,851
Due from other funds	-	3,747	3,747
Due from other governments	-	16,143	16,143
Restricted cash and cash equivalents	144,086	-	144,086
Total assets	\$ 4,125,579	\$ 1,454,994	\$ 5,580,573
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable	62,682	9,025	71,707
Due to other funds	97,390	1,950	99,340
Due to other governments	-	129,338	129,338
Total liabilities	160,072	140,313	300,385
Deferred inflow of resources:			
Unavailable revenue - property taxes	264,952	-	264,952
Fund balances:			
Nonspendable	-	1,300,669	1,300,669
Restricted	144,086	14,012	158,098
Unassigned	3,556,469	-	3,556,469
Total fund balances	3,700,555	1,314,681	5,015,236
Total liabilities, deferred inflows, and fund balances	\$ 4,125,579	\$ 1,454,994	

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.	6,047,108
Deferred outflows of resources are not reported in the governmental funds.	2,247,288
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(8,112,886)
Deferred inflows of resources are not reported in the governmental funds.	(403,781)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	264,952
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.	2,489,752
Net position of governmental activities	\$ 7,547,669

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, 2019

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes:			
Property	\$ 2,230,381	\$ -	\$ 2,230,381
Sales	2,791,806	-	2,791,806
Occupancy	-	680,621	680,621
Alcoholic beverage	11,979	-	11,979
Franchise Fees	1,103,867	-	1,103,867
Intergovernmental	45,664	160,702	206,366
Charges for services	1,795,678	3,900	1,799,578
Rents and royalties	761,953	-	761,953
Contributions and donations	100	34,261	34,361
Licenses and permits	40,374	-	40,374
Investment income	94,730	21,383	116,113
Fines and forfeitures	44,744	-	44,744
Miscellaneous	475,282	38,410	513,692
Total revenues	<u>9,396,558</u>	<u>939,277</u>	<u>10,335,836</u>
Expenditures			
Current:			
General government	1,807,932	-	1,807,932
Public safety	5,221,288	5,767	5,227,055
Public works	1,061,504	-	1,061,504
Culture and recreation	769,527	680,621	1,450,148
Community services	68,385	446,733	515,118
Airport	232,286	-	232,286
Capital outlay:			
General government	170,585	-	170,585
Public safety	40,440	-	40,440
Culture and recreation	50,000	-	50,000
Airport	40,835	-	40,835
Total expenditures	<u>9,462,782</u>	<u>1,133,121</u>	<u>10,595,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(66,224)</u>	<u>(193,844)</u>	<u>(260,067)</u>
Other financing sources (uses)			
Transfers in	600,000	223,718	823,718
Transfers out	<u>(730,385)</u>	-	<u>(730,385)</u>
Total other financing sources and uses	<u>(130,385)</u>	<u>223,718</u>	<u>93,333</u>
Net change in fund balances	(196,609)	29,874	(166,735)
Fund balances - beginning	3,897,164	1,284,807	5,181,971
Fund balances - ending	<u>\$ 3,700,555</u>	<u>\$ 1,314,681</u>	<u>\$ 5,015,236</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, 2019

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)	\$ (166,735)
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 (\$675,000) exceeded capital outlays of \$301,501 in the current year.	(373,499)
Governmental funds report additions and reductions debt as revenue and expenditures. These payments are reclassified to reduce the long-term liability on the statement of activities.	(35,477)
Included in the items related to debt is the recognition of deferred outflows of resources of \$1,362,690, deferred inflows of resources of \$559,975 and net pension and OPEB liability of (\$2,390,160) associated with pension and other post-employment benefit plans.	(467,495)
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.	33,008
The net gain of certain activities of internal service funds is reported with governmental activities.	<u>70,788</u>
Change in net position of governmental activities (page 25)	<u><u>\$ (939,410)</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 2,209,826	\$ 2,209,826	\$ 2,230,381	\$ 20,555
Sales	2,980,000	2,980,000	2,791,806	(188,194)
Alcoholic beverage	10,000	10,000	11,979	1,979
Franchise tax	1,213,452	1,213,452	1,103,867	(109,585)
Intergovernmental	18,000	18,000	45,664	27,664
Charges for services	1,815,557	1,815,557	1,795,678	(19,879)
Rents and royalties	621,501	621,501	607,843	(13,658)
Contributions and donations	7,000	7,000	100	(6,900)
Licenses and permits	56,000	56,000	40,374	(15,626)
Investment income	32,000	32,000	94,730	62,730
Fines and forfeitures	63,730	63,730	44,744	(18,986)
Miscellaneous	481,083	531,083	629,392	98,309
Total revenues	<u>9,508,149</u>	<u>9,558,149</u>	<u>9,396,558</u>	<u>(161,591)</u>
Expenditures				
Current:				
General government:				
Mayor and commission	81,944	93,444	89,593	3,851
City administration	462,699	462,699	457,708	4,991
City finance	344,661	344,661	341,104	3,557
Municipal court	110,473	110,473	116,731	(6,258)
Code enforcement	258,937	258,937	249,745	9,192
Non-departmental	477,702	643,202	723,635	(80,433)
Public safety:				
Police department	3,260,514	3,260,514	3,563,408	(302,894)
Fire department	1,706,880	1,726,880	1,698,321	28,559
Public works:				
Streets and signals	840,398	890,398	914,282	(23,884)
Animal control	154,749	154,749	147,222	7,527
Culture and recreation:				
Parks and cemetery	549,568	599,568	589,795	9,773
Golf course	78,665	78,665	79,101	(436)
Swimming pool	156,860	156,860	150,631	6,229
Community services	67,850	67,850	68,385	(535)
Airport	313,169	313,169	273,121	40,048
Total expenditures	<u>8,865,069</u>	<u>9,162,069</u>	<u>9,462,782</u>	<u>(300,713)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>643,080</u>	<u>396,080</u>	<u>(66,224)</u>	<u>(462,304)</u>
Other financing sources (uses)				
Transfers in	-	600,000	600,000	
Transfers out	(615,600)	(615,600)	(730,385)	(114,785)
Total other financing sources and uses	<u>(615,600)</u>	<u>(15,600)</u>	<u>(130,385)</u>	<u>(114,785)</u>
Net change in fund balances	27,480	380,480	(196,609)	(577,089)
Fund balances - beginning	3,897,164	3,897,164	3,897,164	-
Fund balances - ending	<u>\$ 3,924,644</u>	<u>\$ 4,277,644</u>	<u>\$ 3,700,555</u>	<u>\$ (577,089)</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, 2019

	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	\$ 8,203,111	\$ 704,949	\$ 30,092	\$ 8,938,152	\$ 1,428,033
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	187,635
Due from other governments	-	-	70,174	70,174	79
Accounts receivable (net of allowance for uncollectibles)	1,090,280	292,089	142,112	1,524,481	-
Inventories	204,862	-	-	204,862	33,629
Other assets	-	-	1,230	1,230	-
Restricted assets:					
Cash and cash equivalents	2,550,672	-	-	2,550,672	43,749
Total current assets	<u>12,048,925</u>	<u>997,038</u>	<u>243,608</u>	<u>13,289,571</u>	<u>1,693,125</u>
Noncurrent assets:					
Capital assets:					
Land	2,097,902	317,856	-	2,415,758	-
Construction in-progress	3,244,440	-	-	3,244,440	-
Buildings	13,528,430	108,187	-	13,636,617	145,573
Improvements other than buildings	34,108,101	23,554	-	34,131,655	49,726
Machinery and equipment	4,422,212	980,933	333,024	5,736,169	7,302,495
Less accumulated depreciation	(30,520,222)	(786,534)	(208,675)	(31,515,431)	(5,824,539)
Total capital assets (net of accumulated depreciation)	<u>26,880,863</u>	<u>643,996</u>	<u>124,349</u>	<u>27,649,208</u>	<u>1,673,255</u>
Total assets	<u>38,929,789</u>	<u>1,641,034</u>	<u>367,957</u>	<u>40,938,779</u>	<u>3,366,380</u>
Deferred Outflows of Resources					
Pension Plan	445,450	159,393	956,475	1,561,318	222,046
OPEB	2,602	774	97	3,473	1,028
Total deferred outflows of resources	<u>448,052</u>	<u>160,167</u>	<u>956,572</u>	<u>1,564,791</u>	<u>223,074</u>
Liabilities					
Current Liabilities:					
Accounts payable	148,763	45,499	10,555	204,817	195,264
Customer security deposits	391,161	-	-	391,161	-
Due to other funds	40,295	43,130	8,617	92,042	-
Accrued interest payable	44,489	-	-	44,489	-
Compensated absences-Current	4,679	2,061	15,665	22,405	2,921
Note payable	-	96,454	4,699	101,153	73,328
Bond obligations-Current	1,605,095	-	-	1,605,095	-
Total current liabilities	<u>2,234,482</u>	<u>187,144</u>	<u>39,536</u>	<u>2,461,162</u>	<u>271,513</u>
Noncurrent liabilities:					
Compensated absences	42,109	18,552	140,988	201,649	26,285
Net pension liability	1,540,544	539,603	3,173,028	5,253,175	672,389
OPEB liability	76,930	24,760	2,869	104,559	32,788
Landfill post-closure	-	297,087	-	297,087	-
Note payable	-	41,005	14,097	55,102	75,366
Bond obligations	12,331,694	-	-	12,331,694	-
Total noncurrent liabilities	<u>13,991,277</u>	<u>921,007</u>	<u>3,330,982</u>	<u>18,243,266</u>	<u>806,828</u>
Total liabilities	<u>16,225,759</u>	<u>1,108,151</u>	<u>3,370,519</u>	<u>20,704,429</u>	<u>1,078,341</u>
Deferred Inflows of Resources					
Pension Plan	49,949	13,041	180,878	243,868	18,573
OPEB	6,202	2,138	238	8,578	2,788
Total deferred inflows of resources	<u>56,151</u>	<u>15,179</u>	<u>181,116</u>	<u>252,446</u>	<u>21,361</u>
Net Position					
Net investment in capital assets	14,619,336	506,537	105,553	15,231,426	1,524,561
Restricted for debt service (expendable)	875,411	-	-	875,411	-
Unrestricted	7,601,184	171,334	(2,332,659)	5,439,859	965,191
Total net position	<u>\$ 23,095,931</u>	<u>\$ 677,871</u>	<u>\$ (2,227,106)</u>	<u>\$ 21,546,696</u>	<u>\$ 2,489,752</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, 2019

	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	\$ 4,773,887	\$ -	\$ -	\$ 4,773,887	\$ -
Sewer charges	2,443,823	-	-	2,443,823	-
Delinquent penalties	31,138	-	-	31,138	-
Water and sewer taps	11,308	-	-	11,308	-
Other charges for services	-	2,023,956	1,324,860	3,348,816	3,872,758
Miscellaneous income	117,663	12,057	43,709	173,429	92,333
Total operating income	<u>7,377,819</u>	<u>2,036,013</u>	<u>1,368,569</u>	<u>10,782,402</u>	<u>3,965,091</u>
Operating expenses:					
Personal services	1,847,205	709,943	1,336,425	3,893,573	835,161
Supplies	538,512	267,728	449,312	1,255,552	49,088
Other services and charges	2,443,463	1,117,256	443,520	4,004,239	2,658,634
Depreciation	1,492,673	33,057	19,787	1,545,517	367,310
Total operating expenses	<u>6,321,853</u>	<u>2,127,984</u>	<u>2,249,044</u>	<u>10,698,881</u>	<u>3,910,193</u>
Operating income (loss)	<u>1,055,966</u>	<u>(91,971)</u>	<u>(880,475)</u>	<u>83,521</u>	<u>54,898</u>
Nonoperating revenues (expenses):					
Interest income	199,125	17,348	4,837	221,310	22,199
Intergovernmental	228,663	-	9,689	238,352	-
Interest expense	(205,816)	(6,844)	(308)	(212,968)	(6,309)
Total nonoperating revenue (expense)	<u>221,972</u>	<u>10,504</u>	<u>14,218</u>	<u>246,693</u>	<u>15,890</u>
Net income (loss) before transfers	1,277,938	(81,467)	(866,257)	330,214	70,788
Transfers in	-	195,000	506,667	701,667	-
Transfers out	(795,000)	-	-	(795,000)	-
Change in net position	<u>482,938</u>	<u>113,533</u>	<u>(359,590)</u>	<u>236,881</u>	<u>70,788</u>
Total net position - beginning	22,612,993	564,338	(1,867,516)	21,309,815	2,418,964
Total net position - ending	<u>\$ 23,095,931</u>	<u>\$ 677,871</u>	<u>\$ (2,227,106)</u>	<u>\$ 21,546,696</u>	<u>\$ 2,489,752</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, 2019

	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	\$ 7,276,985	\$ 2,032,039	\$ 1,411,636	\$ 10,720,660	\$ -
Receipts from interfund services provided	-	-	-	-	3,965,091
Payments to suppliers	3,099,995	1,398,452	892,211	5,390,658	1,035,454
Payments for claims	-	-	-	-	1,837,633
Payments to employees	1,786,280	694,247	1,024,259	3,504,786	804,137
Net cash provided by operating activities	<u>2,390,710</u>	<u>(60,660)</u>	<u>(504,834)</u>	<u>1,825,216</u>	<u>287,868</u>
Cash Flows From Noncapital Financing Activities					
Transfers between funds	(795,000)	195,000	506,667	(93,333)	-
Intergovernmental grants	228,663	-	9,689	238,352	-
Net cash provided (used) by noncapital financing activities	<u>(566,337)</u>	<u>195,000</u>	<u>516,356</u>	<u>145,019</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Debt issuance	-	-	23,496	23,496	-
Acquisition and construction of capital assets	(625,942)	(35,158)	(23,496)	(684,596)	(306,816)
Principal paid on contractual obligations	(1,605,094)	(93,054)	(4,700)	(1,702,848)	(71,343)
Disposition of equipment	-	-	-	-	-
Interest and paying agent fees	(205,816)	(6,844)	(308)	(212,968)	(6,309)
Net cash provided (used) by capital and related financing activities	<u>(2,436,852)</u>	<u>(135,057)</u>	<u>(5,008)</u>	<u>(2,576,917)</u>	<u>(384,468)</u>
Cash Flows From Investing Activities					
Interest and dividends received	199,125	17,348	4,837	221,310	22,199
Net cash provided (used) by investing activities	<u>199,125</u>	<u>17,348</u>	<u>4,837</u>	<u>221,310</u>	<u>22,199</u>
Net increase in cash and cash equivalents	(413,355)	16,631	11,351	(385,373)	(74,402)
Cash and cash equivalents at beginning of year	11,167,138	688,318	18,741	11,874,197	1,546,184
Cash and cash equivalents at end of year	<u>\$ 10,753,783</u>	<u>\$ 704,949</u>	<u>\$ 30,092</u>	<u>\$ 11,488,824</u>	<u>\$ 1,471,782</u>
As reported on balance sheet:					
Cash	\$ 8,203,111	\$ 704,949	\$ 30,092	\$ 8,938,152	\$ 1,428,033
Restricted Cash	2,550,672	-	-	2,550,672	43,749
Total cash and cash equivalents at end of year	<u>\$ 10,753,783</u>	<u>\$ 704,949</u>	<u>\$ 30,092</u>	<u>\$ 11,488,824</u>	<u>\$ 1,471,782</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	1,055,966	(91,971)	(880,475)	83,520	54,899
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,492,673	33,057	19,787	1,545,517	367,310
(Increase) decrease in accounts receivable	(115,427)	(3,974)	10,127	(109,274)	-
(Increase) in due from other governments	-	-	32,937	32,937	70
(Increase) in due from other funds	-	-	3,840	3,840	(3,587)
(Increase) in other assets	-	-	(1,230)	(1,230)	-
(Increase) decrease in inventories	(27,143)	-	-	(27,143)	(7,695)
(Increase) decrease in deferred outflows of resources	(288,484)	(102,634)	(518,375)	(909,493)	(131,900)
Increase (decrease) in accounts payable	(84,802)	(16,839)	(1,294)	(102,935)	(154,153)
Increase (decrease) in customer deposits	14,592	-	-	14,592	-
Increase (decrease) in compensated absences	(6,373)	(4,458)	3,487	(7,344)	3,060
Increase (decrease) in net pension liability	500,980	172,900	989,496	1,663,376	225,106
Increase (decrease) in total OPEB liability liability	(6,347)	(2,189)	(243)	(8,779)	(2,853)
Increase (decrease) in landfill post-closure	-	6,680	-	6,680	-
Increase (decrease) in due to other funds	(1,909)	(3,309)	(695)	(5,913)	-
Increase (decrease) in accrued interest payable	(4,166)	-	-	(4,166)	-
Increase (decrease) in deferred inflows of resources	(138,851)	(47,923)	(162,199)	(348,973)	(62,389)
Total adjustments	<u>1,334,743</u>	<u>31,311</u>	<u>375,641</u>	<u>1,741,690</u>	<u>232,969</u>
Net cash provided by operating activities	<u>\$ 2,390,710</u>	<u>\$ (60,660)</u>	<u>\$ (504,834)</u>	<u>\$ 1,825,216</u>	<u>\$ 287,868</u>

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

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

(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.

The component unit is presented as a governmental fund type. 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 City Council is responsible for appointing some members to various 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 of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of Interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

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 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 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.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements September 30, 2019

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.

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 passed this past year and it is material in relation to the original appropriations which were adopted. This amendment increased revenue by \$650,000 and increased expenditures by \$267,000 in the general fund. It also increased expenses in the Water and Wastewater Fund by \$924,000 and revenue in the Refuse fund by \$195,000. The accounts mainly effected by this amendment were interfund transfers. The City transferred \$795,000 from the Water and Wastewater fund to the general fund and the refuse fund to replenish their respective funds.

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.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

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.

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	\$ 144,086
Internal Service Fund	\$ 43,749
Water and Wastewater Fund	\$ 2,550,672

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 \$144,086 at year-end. 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 balance in the enterprise funds was \$875,410 at year-end, and \$43,749 in the internal service fund. Also, the City has funds restricted for construction from their 2016 bond issue in the amount of \$1,675,262. These funds will be used for improvements to the City's waterworks system.

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

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

capitalized as projects are constructed. Interest incurred during the construction phase of capital 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 qualify as deferred inflows of resources. The first item arises only under a modified accrual basis of accounting.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

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	\$ 1,571,142	\$ 445,450	\$ 159,393	\$ 16,930	\$ 621,773	\$ 2,192,916
Pension activities FRR	891,376	-	-	939,545	939,545	1,830,921
OPEB activities	7,844	2,602	774	97	3,473	11,317
Total Deferred Outflows of Resources	\$ 2,470,362	\$ 448,052	\$ 160,167	\$ 956,572	\$ 1,564,791	\$ 4,035,153
Deferred Inflows of Resources:						
Pension activities TMRS	\$ 131,903	\$ 49,949	\$ 13,041	\$ 1,751	\$ 64,741	\$ 196,646
Pension activities FRR	272,157	-	-	179,127	179,127	451,284
OPEB activities	21,082	6,202	2,138	238	8,578	29,660
Total Deferred Inflows of Resources	\$ 425,142	\$ 56,151	\$ 15,179	\$ 181,116	\$ 252,446	\$ 677,588

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:

Nonspendable - amounts that cannot be spent either because they are in Nonspendable form or because they are legally or contractually required to be maintained intact (such as inventory).

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.

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, 2019

As of September 30, 2019, fund balances are composed of the following:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Cemetery care	\$ -	\$ 1,300,669	\$ 1,300,669
Restricted:			
PEG capital costs	144,086	-	144,086
Drug enforcement	-	2,371	2,371
Senior nutrition program	-	11,641	11,641
Unassigned Fund Balances	<u>3,556,439</u>	<u>-</u>	<u>3,556,469</u>
Total Fund Balances	<u>\$ 3,700,555</u>	<u>\$ 1,314,681</u>	<u>\$ 5,015,236</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 \$2,377,927, of which \$146,457 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.

Cash Deposits:

At September 30, 2019, the City's deposits including the deposits of the component unit were fully insured or collateralized as required by the state statutes. At year-end, the carrying amount of the City's

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

deposits totaled \$18,154,438 and its component unit's carrying amount of deposits totaled \$7,829,458. The respective bank balances totaled \$18,530,720 and \$7,830,778. Of the total City's bank balances, \$250,000 was covered by Federal Depository Insurance. The remainder was fully covered by collateral with a value of \$22,254,494 and the component unit's bank balances were 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'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, 2019.

(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	\$ 23,084	\$1,242,865	\$ 332,005	\$ 504,760	\$ 2,102,714
Taxes	357,713	-	-	-	357,713
Gross Receivables	380,797	1,242,865	332,005	504,760	2,460,427
Less: allowance for uncollectibles	(13,946)	(152,585)	(39,916)	(362,648)	(569,095)
Net total receivables	<u>\$ 366,851</u>	<u>\$1,090,280</u>	<u>\$ 292,089</u>	<u>\$ 142,112</u>	<u>\$1,891,332</u>

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, 2019

(4) Capital Assets

Capital asset activity for the year ended September 30, 2019 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	124,426	31,788	-	156,214
Total capital assets, not being depreciated:	<u>302,758</u>	<u>31,788</u>	<u>-</u>	<u>334,546</u>
Capital assets, being depreciated:				
Buildings	7,728,299	-	-	7,728,299
Improvements other than buildings	7,093,663	227,663	(62,558)	7,258,768
Machinery and equipment	8,822,482	358,498	(4,495)	9,176,486
Total capital assets being depreciated	<u>23,644,444</u>	<u>586,161</u>	<u>(67,053)</u>	<u>24,163,552</u>
Less accumulated depreciation for:				
Buildings	(3,472,873)	(275,053)	-	(3,747,927)
Improvements other than buildings	(5,456,545)	(255,038)	52,925	(5,658,658)
Machinery and equipment	(6,863,427)	(512,219)	4,495	(7,371,151)
Total accumulated depreciation	<u>(15,792,845)</u>	<u>(1,042,311)</u>	<u>57,420</u>	<u>(16,777,735)</u>
Total capital assets, being depreciated, net	7,851,600	(456,150)	(9,633)	7,385,817
Governmental activities capital assets, net	<u>\$ 8,154,357</u>	<u>\$ (424,362)</u>	<u>\$ (9,633)</u>	<u>\$ 7,720,363</u>
	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,415,757	\$ -	\$ -	\$ 2,415,757
Construction in-progress	3,323,493	323,426	(402,479)	3,244,440
Total capital assets, not being depreciated	<u>5,739,250</u>	<u>323,426</u>	<u>(402,479)</u>	<u>5,660,197</u>
Capital assets, being depreciated:				
Buildings and system	13,636,617	-	-	13,636,617
Improvements other than buildings	33,552,125	579,530	-	34,131,655
Machinery and equipment	5,640,032	184,119	(87,983)	5,736,168
Total capital assets being depreciated	<u>52,828,774</u>	<u>763,649</u>	<u>(87,983)</u>	<u>53,504,441</u>
Less accumulated depreciation for:				
Buildings and system	(7,690,913)	(377,909)	-	(8,068,822)
Improvements other than buildings	(17,502,707)	(1,014,590)	-	(18,517,297)
Machinery and equipment	(4,864,274)	(153,020)	87,983	(4,929,311)
Total accumulated depreciation	<u>(30,057,895)</u>	<u>(1,545,519)</u>	<u>87,983</u>	<u>(31,515,430)</u>
Total capital assets, being depreciated, net	22,770,879	(781,870)	-	21,989,010
Business-type activities capital assets, net	<u>\$ 28,510,130</u>	<u>\$ (458,444)</u>	<u>\$ (402,479)</u>	<u>\$ 27,649,207</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

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

Governmental activities:	
General government	\$ 42,273
Public safety	355,655
Public works	30,109
Culture and recreation	41,261
Community services	25,007
Airport	180,697
Internal Service	<u>367,311</u>
Total depreciation expense – governmental activities	<u>\$1,042,311</u>
Business-type activities:	
Water and Wastewater	\$1,492,674
Solid waste management	33,057
Ambulance	19,788
Total depreciation expense – business-type activities	<u>\$1,545,519</u>

Discretely Presented Component Units

Activity for SEED-MDD for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 305,439	\$ -	\$ -	\$ 305,439
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	572,000	-	-	572,000
Total capital assets being depreciated	<u>572,000</u>	<u>-</u>	<u>-</u>	<u>572,000</u>
Less accumulated depreciation for:				
Machinery and equipment	(61,967)	(28,600)	-	(90,567)
Total accumulated depreciation	<u>(61,967)</u>	<u>(28,600)</u>	<u>-</u>	<u>(90,567)</u>
Total capital assets, being depreciated, net	<u>510,033</u>	<u>(28,600)</u>	<u>-</u>	<u>451,433</u>
SEED-MDD capital assets, net	<u>\$ 815,471</u>	<u>\$ (28,600)</u>	<u>\$ -</u>	<u>\$ 786,872</u>

(5) Long-Term Debt

At September 30, 2019, long-term debt consisted of the following:

Governmental Activities:

Government Capital Corporation note , dated April 2017 in the Amount of \$290,000 due in annual installments through April 5, 2021, bearing an interest rate of 2.875%

\$ 148,694

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
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Business-Type Activities:

2011 Combination Tax & Revenue Refunding Bonds, dated August 15, 2011 for \$7,765,000 due in annual installments through August 15, 2020, bearing interest rates of 2% to 3%.	\$ 625,000
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%.	1,460,000
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%.	7,025,000
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%.	<u>4,265,000</u>
Total Bonds Payable	<u>\$ 13,375,000</u>
Note payable to First Financial Bank for the purchase of Refuse fund equipment dated March 13, 2018. Payable in monthly Installments through March 2021, bearing interest of 3.65%	\$ 137,459
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>18,796</u>
Total Notes Payable	<u>\$ 156,255</u>

All four 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 First Financial Bank is for the purchase of a 963 Caterpillar loader for the landfill and refuse department use. The note is a public property finance act contract that requires payments into a payment fund as long as the payments are unpaid. Such revenues and funds in an amount sufficient to make the payments are pledged to First Financial Bank and their successors and assigns for such purpose as the same shall become due and payable under the Finance Contract.

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 City is in compliance with all significant financial requirements as of September 30, 2019.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

Changes in Outstanding Debt

Transactions for the year ended September 30, 2019 are summarized as follows:

	Balance September 30, 2018	New Issue or Additions	Payments or Expenditures	Balance September 30, 2019	Due Within One Year
<u>Governmental Activities</u>					
Note payable	\$ 220,037	\$ -	\$ 71,343	\$ 148,694	\$ 73,328
Net pension liability	5,274,082	3,994,688	1,360,698	7,908,072	-
Total OPEB liability	266,227	21,750	43,326	244,651	-
Compensated Absences	656,009	57,395	18,858	694,546	69,455
Total Governmental Activities	\$6,416,355	\$4,073,833	\$1,494,225	\$8,995,963	\$ 142,783
<u>Business-type Activities</u>					
General Obligation Bonds	8,790,000	-	1,140,000	7,650,000	1,175,000
Certificates of Obligation	6,065,000	-	340,000	5,725,000	340,000
Bond premium	686,884	-	125,095	561,789	125,095
Total bonds payable	15,541,884	-	1,560,095	13,936,789	1,640,095
Landfill post-closure	290,407	6,680	-	297,087	-
Net pension liability	3,589,799	2,394,076	730,700	5,253,175	-
Total OPEB liability	113,338	8,849	17,628	104,559	-
Notes payable	230,513	23,496	97,753	156,255	101,153
Compensated Absences	231,398	3,487	10,831	224,054	22,405
Total Business-type Activities	\$19,997,339	\$ 2,436,588	\$2,417,007	\$19,971,919	\$ 1,728,653

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 obligations 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 obligations are mainly liquidated by the general fund.

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

Bond Accrued Interest Payable	\$ 44,489
Current Maturities of Bonds	<u>830,922</u>
Total Interest and Sinking Fund	<u>\$ 875,411</u>

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for the years subsequent to September 30, 2019 are as follows:

Year Ending September 30	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	73,328	4,324	77,652
2021	75,366	2,286	77,652
	<u>\$ 148,694</u>	<u>\$ 6,610</u>	<u>\$155,304</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

Year Ending September 30	Business-Type Activities		Total
	Principal	Interest	
2020	1,616,153	304,159	1,920,312
2021	1,595,704	266,824	1,862,528
2022	1,594,699	229,169	1,823,868
2023	1,639,699	184,165	1,823,864
2024	1,680,000	137,358	1,817,358
2025 - 2029	3,150,000	221,952	3,371,952
2030 - 2034	1,735,000	77,535	1,812,535
2035 - 2036	520,000	6,162	526,162
	<u>\$13,531,255</u>	<u>\$ 1,427,322</u>	<u>\$14,958,577</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	\$ 7,720,363	\$ 148,694	\$ -	\$ 7,571,669
Business-type Activities:				
Water and Wastewater Fund	26,880,863	13,936,789	1,675,262	14,619,336
Solid Waste Management	643,996	137,459	-	506,537
Ambulance Fund	124,349	18,796	-	105,553
Total Business-type Activities	<u>\$ 27,649,208</u>	<u>\$ 14,093,044</u>	<u>\$ 1,675,262</u>	<u>\$ 15,231,426</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 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, 2019 were 95 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.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

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

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

Benefits Provided

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

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

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.

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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	79
Inactive employees entitled to but not yet receiving benefits	35
Active employees	<u>105</u>
	219

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
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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 18.10% and 17.65% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$1,032,752 and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

Actuarial assumptions were developed primarily from the actuarial experience of TMRS over the four year period December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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:

CITY OF SWEETWATER, TEXAS

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September 30, 2019

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	<u>5.0%</u>	7.75%
Total	<u>100%</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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] – [b]
Balance at 12/31/2017	\$ 32,278,641	\$ 27,456,633	\$ 4,822,008
Changes for the year:			
Service cost	920,875	-	920,875
Interest	2,157,453	-	2,157,453
Difference between expected and actual experience	(126,129)	-	(126,129)
Changes in assumptions	-	-	-
Contributions – employer	-	1,007,103	(1,007,103)
Contributions – employee	-	389,494	(389,494)
Net investment income	-	(822,415)	822,415
Benefit payments, including refunds of employee contributions	(1,553,626)	(1,553,626)	-
Administrative expense	-	(15,895)	15,895
Other changes	-	(830)	830
Net changes	<u>\$ 1,398,573</u>	<u>\$ (996,169)</u>	<u>\$ 2,394,742</u>
Balance at 12/31/2018	<u>\$ 33,677,214</u>	<u>\$ 26,460,464</u>	<u>\$ 7,216,750</u>

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

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%	\$ 11,668,268
Current discount rate	6.75%	\$ 7,216,750
1% increase	7.75%	\$ 3,539,847

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019 the city recognized pension expense of \$1,303,761.

At September 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual economic experience	\$ -	\$ 196,646
Changes in actuarial assumptions	2,604	-
Differences between projected and actual investment earnings	1,422,083	-
Contributions subsequent to the measurement date	768,229	-
Total	\$ 2,192,916	\$ 196,646

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement dates of \$768,229 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2019 (i.e. recognized in the city's financial statements September 30, 2020).

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

Year ending Dec 31:	
2019	\$ 449,360
2020	83,622
2021	159,913
2022	535,146
2023	-
Thereafter	-
Total	\$ 1,228,041

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
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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, 2018, the valuation and measurement date, consisted of :

Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>105</u>
	<u>170</u>

The City’s Total OPEB Liability (TOL), as of December 31, 2018 was calculated as follows:

	<hr/>
	Total OPEB Liability
Total OPEB Liability – beginning of year	\$ 379,565
Changes for the year:	
Service cost	17,805
Interest on total OPEB liability	12,794
Changes in benefit terms	-
Differences between expected and actual experience	(34,226)
Changes in assumptions or other inputs	(22,834)
Benefit payments	<u>(3,895)</u>
Net changes	<u>(30,356)</u>
Total OPEB liability – end of year	<hr/> <u>\$ 349,209</u> <hr/>

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, 2018 valuation were based on the results of an actuarial experience study for the period of December 31, 2010 to December 31, 2014.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
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The assumptions are summarized below:

Inflation	2.5% per year
Salary increases	3.5% to 10.5% including inflation
Discount rate*	3.71%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	Same as service with a 3-year set-forward and subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

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
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 3.31%, 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 (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	Discount rate	Total OPEB liability
1% decrease	2.71%	\$ 410,277
Current discount rate	3.37%	\$ 349,209
1% increase	4.71%	\$ 300,426

The City's Total OPEB expense as of December 31, 2018 was calculated as follows:

Service cost	<u>\$ 17,805</u>
Interest on total OPEB liability	12,794
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources;	
Differences between expected and actual experience	(6,873)
Changes in assumptions or other inputs ¹	764
Total OPEB expense	<u>\$ 24,490</u>

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

CITY OF SWEETWATER, TEXAS

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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.

For the year ended September 30, 2019 the city recognized OPEB expense of \$24,490. The City also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 27,353
Changes in assumptions and other inputs	-	2,307
Contributions subsequent to the measurement date	11,317	-
Total	\$ 11,317	\$ 29,660

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$11,317 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2019 (i.e. recognized in the city's financial statements September 30, 2020).

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
2019	\$ (6,109)
2020	(6,109)
2021	(6,214)
2022	(11,228)
2023	-
Thereafter	-
Total	\$(29,660)

**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, 2018. 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.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
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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.

The City of Sweetwater contributes 18.0 % 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.

The fund was established November 3, 1941 and was most recently amended August 1, 2018.

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, 2018 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, 2018 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.

CITY OF SWEETWATER, TEXAS

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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.

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, 2018 equals 79.0% of the member's high three-year average monthly salary. Members service starting after August 1, 2018 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, 2018 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, 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 (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, 2018 the monthly benefit is 9.53% 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, 2019

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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	24
Terminated employees entitled to but not yet receiving benefits	0
Active members	<u>24</u>
Total	48

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

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:

	<u>Discount rate</u>	<u>Net pension liability</u>
1% decrease	7.0%	\$ 7,519,758
Current discount rate	8.0%	\$ 5,944,498
1% increase	9.0%	\$ 4,622,072

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>
Fixed income		
Investment Grade	15.17%	3.22%
International Fixed Income	6.11%	3.22%
Short Dur High Yield Bonds	7.01%	5.02%
Equities		
All-cap Growth	17.49%	6.70%
Emerging Markets	8.17%	3.13%
Global Equity	16.17%	3.38%
Large-cap Value	5.78%	7.17%
Smid-cap Value Russell 1000	5.83%	8.14%
Smid-cap Value Russell 2500	0.00%	7.78%
Small-cap Value	7.01%	8.12%
Real estate investment Trust	4.55%	7.86%
Specialty		
Global Strategic Diversification	.67%	2.52%
Income Opportunity Fund	6.04%	4.00%
Total	<u>100.00%</u>	

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] – [b]
	Balance at 12/31/2017	\$ 12,589,045	\$ 8,547,172
Changes for the year:			
Service cost	386,326	-	386,326
Interest	1,007,032	-	1,007,032
Difference between expected and actual experience	221,203	-	221,203
Changes in assumptions	-	-	-
Contributions – employer	-	292,460	(292,460)
Contributions – employee	-	276,212	(276,212)
Net investment income	-	(543,173)	543,173
Benefit payments, including refunds of employee contributions	(774,953)	(774,953)	-
Administrative expense	-	(36,736)	36,736
Changes in actuarial assumptions	276,826	-	276,826
Net changes	<u>\$ 1,116,434</u>	<u>\$ (786,190)</u>	<u>\$ 1,902,624</u>
Balance at 12/31/2018	<u>\$ 13,705,479</u>	<u>\$ 7,760,982</u>	<u>\$ 5,944,497</u>

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

For the year ended September 30, 2019 the city recognized pension expense of \$902,438.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 451,284
Changes of assumptions	686,253	
Net difference between projected and actual earnings on Plan investments	921,969	-
Contributions subsequent to the measurement date	222,699	-
Total	<u>\$1,830,921</u>	<u>\$ 451,284</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$222,699 will be recognized as a reduction of the net pension liability for the year ending September 30, 2019 (i.e. recognized in the city's financial statements September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

Year ending Dec 31:

2019	\$ 377,221
2020	218,937
2021	208,776
2022	286,133
2023	42,275
Thereafter	23,596

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, 2019:

	TMRS Plan	Sweetwater Firemen's Relief and Retirement Fund Plan	Total
Net Pension Liability	\$7,216,750	\$5,944,497	\$13,161,247
Pension expense	1,303,761	902,438	2,206,199

(9) Individual Fund Disclosures

For fiscal year ended September 30, 2019, 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	Municipal court	\$ 6,258
	Non-departmental	80,433
	Police department	302,894
	Streets and signals	23,884
	Golf course	436
	Community services	535
	Transfers out	114,785
	Cemetery Special Revenue Fund	Community services

These over-expenditures were mainly funded by decreased expenditures in other departments as well as fund balance.

(10) Fund Balance Deficit

The Ambulance Enterprise Fund had a deficit fund balance at September 30, 2019 of \$2,227,106. 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

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

(11) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2019, is as follows:

	Due From	Due To
General fund	\$ -	\$ 97,390
Non-major governmental funds	3,747	1,950
Major enterprise funds:		
Water and wastewater fund	-	40,295
Solid waste management fund	-	43,130
Ambulance	-	8,617
Internal service funds	187,635	-
	<u>\$ 191,382</u>	<u>\$ 191,382</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.

	Transfers In	Transfers Out
General Fund	\$ 600,000	\$ 730,385
Non-major governmental funds	223,718	-
Major enterprise fund:		
Water and Wastewater		795,000
Solid Waste Management	506,667	
Ambulance	195,000	-
	<u>\$ 1,525,385</u>	<u>\$ 1,525,385</u>

Interfund transfers relate to the funding of deficits by the general fund to the senior nutrition program and the solid waste management fund. Transfers were then made later in the year by the Water and Wastewater fund to move unrestricted funds to cover fund deficits in the Ambulance fund as well as to replenish the General fund for the transfer made earlier in the year to cover fund deficits in other funds.

(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.

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

The City informally budgets for current claims based on current health care statistics. The City incurred \$1,858,686 in health claims and stop-loss premiums for the year ended September 30, 2019. The City contributed \$745,950 and City employees contributed \$337,115 to the health insurance program for the year ended September 30, 2019. 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 \$1,460,297.

Incurred but not reported estimated health claims have been accrued as a liability based on the claims submitted after September 30, 2019, and on the City's remaining exposure under the aggregate stop-loss insurance coverage. The estimated liability for health claims is \$157,988 at September 30, 2019.

	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>
2016-2017	\$ 58,411	\$ 1,222,707	\$ 1,242,248	\$ 38,870
2017-2018	\$ 38,870	\$ 1,701,263	\$ 1,603,198	\$ 136,935
2018-2019	\$ 136,935	\$ 1,879,739	\$ 1,858,686	\$ 157,988

(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.

(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 two active construction projects at fiscal year-end. One project is a water system improvement and elevated storage tank construction project. The second is a Texas Department of Transportation project for airport improvements. 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>
Governmental Fund – Airport	\$156,214	\$757
Enterprise Fund – Water System	\$ 3,244,440	\$ 106,810

The water system commitments will be funded by the 2016 bond issue. The airport project is funded by a grant in the amount of \$2,405,561 and City funds of \$267,285. Both projects are expected to be completed in 2020.

Lease Agreements

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

CITY OF SWEETWATER, TEXAS

Notes to the Financial Statements
September 30, 2019

(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.

The Sanitation Department opened a new landfill site this year. Municipal Solid Waste Permit No. MSW 50B has a closure cost estimate of \$100,555 and a post-closure cost estimate of \$18,450. Permit No. MSW 2385 has a closure cost estimate of \$140,382 and a post-closure cost estimate of \$37,700 for a total of \$297,087 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) New Pronouncements

Implemented

Statement No. 83, *Certain Asset Retirement Obligations*. This statement was issued in November 2016 and it addresses accounting and financial reporting for certain asset retirement obligations (AROs).

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The implementation of these statements did not require restatement of previously reported net position.

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



PROFESSIONALISM INTEGRITY CONTINUOUS IMPROVEMENT TEAMWORK

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>2018</u>	Measurement Year <u>2017</u>	Measurement Year <u>2016</u>
Total pension liability			
Service Cost	\$ 920,875	\$ 892,819	\$ 860,020
Interest (on the Total Pension Liability)	2,157,453	2,079,395	1,979,740
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(126,129)	(298,136)	248,458
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	<u>(1,553,626)</u>	<u>(1,509,744)</u>	<u>(1,746,755)</u>
Net Change in Total Pension Liability	1,398,573	1,164,334	1,341,463
Total Pension Liability - Beginning	<u>32,278,641</u>	<u>31,114,307</u>	<u>29,772,844</u>
Total Pension Liability - Ending (a)	<u><u>\$ 33,677,214</u></u>	<u><u>\$ 32,278,641</u></u>	<u><u>\$ 31,114,307</u></u>
 Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,007,103	\$ 967,945	\$ 962,349
Contributions - Employee	389,494	381,081	371,155
Net Investment Income	(822,415)	3,364,048	1,563,907
Benefit payments, including refunds of employee contributions	(1,553,626)	(1,509,744)	(1,746,755)
Administrative Expense	(15,895)	(17,433)	(17,661)
Other	<u>(830)</u>	<u>(884)</u>	<u>(952)</u>
Net change in Plan Fiduciary Net Position	(996,169)	3,185,013	1,132,043
Plan Fiduciary Net Position - Beginning	<u>27,456,633</u>	<u>24,271,620</u>	<u>23,139,577</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 26,460,464</u></u>	<u><u>\$ 27,456,633</u></u>	<u><u>\$ 24,271,620</u></u>
 Net Pension Liability - Ending (a) - (b)	\$ 7,216,750	\$ 4,822,008	\$ 6,842,687
Plan Fiduciary Net Position as a % of Total Pension Liability	78.57%	85.06%	78.01%
Covered Payroll	\$ 5,564,202	\$ 5,444,016	\$ 5,302,221
Net Pension Liability as a % of Covered Payroll	129.70%	88.57%	129.05%

Notes to Schedule:

N/A

Measurement Year	Measurement Year
2015	2014
\$ 792,135	\$ 671,107
1,976,956	1,911,569
-	-
(226,424)	(329,247)
72,076	-
<u>(1,376,124)</u>	<u>(1,383,552)</u>
1,238,619	869,877
<u>28,534,225</u>	<u>27,664,348</u>
<u><u>\$ 29,772,844</u></u>	<u><u>\$ 28,534,225</u></u>

\$ 967,603	\$ 930,310
352,957	326,100
34,208	1,262,036
(1,376,124)	(1,383,552)
(20,836)	(13,177)
<u>(1,029)</u>	<u>(1,083)</u>
(43,222)	1,120,634
<u>23,182,799</u>	<u>22,062,165</u>
<u><u>\$ 23,139,577</u></u>	<u><u>\$ 23,182,799</u></u>

\$ 6,633,267	\$ 5,351,426
77.72%	81.25%
\$ 5,042,236	\$ 4,658,574
131.55%	114.87%

CITY OF SWEETWATER, TEXAS

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

	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015
Actuarially Determined Contribution	\$ 1,032,752	\$ 994,574	\$ 962,349	\$ 963,144	\$ 957,565
Contributions in relation to the actuarially determined contribution	<u>\$ 1,032,752</u>	<u>\$ 994,574</u>	<u>\$ 962,349</u>	<u>\$ 963,144</u>	<u>\$ 957,565</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,814,837	\$ 5,548,494	\$ 5,447,328	\$ 5,229,357	\$ 4,581,299
Contributions as a percentage of covered payroll	17.76%	17.93%	17.67%	18.42%	20.90%

Notes to Schedule of Contributions

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	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% 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 2010 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other information:

Notes There were no benefit changes during the year.

CITY OF SWEETWATER, TEXAS

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

	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015
Actuarially Determined Contribution	\$ 4,070	\$ 3,993	\$ 3,813	\$ 3,661	\$ 3,457
Contributions in relation to the actuarially determined contribution	<u>\$ 4,070</u>	<u>\$ 3,993</u>	<u>\$ 3,813</u>	<u>\$ 3,661</u>	<u>\$ 3,457</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,814,837	\$ 5,548,494	\$ 5,447,323	\$ 5,229,357	\$ 4,581,299
Contributions as a percentage of covered payroll	0.07%	0.07%	0.07%	0.07%	0.08%

Notes to Schedule of Contributions

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:

Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Discount rate *	3.71%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement 68.
Mortality Rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates, multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to a 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Other information:

Notes: The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

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)

	<u>Measurement Year 2018</u>	<u>Measurement Year 2017</u>	<u>Measurement Year 2016</u>
Total pension liability			
Service Cost	\$ 386,326	\$ 371,467	\$ 357,180
Interest (on the Total Pension Liability)	1,007,032	962,131	975,941
Changes of benefit terms	-	-	-
Difference between expected and actual experience	221,203	-	(105,695)
Change of assumptions	276,826	-	(631,974)
Benefit payments, including refunds of employee contributions	<u>(774,953)</u>	<u>(799,457)</u>	<u>(765,290)</u>
Net Change in Total Pension Liability	1,116,434	534,141	(169,838)
Total Pension Liability - Beginning	<u>12,589,045</u>	<u>12,054,904</u>	<u>12,224,742</u>
Total Pension Liability - Ending (a)	<u><u>\$ 13,705,479</u></u>	<u><u>\$ 12,589,045</u></u>	<u><u>\$ 12,054,904</u></u>
 Plan Fiduciary Net Position			
Contributions - Employer	\$ 292,460	\$ 284,446	\$ 256,845
Contributions - Employee	276,212	268,643	252,797
Net investment income	(543,173)	1,001,682	543,748
Benefit payments, including refunds of employee contributions	(774,953)	(799,457)	(765,290)
Administrative Expense	(36,736)	(35,021)	(41,956)
Other	<u>-</u>	<u>-</u>	<u>69</u>
Net change in Plan Fiduciary Net Position	(786,190)	720,293	246,213
Plan Fiduciary Net Position - Beginning	<u>8,547,172</u>	<u>7,826,879</u>	<u>7,580,666</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 7,760,982</u></u>	<u><u>\$ 8,547,172</u></u>	<u><u>\$ 7,826,879</u></u>
Net Pension Liability - Ending (a) - (b)	\$ 5,944,497	\$ 4,041,873	\$ 4,228,025
Plan Fiduciary Net Position as a % of Total Pension Liability	56.63%	67.89%	61.18%
Covered Payroll (Estimated)	\$ 1,624,778	\$ 1,580,254	\$ 1,554,689
Net Pension Liability as a % of Covered Payroll	365.9%	255.8%	272.0%

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 2015	Measurement Year 2014
\$ 341,799	\$ 327,271
939,280	865,092
-	-
-	(971,741)
-	1,473,737
<u>(911,057)</u>	<u>(686,376)</u>
370,022	1,007,983
<u>11,854,720</u>	<u>10,846,737</u>
<u>\$ 12,224,742</u>	<u>\$ 11,854,720</u>

\$ 236,832	\$ 221,847
236,832	221,847
(216,775)	412,292
(911,057)	(686,376)
(29,349)	(34,337)
<u>-</u>	<u>-</u>
(683,517)	135,273
<u>8,264,183</u>	<u>8,128,910</u>
<u>\$ 7,580,666</u>	<u>\$ 8,264,183</u>

\$ 4,644,076	\$ 3,590,537
62.01%	69.71%
\$ 1,480,200	\$ 1,386,544
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>09/30/2019</u>	<u>09/30/2018</u>	<u>09/30/2017</u>	<u>09/30/2016</u>
Actuarially Determined Contribution	\$ 298,504	\$ 290,565	\$ 283,387	\$ 247,893
Contributions in relation to the actuarially determined contribution	<u>298,504</u>	<u>290,565</u>	<u>283,387</u>	<u>247,893</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,658,360	\$ 1,614,247	\$ 1,574,371	\$ 1,549,334
Contributions as a percentage of covered payroll	18.00%	18.00%	18.00%	16.00%

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, 2018
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	Varies based on funding level
Asset Valuation Method	5-year amortization of investment
Inflation	3.00%
Projected Salary Increases	4.00%
Investment Rate of Return, Net of Expenses Compounded Annually	8.00%
Retirement Rates	Age and service related
Turnover	Age-related
Mortality	RP 2000 projected to 2024 pre 12/31/18 Pub 2010-PS projected effective 12/31/18

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.

- 1) The cost-of-living adjustment did not change from prior valuation.
- 2) The employer contribution rate increased from 16% to 18% starting October 1, 2016

<u>09/30/2015</u>	<u>09/30/2014</u>
\$ 231,566	\$ 199,664
<u>231,566</u>	<u>199,664</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 1,447,285	\$ 1,247,900
16.00%	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, 2019

	Senior Nutrition Activities Project	Hotel and Motel Fund	Cemetery Fund	Drug Enforcement Fund	Total Nonmajor Governmental Funds
Assets					
Current cash and cash equivalents	\$ 5,683	\$ 129,338	\$ 1,297,712	\$ 2,371	\$ 1,435,104
Due from other funds	-	-	3,747	-	3,747
Due from other governments	16,143	-	-	-	16,143
Total assets	\$ 21,826	\$ 129,338	\$ 1,301,459	\$ 2,371	\$ 1,454,994
Liabilities					
Accounts payable	8,536	-	489	-	9,025
Due to other funds	1,649	-	301	-	1,950
Due to other governments	-	129,338	-	-	129,338
Total liabilities	10,185	129,338	790	-	140,313
Fund Balances					
Nonspendable - Perpetual Cemetery Care	-	-	1,300,669	-	1,300,669
Restricted for drug enforcement	-	-	-	2,371	2,371
Restricted for senior nutrition program	11,641	-	-	-	11,641
Total fund balances	11,641	-	1,300,669	2,371	1,314,681
Total liabilities and fund balances	\$ 21,826	\$ 129,338	\$ 1,301,459	\$ 2,371	\$ 1,454,994

CITY OF SWEETWATER, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	Senior Nutrition Activities Project	Hotel and Motel Fund	Cemetary Fund	Drug Enforcement Fund	Total Nonmajor Governmental Funds
Revenues					
Occupancy tax	\$ -	\$ 680,621	\$ -	\$ -	\$ 680,621
Intergovernmental	160,702	-	-	-	160,702
Charges for services	-	-	3,900	-	3,900
Investment income	-	-	21,283	87	21,370
Contributions and donations	34,261	-	-	-	34,261
Miscellaneous	13	-	37,960	450	38,423
Total revenues	<u>194,976</u>	<u>680,621</u>	<u>63,143</u>	<u>537</u>	<u>939,277</u>
Expenditures					
Current:					
Public safety	-	-	-	5,767	5,767
Culture and recreation	-	680,621	-	-	680,621
Community services	399,756	-	46,977	-	446,733
Total expenditures	<u>399,756</u>	<u>680,621</u>	<u>46,977</u>	<u>5,767</u>	<u>1,133,121</u>
Excess (deficiency) of revenues over (under) expenditures	(204,780)	-	16,166	(5,230)	(193,844)
Other Financing Sources (Uses):					
Transfers in	194,833	-	28,885	-	223,718
Transfers out	-	-	-	-	-
Net change in fund balances	(9,947)	-	45,051	(5,230)	29,874
Fund balances - beginning	<u>21,588</u>	<u>-</u>	<u>1,255,618</u>	<u>7,601</u>	<u>1,284,807</u>
Fund balances - ending	<u>\$ 11,641</u>	<u>\$ -</u>	<u>\$ 1,300,669</u>	<u>\$ 2,371</u>	<u>\$ 1,314,681</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 194,380	\$ 194,380	\$ 160,702	\$ (33,678)
Contributions and donations	40,500	40,500	34,261	(6,239)
Miscellaneous	-	-	13	13
Total revenues	<u>234,880</u>	<u>234,880</u>	<u>194,976</u>	<u>(39,904)</u>
Expenditures				
Current:				
Community services	<u>408,444</u>	<u>408,444</u>	<u>399,756</u>	<u>8,688</u>
Total expenditures	<u>408,444</u>	<u>408,444</u>	<u>399,756</u>	<u>8,688</u>
Excess (deficiency) of revenues over (under) expenditures	(173,564)	(173,564)	(204,780)	(31,216)
Other Financing Sources (Uses):				
Transfers in	<u>175,000</u>	<u>175,000</u>	<u>194,833</u>	<u>19,833</u>
Net change in fund balances	1,436	1,436	(9,947)	(11,383)
Fund balances - beginning	<u>21,588</u>	<u>21,588</u>	<u>21,588</u>	<u>-</u>
Fund balances - ending	<u>\$ 23,024</u>	<u>\$ 23,024</u>	<u>\$ 11,641</u>	<u>\$ (11,383)</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Occupancy tax	\$ 700,000	\$ 700,000	\$ 680,621	\$ (19,379)
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>680,621</u>	<u>(19,379)</u>
Expenditures				
Current:				
Culture and recreation	<u>700,000</u>	<u>700,000</u>	<u>680,621</u>	<u>19,379</u>
Total expenditures	<u>700,000</u>	<u>700,000</u>	<u>680,621</u>	<u>19,379</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>

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 4,600	\$ 4,600	\$ 3,900	\$ (700)
Miscellaneous	20,000	20,000	37,960	17,960
Investment income	6,000	6,000	21,283	15,283
Total revenues	<u>30,600</u>	<u>30,600</u>	<u>63,143</u>	<u>32,543</u>
Expenditures				
Current:				
Community services	<u>45,700</u>	<u>45,700</u>	<u>46,977</u>	<u>(1,277)</u>
Total expenditures	<u>45,700</u>	<u>45,700</u>	<u>46,977</u>	<u>(1,277)</u>
Excess (deficiency) of revenues over (under) expenditures	(15,100)	(15,100)	16,166	31,266
Other Financing Sources (Uses):				
Transfers in	<u>40,600</u>	<u>40,600</u>	<u>28,885</u>	<u>(11,715)</u>
Net change in fund balances	<u>25,500</u>	<u>25,500</u>	<u>45,051</u>	<u>19,551</u>
Fund balances - beginning	<u>1,255,618</u>	<u>1,255,618</u>	<u>1,255,618</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,281,118</u>	<u>\$ 1,281,118</u>	<u>\$ 1,300,669</u>	<u>\$ 19,551</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, 2019

	Central Garage and Stores	Employee Benefit Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,192,931	\$ 235,102	\$ 1,428,033
Due from other funds	187,635	-	187,635
Due from other governments	79	-	79
Inventory	33,629	-	33,629
Restricted cash and cash equivalents	43,749	-	43,749
Total current assets	<u>1,458,023</u>	<u>235,102</u>	<u>1,693,125</u>
Capital assets:			
Buildings	145,573	-	145,573
Improvements other than buildings	49,726	-	49,726
Machinery and equipment	7,302,495	-	7,302,495
Less accumulated depreciation	<u>(5,824,539)</u>	<u>-</u>	<u>(5,824,539)</u>
Total capital assets (net of accumulated depreciation)	<u>1,673,255</u>	<u>-</u>	<u>1,673,255</u>
Total assets	<u>3,131,278</u>	<u>235,102</u>	<u>3,366,380</u>
Deferred Outflows of Resources			
Pension Plan	222,046	-	222,046
OPEB	1,028	-	1,028
Total deferred outflows of resources	<u>223,074</u>	<u>-</u>	<u>223,074</u>
Liabilities			
Current Liabilities:			
Accounts payable	37,276	157,988	195,264
Accrued compensated absences	2,921	-	2,921
Note payable	73,328	-	73,328
Total current liabilities	<u>113,525</u>	<u>157,988</u>	<u>271,513</u>
Noncurrent liabilities:			
Accrued compensated absences	26,285	-	26,285
Note payable	75,366	-	75,366
Net pension liability	672,389	-	672,389
Net OPEB liability	32,788	-	32,788
Total noncurrent liabilities	<u>806,828</u>	<u>-</u>	<u>806,828</u>
Total liabilities	<u>920,353</u>	<u>157,988</u>	<u>1,078,341</u>
Deferred Inflows of Resources			
Pension Plan	18,573	-	18,573
OPEB	2,788	-	2,788
Total deferred inflows of resources	<u>21,361</u>	<u>-</u>	<u>21,361</u>
Net Assets			
Net investment in capital assets	1,524,561	-	1,524,561
Unrestricted	888,077	77,114	965,191
Total net position	<u>\$ 2,412,638</u>	<u>\$ 77,114</u>	<u>\$ 2,489,752</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, 2019

	Central Garage and Stores	Employee Benefit Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Charges for services	\$ 1,711,735	\$ 2,161,023	\$ 3,872,758
Miscellaneous	92,333	-	92,333
	<u> </u>	<u> </u>	<u> </u>
Total operating income	1,804,068	2,161,023	3,965,091
	<u> </u>	<u> </u>	<u> </u>
Operating expenses:			
Personal services	835,161	-	835,161
Supplies	49,088	-	49,088
Other services and charges	295,053	2,363,581	2,658,634
Depreciation	367,310	-	367,310
	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	1,546,612	2,363,581	3,910,193
	<u> </u>	<u> </u>	<u> </u>
Operating income	257,456	(202,558)	54,898
	<u> </u>	<u> </u>	<u> </u>
Non-operating revenues (expenses):			
Interest income	17,736	4,463	22,199
Interest expense	(6,309)	-	(6,309)
	<u> </u>	<u> </u>	<u> </u>
Total non-operating revenues (expenses)	11,427	4,463	15,890
	<u> </u>	<u> </u>	<u> </u>
Income (loss) before transfers	268,883	(198,095)	70,788
	<u> </u>	<u> </u>	<u> </u>
Transfers in	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Change in net position	268,883	(198,095)	70,788
	<u> </u>	<u> </u>	<u> </u>
Total net position - beginning	2,143,755	275,209	2,418,964
Prior period adjustment	-	-	-
Total net position - ending	<u>\$ 2,412,638</u>	<u>\$ 77,114</u>	<u>\$ 2,489,752</u>

CITY OF SWEETWATER, TEXAS

Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2019

	Central Garage and Stores	Employee Benefit Fund	Total
Cash Flows From Operating Activities			
Receipts from interfund services provided	\$ 1,804,068	\$ 2,161,023	\$ 3,965,091
Payments to suppliers	530,559	504,895	1,035,454
Payments for claims	-	1,837,633	1,837,633
Payments to employees	804,137	-	804,137
Net cash provided by operating activities	<u>469,372</u>	<u>(181,505)</u>	<u>287,868</u>
Cash Flows From Capital and Related Financing Activities			
Debt reduction	(71,343)	-	(71,343)
Purchases of capital assets	(306,816)	-	(306,816)
Interest expense	(6,309)	-	(6,309)
Disposition of equipment	-	-	-
Net cash used by capital and related financing activities	<u>(384,468)</u>	<u>-</u>	<u>(384,468)</u>
Cash Flows From Investing Activities			
Interest and dividends received	17,736	4,463	22,199
Net cash provided (used) by investing activities	<u>17,736</u>	<u>4,463</u>	<u>22,199</u>
Net increase (decrease) in cash and cash equivalents	102,640	(177,042)	(74,402)
Cash and cash equivalents at beginning of year	1,134,040	412,144	1,546,184
Cash and cash equivalents at end of year	<u>\$ 1,236,680</u>	<u>\$ 235,102</u>	<u>\$ 1,471,782</u>
As reported on balance sheet:			
Cash	\$ 1,192,931	\$ 235,102	\$ 1,428,033
Restricted Cash	43,749	-	43,749
Total cash and cash equivalents at end of year	<u>\$ 1,236,680</u>	<u>\$ 235,102</u>	<u>\$ 1,471,782</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	257,456	(202,558)	54,899
to net cash provided (used) by operating			
Depreciation expense	367,310	-	367,310
(Increase) decrease in other receivables	-	-	-
(Increase) decrease in due from other funds	(3,587)	-	(3,587)
(Increase) in due from other governments	70	-	70
(Increase) decrease in inventories	(7,695)	-	(7,695)
(increase) decrease in deferred outflows of resources	(131,900)	-	(131,900)
Increase (decrease) in accounts payable	(175,206)	21,053	(154,153)
Increase (decrease) in net pension liability	225,106	-	225,106
Increase (decrease) in total OPEB liability	(2,853)	-	(2,853)
Increase (decrease) in compensated absences	3,060	-	3,060
Increase (decrease) in deferred inflows of resources	(62,389)	-	(62,389)
Total adjustments	<u>211,916</u>	<u>21,053</u>	<u>232,969</u>
Net cash provided by operating activities	<u>\$ 469,372</u>	<u>\$ (181,505)</u>	<u>\$ 287,868</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, 2019 and 2018

	2019	2018
General fixed assets:		
Land	\$ 178,332	\$ 178,332
Construction in-progress	156,214	124,426
Buildings	7,582,726	7,582,726
Improvements other than buildings	7,209,041	7,056,302
Machinery and equipment	1,873,990	1,809,944
 Total governmental funds capital assets	 \$ 17,000,303	 \$ 16,751,729
 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	7,482,290	7,274,777
From special assessments	190,350	190,350
From capital donations	425,985	416,712
From federal and other government grants (including federal revenue sharing)	4,332,436	4,300,648
From water and wastewater fund-transfer of swimming pool	486,881	486,881
From special revenue fund	2,718,492	2,718,492
 Total governmental funds capital assets	 \$ 17,000,303	 \$ 16,751,729

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, 2019

	Total	Land	Construction in-progress	Building	Improvements other than Building	Machinery and Equipment
General government:						
Administration	\$ 123,274	-	\$ -	\$ -	\$ 39,000	\$ 84,274
General government buildings	666,480	9,000	-	280,755	244,898	131,827
Total general government	<u>789,754</u>	<u>9,000</u>	<u>-</u>	<u>280,755</u>	<u>283,898</u>	<u>216,101</u>
Public safety:						
Police protection	5,925,793	20,472	-	4,525,643	488,522	891,156
Fire protection	1,619,351	81,451	-	1,025,710	83,512	428,678
Civil defense	107,299	-	-	-	63,824	43,475
Total public safety	<u>7,652,443</u>	<u>101,923</u>	<u>-</u>	<u>5,551,353</u>	<u>635,858</u>	<u>1,363,309</u>
Public works:						
Streets and highways	1,901,334	800	-	-	1,847,759	52,775
Recycling center	35,113	-	-	-	24,219	10,894
Animal control	26,509	-	-	26,509	-	-
Total Public works	<u>1,962,956</u>	<u>800</u>	<u>-</u>	<u>26,509</u>	<u>1,871,978</u>	<u>63,669</u>
Culture and recreation:						
Parks and cemetery	1,101,454	24,870	-	61,795	973,859	40,930
Golf course	275,980	-	-	71,222	167,249	37,509
Swimming pool	536,437	-	-	-	531,960	4,477
Total culture and recreation	<u>1,913,871</u>	<u>24,870</u>	<u>-</u>	<u>133,017</u>	<u>1,673,068</u>	<u>82,916</u>
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	601,838	-	-	494,358	8,726	98,754
Total community services	<u>848,864</u>	<u>4,500</u>	<u>-</u>	<u>726,884</u>	<u>18,726</u>	<u>98,754</u>
Airport	3,832,416	37,239	156,214	864,208	2,725,514	49,241
Total governmental funds capital assets	<u>\$ 17,000,303</u>	<u>\$ 178,332</u>	<u>\$ 156,214</u>	<u>\$ 7,582,726</u>	<u>\$ 7,209,041</u>	<u>\$ 1,873,990</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.

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, 2019

	Governmental Funds Capital Assets 10/01/18	Additions	Deductions	Governmental Funds Capital Assets 09/30/19
General government:				
Administration	\$ 117,987	\$ 5,287	\$ -	\$ 123,274
General government buildings	563,741	165,298	62,559	666,480
Total general government	<u>681,728</u>	<u>170,585</u>	<u>62,559</u>	<u>789,754</u>
Public safety:				
Police protection	5,904,594	21,199	-	5,925,793
Fire protection	1,590,837	28,514	-	1,619,351
Civil defense	107,299	-	-	107,299
Total public safety	<u>7,602,730</u>	<u>49,713</u>	<u>-</u>	<u>7,652,443</u>
Public works:				
Streets and highways	1,901,334	-	-	1,901,334
Recycling center	35,113	-	-	35,113
Animal control	26,509	-	-	26,509
Total public works	<u>1,962,956</u>	<u>-</u>	<u>-</u>	<u>1,962,956</u>
Culture and recreation:				
Parks and cemetery	1,051,454	50,000	-	1,101,454
Golf course	275,980	-	-	275,980
Swimming pool	536,437	-	-	536,437
Total culture and recreation	<u>1,863,871</u>	<u>50,000</u>	<u>-</u>	<u>1,913,871</u>
Community Services:				
Municipal auditorium	38,850	-	-	38,850
Health department	43,719	-	-	43,719
Museum	164,457	-	-	164,457
SNAP	601,838	-	-	601,838
Total community services	<u>848,864</u>	<u>-</u>	<u>-</u>	<u>848,864</u>
Airport	3,791,582	40,834	-	3,832,416
Total governmental funds capital assets	<u>\$ 16,751,729</u>	<u>\$ 311,132</u>	<u>\$ 62,559</u>	<u>\$ 17,000,303</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 comprehensive annual financial report presents detailed Information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<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.	90-96
Revenue Capacity These schedules contain information to help readers assess the City's most significant local revenue source-its property tax.	97-102
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.	103-107
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.	108-109
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.	110-112

CITY OF SWEETWATER, TEXAS

Net Position by Component
Last Ten Fiscal Years

(Prepared using the accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 4,036,956	\$ 3,688,066	\$ 4,133,554	\$ 5,164,107	\$ 8,580,204	\$ 9,459,578	\$ 9,047,241	\$ 8,494,897	\$ 7,934,319	\$ 7,571,669
Restricted	1,079,255	1,115,776	1,169,726	1,219,225	1,271,782	1,317,276	1,431,643	1,416,120	1,448,308	1,502,516
Unrestricted	6,156,065	7,307,446	9,096,928	8,691,256	5,668,989	294,285	437,403	(548,318)	(895,548)	(1,526,516)
Total governmental activities net position	\$ 11,272,276	\$ 12,111,288	\$ 14,400,208	\$ 15,074,588	\$ 15,520,975	\$ 11,071,139	\$ 10,916,287	\$ 9,362,699	\$ 8,487,079	\$ 7,547,669
Business-type activities										
Net investment in capital assets	\$ 9,386,197	\$ 9,360,356	\$ 10,023,438	\$ 11,863,504	\$ 13,306,489	\$ 13,394,090	\$ 13,743,436	\$ 9,931,071	\$ 14,476,834	\$ 15,231,426
Restricted	686,668	709,175	712,235	715,354	759,967	817,153	821,408	831,373	848,974	875,411
Unrestricted	5,409,818	7,511,963	8,490,962	7,890,460	7,184,602	4,464,617	4,715,014	9,440,428	5,984,007	5,439,859
Total business-type activities net position	\$ 15,482,683	\$ 17,581,494	\$ 19,226,635	\$ 20,469,318	\$ 21,251,058	\$ 18,675,860	\$ 19,279,858	\$ 20,202,872	\$ 21,309,815	\$ 21,546,696
Primary government										
Net investment in capital assets	\$ 13,423,153	\$ 13,048,422	\$ 14,156,992	\$ 17,027,611	\$ 21,886,693	\$ 22,853,668	\$ 22,790,677	\$ 18,425,968	\$ 22,411,153	\$ 22,803,095
Restricted	1,765,923	1,824,951	1,881,961	1,934,579	2,031,749	2,134,429	2,253,051	2,247,493	2,297,282	2,377,927
Unrestricted	11,565,883	14,819,409	17,587,890	16,581,716	12,853,591	4,758,902	5,152,417	8,892,110	5,088,459	3,913,343
Total primary government net position	\$ 26,754,959	\$ 29,692,782	\$ 33,626,843	\$ 35,543,906	\$ 36,772,033	\$ 29,746,999	\$ 30,196,145	\$ 29,565,571	\$ 29,796,894	\$ 29,094,365

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

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

(Prepared using the accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 1,371,945	\$ 1,350,554	\$ 1,395,375	\$ 1,392,522	\$ 1,563,157	\$ 1,557,499	\$ 1,642,864	\$ 1,814,626	\$ 1,685,953	\$ 1,877,741
Public safety	3,165,421	3,493,732	3,550,157	3,948,689	4,111,605	4,491,188	5,010,521	5,448,126	5,844,524	5,959,508
Public works	975,452	1,101,889	1,007,398	1,072,818	1,056,515	1,057,291	1,095,851	984,321	1,068,970	1,099,670
Culture and recreation	1,103,758	1,194,531	1,202,579	1,290,863	1,325,393	1,392,756	1,464,758	1,423,072	1,440,807	1,500,504
Community services	486,967	530,442	491,645	502,840	555,465	544,645	533,096	545,305	528,714	549,735
Airport	168,676	230,145	322,991	452,828	413,656	376,425	443,799	411,918	422,131	414,069
Total governmental activities expenses	7,272,219	7,901,293	7,970,144	8,660,559	9,025,791	9,419,804	10,190,889	10,627,368	10,991,099	11,401,227
Business-type activities:										
Water and sewer	5,817,562	5,816,606	5,814,647	5,826,397	6,379,513	6,401,399	6,344,981	6,163,135	6,381,468	6,527,669
Solid waste management	1,533,097	1,585,436	1,646,047	1,742,644	1,844,622	1,944,585	1,914,193	2,183,736	2,105,056	2,134,829
Ambulance	1,404,003	1,378,127	1,468,954	1,864,412	1,966,355	2,189,949	2,244,762	2,204,031	2,109,930	2,249,353
Total business-type activities expenses	8,754,662	8,780,169	8,929,648	9,433,453	10,190,490	10,535,933	10,503,937	10,550,902	10,596,454	10,911,851
Total primary government expenses	\$ 16,026,881	\$ 16,681,462	\$ 16,899,792	\$ 18,094,012	\$ 19,216,281	\$ 19,955,737	\$ 20,694,826	\$ 21,178,270	\$ 21,587,553	\$ 22,313,078

CITY OF SWEETWATER, TEXAS

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

(Prepared using the accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Continued										
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,088,452	\$ 1,145,975	\$ 1,202,704	\$ 1,271,870	\$ 1,608,618	\$ 1,277,724	\$ 1,338,490	\$ 1,358,629	\$ 1,711,344	\$ 1,703,198
Public works	430	24,419	16,560	21,673	3,363	3,495	3,747	2,770	3,912	5,095
Culture and recreation	371,340	375,378	360,077	365,182	364,659	375,659	377,382	377,361	401,381	413,998
Community services	4,200	4,500	2,500	4,250	1,250	-	-	-	-	-
Airport	9,262	41,094	154,950	223,583	178,196	160,902	194,555	164,188	176,126	158,381
Operating grants and contributions	297,460	329,867	267,093	392,616	367,386	287,101	308,172	246,386	225,099	197,845
Capital grants and contributions	21,680	170,168	690,376	472,375	-	-	38,160	32,000	486,394	52,155
Total governmental activities program revenues	1,792,824	2,091,401	2,694,260	2,751,549	2,523,472	2,104,881	2,260,505	2,181,333	3,004,255	2,530,672
Business-type activities:										
Charges for services:										
Water and sewer	6,142,355	7,374,802	6,921,210	7,331,761	6,958,410	6,558,087	7,202,525	7,291,239	7,624,129	7,260,157
Solid waste management	1,710,700	1,761,550	1,775,439	1,883,190	1,953,590	1,895,226	1,891,078	1,886,909	1,441,468	2,023,957
Ambulance	1,113,400	1,030,757	1,102,030	1,566,407	1,533,151	1,582,404	1,561,508	1,454,635	2,054,866	1,324,861
Operating grants and contributions	21,787	2,800	10,832	20,454	9,979	18,069	1,600	12,260	10,011	9,689
Capital grants and contributions	23,000	-	252,083	-	-	-	-	-	46,337	228,663
Total business-type activities program revenues	9,011,242	10,169,909	10,061,594	10,801,812	10,455,130	10,053,786	10,656,711	10,645,043	11,176,811	10,847,327
Total primary government program revenues	\$ 10,804,067	\$ 12,261,311	\$ 12,755,854	\$ 13,553,361	\$ 12,978,602	\$ 12,158,667	\$ 12,917,216	\$ 12,826,376	\$ 14,181,066	\$ 13,377,999
Net (Expense)/Revenue										
Governmental activities	\$ (5,479,395)	\$ (5,809,892)	\$ (5,275,885)	\$ (5,909,011)	\$ (6,502,319)	\$ (7,314,923)	\$ (7,930,383)	\$ (8,446,034)	\$ (7,986,843)	\$ (8,870,555)
Business-type activities	256,580	1,389,740	1,131,946	1,368,359	264,640	(482,147)	152,776	94,141	580,357	(64,524)
Total primary government net expense	\$ (5,222,815)	\$ (4,420,152)	\$ (4,143,939)	\$ (4,540,652)	\$ (6,237,679)	\$ (7,797,070)	\$ (7,777,607)	\$ (8,351,893)	\$ (7,406,486)	\$ (8,935,079)

CITY OF SWEETWATER, TEXAS

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

(Prepared using the accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Continued										
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$1,576,291	\$1,664,280	\$1,622,785	\$1,922,873	\$1,901,654	\$2,045,818	\$2,236,094	\$2,214,540	\$2,231,361	\$2,263,389
Sales taxes	2,156,246	2,899,276	2,902,727	2,552,984	2,706,835	2,841,341	3,377,448	2,779,816	2,972,679	2,791,806
Franchise taxes	989,016	1,026,373	1,066,545	1,009,669	1,097,948	1,151,119	1,064,016	1,060,142	1,071,082	1,103,867
Other taxes	352,334	433,575	505,979	572,910	620,562	723,538	735,637	623,046	679,577	692,600
Investment earnings	29,264	29,041	22,017	24,761	25,297	19,517	20,561	37,532	89,401	116,114
Miscellaneous	757,485	914,358	1,314,414	861,174	1,006,410	732,713	589,044	693,332	784,688	870,036
Special item	-	-	531,339	4,521	-	-	116,204	154,110	-	-
Transfers	(220,000)	(318,000)	(401,000)	(365,500)	(410,000)	(433,000)	(363,473)	(670,072)	(487,000)	93,333
Total governmental activities	5,640,637	6,648,904	7,564,805	6,583,391	\$6,948,706	\$7,081,046	\$7,775,531	\$6,892,446	\$7,341,788	\$7,931,145
Business-type activities:										
Investment earnings	19,266	27,538	22,459	23,304	20,667	19,463	26,111	64,240	137,741	221,310
Miscellaneous	100,312	363,534	89,737	77,793	86,433	166,118	61,637	94,561	-	173,428
Special item	-	-	-	-	-	-	-	-	-	-
Transfers	220,000	318,000	401,000	365,500	410,000	433,000	363,473	670,072	487,000	(93,333)
Total business-type activities	339,578	709,072	513,196	466,597	517,100	618,581	451,222	828,873	624,741	301,405
Total primary government	\$ 5,980,215	\$ 7,357,976	\$ 8,078,002	\$ 7,049,989	\$ 7,465,807	\$ 7,699,628	\$ 8,226,754	\$ 7,721,319	\$ 7,966,529	\$ 8,232,550
Change in Net Position										
Governmental activities	\$ 161,242	\$ 839,012	\$ 2,288,920	\$ 674,380	\$ 446,387	\$ (233,877)	\$ (154,852)	\$ (1,553,588)	\$ (645,055)	\$ (939,410)
Business-type activities	596,158	2,098,811	1,645,141	1,834,958	781,740	136,434	603,998	923,014	1,205,098	236,881
Total primary government	\$ 757,400	\$ 2,937,823	\$ 3,934,062	\$ 2,509,338	\$ 1,228,127	\$ (97,443)	\$ 449,146	\$ (630,574)	\$ 560,043	\$ (702,529)

Source: Comprehensive Annual Financial Reports

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 Two Fiscal Years**

Function/Program	Program Revenue	
	Fiscal Year 2019	Fiscal Year 2018
Governmental Activities		
General Government	\$1,703,198	\$1,711,344
Public Safety	2,882	413,591
Public Works	5,095	3,912
Culture and Recreation	413,998	401,381
Community Services	194,963	203,526
Airport	210,536	270,502
Subtotal Governmental Activities	2,530,672	3,004,255
Business-type Activities		
Water and Sewer	7,488,820	7,670,466
Solid Waste Management	2,023,957	1,451,479
Ambulance	1,334,550	2,054,866
Subtotal Business-type Activities	10,847,327	11,176,811
Total Primary Government	\$13,377,999	\$14,181,066

Source: Comprehensive Annual Financial Reports

CITY OF SWEETWATER, TEXAS

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

(Prepared using the modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Unreserved	4,930,607	-	-	-	-	-	-	-	-	-
Restricted	-	-	35,854	61,082	87,134	113,147	163,339	121,737	120,182	144,086
Unassigned	-	6,331,590	8,196,184	8,086,154	5,877,126	4,360,460	4,566,380	3,808,170	3,776,982	3,556,469
Total general fund	\$ 4,930,607	\$ 6,331,590	\$ 8,232,038	\$ 8,147,236	\$ 5,964,260	\$ 4,473,607	\$ 4,729,719	\$ 3,929,907	\$ 3,897,164	\$ 3,700,555
All Other Governmental Funds										
Reserved	\$ 1,079,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:										
Special revenue funds	74,632	-	-	-	-	-	-	-	-	-
Nonspendable	-	1,105,496	1,126,190	1,151,193	1,177,458	1,199,074	1,217,604	1,234,690	1,255,618	1,300,669
Restricted	-	10,280	7,682	6,950	7,190	5,055	75,700	59,693	29,189	14,012
Assigned	-	26,929	13,444	11,690	11,007	18,853	-	-	-	-
Total all other governmental funds	\$ 1,153,887	\$ 1,142,705	\$ 1,147,315	\$ 1,169,833	\$ 1,195,655	\$ 1,222,982	\$ 1,293,304	\$ 1,294,383	\$ 1,284,807	\$ 1,314,681

Source: City of Sweetwater Comprehensive Annual 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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 5,011,579	\$ 6,112,098	\$ 6,108,156	\$ 6,067,196	\$ 6,336,881	\$ 6,752,849	\$ 7,396,359	\$ 6,616,507	\$ 6,957,637	\$ 6,818,654
Intergovernmental	267,974	417,997	663,485	819,231	248,798	237,826	305,712	243,035	676,617	206,366
Charges for services	1,413,038	1,466,232	1,275,983	1,361,261	1,691,233	1,350,701	1,436,923	1,434,132	1,812,745	1,799,578
Licenses and permits	20,079	26,887	31,026	26,919	37,211	35,805	32,089	34,907	50,532	40,374
Investment income	24,826	31,605	23,891	24,761	25,297	19,517	20,561	37,532	89,401	116,113
Fines and forfeitures	40,567	39,632	50,788	59,405	43,772	50,270	59,314	54,743	42,137	44,744
Miscellaneous	808,653	1,055,012	2,019,907	1,345,905	1,508,869	1,162,993	1,015,513	1,261,960	1,206,913	1,310,007
Total revenues	7,586,716	9,149,463	10,173,236	9,704,678	9,892,061	9,609,961	10,266,471	9,682,816	10,835,982	10,335,836
Expenditures										
General government	1,285,659	1,303,407	1,371,854	1,344,973	1,540,874	1,588,013	1,637,268	1,742,582	1,694,033	1,807,932
Public safety	2,941,882	3,237,786	3,338,050	3,688,322	3,983,580	4,315,864	4,441,559	4,780,984	5,342,126	5,227,055
Public works	876,497	958,960	956,175	1,008,327	1,030,142	1,047,268	1,074,272	941,312	1,052,145	1,061,504
Culture and recreation	1,034,517	1,146,979	1,136,248	1,224,311	1,270,965	1,380,748	1,436,460	1,375,270	1,406,410	1,450,148
Community services	473,400	463,120	480,162	490,629	531,270	531,104	510,793	513,687	508,002	515,118
Airport	58,476	119,606	214,915	311,461	250,578	212,791	277,288	239,207	245,650	232,286
Capital outlay	171,268	211,803	625,523	1,337,961	3,029,805	1,564,499	179,669	218,434	142,934	301,860
Total expenditures	6,841,699	7,441,661	8,122,927	9,405,984	11,639,214	10,640,287	9,557,309	9,811,476	10,391,300	10,595,903
Excess of revenues over (under) expenditures	745,017	1,707,802	2,050,309	298,694	(1,747,153)	(1,030,326)	709,162	(128,660)	444,682	(260,067)
Other Financing Sources (Uses)										
Transfers in	151,636	86,066	146,613	163,636	192,210	210,849	221,244	207,517	196,703	823,718
Transfers out	(371,636)	(404,066)	(547,613)	(529,136)	(602,210)	(643,849)	(720,175)	(877,589)	(683,703)	(730,385)
Proceeds from sale of assets	-	-	255,750	4,521	-	-	116,204	-	-	-
Total other financing sources (uses)	(220,000)	(318,000)	(145,250)	(360,979)	(410,000)	(433,000)	(382,727)	(670,072)	(487,000)	93,333
Net change in fund balances	\$ 525,017	\$ 1,389,802	\$ 1,905,059	\$ (62,285)	\$ (2,157,153)	\$ (1,463,326)	\$ 326,434	\$ (798,733)	\$ (42,319)	\$ (166,735)
Debt Service as a % of noncapital expenditures	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Comprehensive Annual 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
2010	1,576	2,156	989	345	8	5,074
2011	1,664	2,899	1,026	428	6	6,023
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

Change:

2010-2019	41%	29%	12%	97%	50%	34%
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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 2019 property tax rate remained at \$0.497423 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 29% from 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: Tax Exempt Real Property	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*					
2010	154,563	102,782	47,562	42,478	22,543	324,842	0.4800	324,842	100%
2011	164,619	154,251	49,089	2,163	39,522	330,600	0.4800	330,600	100%
2012	168,192	133,436	70,993	2,927	36,448	339,100	0.4800	339,100	100%
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%

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	Overlapping Rates										Total Direct & Overlapping Rates		
	City of Sweetwater			Sweetwater Independent School District			Nolan County			Nolan County Hospital District			
	Operating	Service	Debt	Operating	Service	Debt	Operating	Service	Debt	Operating		Service	Debt
2010	0.4800	-	0.4800	1.0400	0.1900	1.2300	0.3492	-	0.3492	0.1961	0.0581	0.2542	2.3134
2011	0.4800	-	0.4800	1.0600	0.1650	1.2250	0.3754	-	0.3754	0.2020	0.0504	0.2524	2.3328
2012	0.4800	-	0.4800	1.0600	0.1650	1.2250	0.4230	-	0.4230	0.2042	0.0482	0.2524	2.3804
2013	0.4630	-	0.4630	1.0950	0.1200	1.2150	0.3946	-	0.3946	0.2021	0.0197	0.2218	2.2944
2014	0.4800	-	0.4800	1.0950	0.1200	1.2150	0.4431	0.0645	0.5076	0.2287	0.0236	0.2524	2.4549
2015	0.4800	-	0.4800	1.0950	0.1200	1.2150	0.4448	0.0639	0.5087	0.2459	0.1580	0.4040	2.6077
2016	0.4800	-	0.4800	1.0950	0.1180	1.2130	0.4758	0.0641	0.5399	0.2479	0.1560	0.4039	2.6368
2017	0.4800	-	0.4800	1.0950	0.1100	1.2050	0.4994	0.0671	0.5665	0.2560	0.1480	0.4040	2.6554
2018	0.4974	-	0.4974	1.0950	0.1130	1.2080	0.5008	0.0671	0.5680	0.2560	0.1480	0.4040	2.6773
2019	0.4974	-	0.4974	1.0950	0.1130	1.2080	0.4730	0.0586	0.5317	0.2932	0.1068	0.4000	2.6371

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 2019			FY 2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ludlum Measurements Inc	18,365,890	1	4.04%	14,134,059	1	4.35%
Crest Pumping Technologies LLC	10,614,980	2	2.33%			
CSI Acquisition Co.	6,138,910	3	1.35%			
Oncor Electric Delivery/TU	6,105,260	4	1.34%	4,496,540	5	1.38%
Union Pacific Railroad	4,535,310	5	1.00%			
Loves Hospitality LLC	4,498,200	6	0.99%			
Wal-Mart Stores LP	3,722,260	7	0.82%	3,826,740	6	1.18%
TXHP Sweetwater LLC	3,474,590	8	0.76%			
Wal-Mart Stores Texas LP	3,340,970	9	0.73%	4,914,462	4	1.51%
Sweetwater Assets LLC	3,173,390	10	0.70%			
Amerimix Drilling				6,526,000	2	2.01%
TST INC - dba Timco				5,441,770	3	1.68%
Dhilon Inc.				3,801,777	7	1.17%
Christina Enterprises Inc.				2,999,744	8	0.92%
Patel Bankim				2,885,595	9	0.89%
Sweet K Associates				2,881,597	10	0.89%
Total	63,969,760		14.06%	51,908,284		15.98%

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		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	1,561,808	1,441,740	92%	112,001	1,553,741	99%
2011	1,586,856	1,518,494	96%	60,666	1,579,160	100%
2012	1,627,454	1,556,652	96%	66,513	1,623,165	100%
2013	1,947,460	1,892,650	97%	49,985	1,942,635	100%
2014	1,909,117	1,855,387	97%	46,729	1,902,116	100%
2015	2,053,829	1,987,413	97%	56,286	2,043,699	100%
2016	2,232,971	2,159,055	97%	52,306	2,211,361	99%
2017	2,219,828	2,101,627	95%	87,262	2,188,889	99%
2018	2,225,365	2,129,052	96%	44,363	2,173,415	98%
2019	2,262,601	2,151,338	95%	-	2,151,338	95%

Source: Central Appraisal District of Nolan County

CITY OF SWEETWATER

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

	FY 2019				FY 2010			
	Water Rate	Water Sales	Rank	Percentage of Total Water Sales	Water Rate	Water Sales	Rank	Percentage of Total Water Sales
United States Gypsum Co.	\$ 7.26	\$ 675,005.53	1	14.74%	\$ 6.31	\$ 405,328.37	1	9.61%
Georgia Pacific	\$ 7.26	\$ 391,933.56	2	8.56%	\$ 6.31	\$ 218,389.15	3	5.18%
Sweetwater Housing Authority	\$ 7.69	\$ 314,047.00	3	6.86%	\$ 6.69	\$ 56,903.19	8	1.35%
City of Roby	\$ 6.53	\$ 219,136.14	4	4.79%	\$ 5.68	\$ 199,907.05	4	4.74%
Sweetwater ISD	\$ 7.26	\$ 165,960.32	5	3.62%				
City of Trent	\$ 6.53	\$ 124,411.27	6	2.72%	\$ 5.68	\$ 121,411.23	5	2.88%
Rolling Plains Memorial Hospital	\$ 7.26	\$ 112,173.06	7	2.45%	\$ 6.31	\$ 70,303.08	7	1.67%
Apple Creek Apartments	\$ 7.69	\$ 111,605.89	8	2.44%	\$ 6.69	\$ 95,259.82	6	2.26%
Sweetwater Mustang Heights	\$ 7.69	\$ 104,498.55	9	2.28%				
Ludlum Measurements	\$ 7.26	\$ 90,599.42	10	1.98%				
Bittercreek Water Supply					\$ 5.68	\$ 343,459.55	2	8.14%
Holiday Retirement Center					\$ 6.31	\$ 53,120.72	9	1.26%
Sweetwater 76 Auto/Truck					\$ 6.31	\$ 51,221.15	10	1.21%
		<u>\$ 2,309,370.74</u>		50.44%		<u>\$ 1,615,303.31</u>		38.30%

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				Total Primary Government	Percentage of Personal Income (3)	Per Capita (4)
	Notes Payable	General Obligation Bonds (1)	Certificates of Obligation Bonds (1)	Refunding Bonds (1)	Notes Payable			
2010	-	8,775,000	10,870,000	-	-	19,645,000	0.1507%	1,720.98
2011	-	8,685,000	1,955,000	8,033,338	-	18,673,338	0.1693%	1,712.21
2012	-	8,600,000	1,665,000	7,133,523	-	17,398,523	0.1892%	1,595.32
2013	-	8,520,000	1,360,000	6,223,707	-	16,103,707	0.2177%	1,476.59
2014	-	8,445,000	2,975,000	5,293,892	-	16,713,892	0.2278%	1,532.54
2015	-	-	1,840,000	13,667,167	-	15,507,167	0.2354%	1,421.89
2016	-	-	6,745,000	12,197,072	-	18,942,072	0.1965%	1,736.85
2017	290,000	-	6,405,000	10,696,978	-	17,391,978	0.1174%	1,594.72
2018	220,037	-	6,065,000	9,476,884	230,513	15,992,434	0.1859%	1,466.39
2019	148,694	-	5,725,000	8,211,789	156,255	14,241,738	0.2237%	1,305.86

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 Workforce Commission
- 4 Estimated Population Source: City of Sweetwater Finance Department

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)
2010	8,775,000	10,870,000	-	19,645,000	686,668	18,958,332	5.84%	1,660.83
2011	8,685,000	1,955,000	8,033,338	18,673,338	709,175	17,964,163	5.43%	1,647.18
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

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, 2019**

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	\$ 7,777,000	58.1%	\$ 4,518,437
Nolan County	12,449,000	23.0%	2,867,005
Nolan County Hospital District	21,710,451	23.0%	4,999,917
Subtotal, Overlapping Debt			<u>12,385,359</u>
City of Sweetwater direct debt			<u>148,694</u>
Total direct and overlapping debt			<u><u>\$ 12,534,053</u></u>
Total direct and overlapping debt percent of assessed taxable value			2.8%
Total direct and overlapping debt per Capita			\$1,149

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 2019

Assessed value	\$454,864,610
Debt limit ¹	11,371,615
(\$2.50 hundred dollar valuation)	
Debt applicable to limit:	
Total bonded debt	1,685,816
Less: Amount set aside for repayment of certificate of obligation debt	<u>(875,411)</u>
Total net debt applicable to limit	<u>810,405</u>
Legal debt margin	<u>\$ 10,561,210</u>

	<u>2010</u>	<u>2011</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>
Debt limit	\$ 8,121,047	\$ 8,264,999	\$ 8,477,492	\$10,505,242	\$ 9,941,110	\$10,697,024	\$11,629,821	\$11,561,604	\$11,184,114	\$11,371,615
Total net debt applicable to limit	<u>1,275,879</u>	<u>1,283,864</u>	<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>
Legal debt margin	<u>\$ 6,845,168</u>	<u>\$ 6,981,135</u>	<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>
Total net debt applicable to limit as a percentage of debt limit	15.7%	15.5%	13.4%	10.4%	11.2%	16.7%	7.8%	10.1%	7.3%	7.1%

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**

Water Revenue Bonds						
Debt Service (1)						
Fiscal Year	Water and Sewer Revenue	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2010	6,203,342	3,750,736	2,452,606	1,125,000	792,547	1.28
2011	7,692,255	3,787,771	3,904,484	1,170,000	748,039	2.04
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

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2009	11,415	\$471,694,000	\$31,621	37.1	2,275	6.3%
2010	10,906	\$479,143,000	\$31,419	37.1	2,286	6.3%
2011	10,906	\$502,560,000	\$32,914	37.1	2,273	5.6%
2012	10,906	\$523,214,000	\$35,059	37.5	2,209	5.0%
2013	10,906	\$572,484,000	\$38,072	38.7	2,196	4.6%
2014	10,906	\$550,910,000	\$36,501	37.6	2,169	3.5%
2015	10,906	\$562,315,000	\$37,222	37.4	2,126	4.3%
2016	10,906	\$434,402,267	\$20,415	38.2	2,222	4.6%
2017	10,906	\$439,028,155	\$29,725	37.8	2,152	3.4%
2018	10,906	\$469,908,791	\$31,856	37.8	2,158	3.5%

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	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Sweetwater ISD	385	1	5.9%	441	1	5.9%
Ludlum Measurements	340	2	5.2%	370	2	4.9%
Rolling Plains Hospital	329	3	5.0%	251	3	3.3%
United States Gypsum	240	4	3.7%	210	5	2.8%
Wal-Mart	190	5	2.9%	250	4	3.3%
City of Sweetwater	140	6	2.1%	135	7	1.8%
Nolan County	113	7	1.7%	100	9	1.3%
Buzzi Unicem/Lone Star Cement	105	8	1.6%	110	8	1.5%
Texas State Technical College	104	9	1.6%	166	6	2.2%
Nine (Crest Pumping Technologies)	100	10	1.5%			N/A
MHMR	100	10	1.5%	100	10	1.3%
TA Travel Stop	97	11	1.5%			N/A
Total	2,243		34.2%	2,133		28.3%

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	3.00	3.00	3.20	3.00	3.00	3.00	3.00
Court and Legal	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	0.50
Code Enforcement	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	22.00	22.00	23.00	24.00	25.00
Civilians	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Fire										
Firefighters and officers	14.00	14.00	14.00	14.00	14.00	15.00	16.00	16.00	15.00	15.00
Street and Signals	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	6.75	6.75
Animal Control	1.25	1.25	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00
Parks and Recreation	5.00	5.00	5.00	5.00	5.00	5.00	5.00	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
Swimming Pool	6.75	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	5.25	5.25	4.75	4.75
Water										
Billing and Collections	2.50	2.50	2.50	2.50	2.50	2.70	2.50	2.50	3.00	3.00
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	4.20	4.20	5.20	4.95	5.20
Water Distribution	9.20	9.20	9.20	9.20	9.20	9.20	9.20	9.20	9.20	10.20
Wastewater Collection	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
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	10.00	10.00	11.00	11.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.20	1.00	1.00	1.00	1.00
Refuse										
Refuse Collection -Residential	5.75	5.75	5.75	5.75	5.75	5.85	5.75	5.75	5.75	5.75
Refuse Disposal	3.25	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.75	3.75
Refuse Collection-Commercial	3.00	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	10.00	10.00	10.20	13.00	13.00	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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Code Enforcement										
Building permits issued	134	143	107	142	190	168	159	230	480	238
Violation notices mailed										
Weeds	261	204	88	249	432	312	392	287	257	216
Junk	99	52	63	51	56	53	37	28	17	36
Other	128	127	99	77	131	121	126	72	47	65
Identified substandard structures	30	36	33	30	19	41	8	7	10	150
Police										
Crimes against person	538	536	558	530	700	612	533	673	643	617
Crimes against property	791	799	846	815	1,200	1,056	1,137	1,383	1,037	1,035
Traffic citations	1,574	1,440	1,637	1,600	1,500	569	594	547	881	2,153
Request for service	22,572	22,642	23,298	22,500	24,000	21,928	23,453	19,876	22,579	22,347
Persons arrested	1,315	1,383	1,309	1,350	1,200	923	977	1,020	583	537
Fire										
Fire calls in city	360	378	486	444	368	352	345	391	388	514
Fire calls out of city	250	182	344	328	215	247	409	279	282	388
Animal Control										
Dogs and cats impounded	658	692	681	675	534	687	668	658	435	422
Citizen calls	1,861	1,831	1,033	1,750	2,567	3,170	4,159	4,278	3,125	2,855
Golf Course										
Number of rounds played	4,548	4,927	1,934	4,386	3,104	3,956	3,336	3,413	4,495	4,702
Number of memberships	68	57	150	52	57	60	56	50	53	50
Swimming Pool										
Number of daily admissions	9,584	9,045	9,305	8,742	6,505	6,569	7,510	7,201	6,851	5,909
Water										
Gallons pumped	853,402,993	714,779,000	898,703,000	917,745,000	916,048,681	855,907,419	806,717,009	809,908,812	775,375,601	653,787,802
Gallons treated	829,902,900	694,000,000	798,475,000	847,000,000	831,825,000	474,191,919	713,665,836	726,647,812	706,525,601	767,874,168
Average daily consumption	2.20MGD	1.9MGD	2.4MGD	2.3MGD	2.3MGD	2.1MGD	1.9MGD	1.98MGD	1.93MGD	2.2MGD
Peak Consumption	2.88MGD	3.3MGD	3.6MGD	3.8MGD	3.5MGD	3.1MGD	2.8MGD	2.9MGD	2.7MGD	2.8MGD
Average daily sewage treatment	1.0MGD	1.1MGD	1.0MGD	1.0MGD	1.0MGD	1.0MGD	1.0MGD	1.0MGD	1.0MGD	1.0MGD
Emergency Medical Service										
Ambulance calls within city	874	987	996	890	885	1,146	1,123	909	947	940
Ambulance calls total	2,031	2,348	2,109	2,057	2,316	2,244	2,218	2,057	1,945	1,910
Refuse										
Residential tons collected	6,338	6,048	5,348	6,058	5,583	5,933	5,825	5,775	5,454	6,502
Commercial ton collected	3,387	3,754	3,607	3,634	3,724	3,807	4,016	4,330	4,106	4,196

Sources: Various City departments

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

CITY OF SWEETWATER, TEXAS

**Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

Function Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	21	21	21	22	22	22	26	26
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Trucks	6	6	6	6	6	8	8	8	13	13
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	815	815	816	816	817	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	179	179	191	191	194	198	198	198	198
Fire hydrants	416	416	416	443	443	460	461	462	467	467
Storage capacity (MG)	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Sewage										
Sanitary sewers (miles)	116	116	116	123	123	123	123	123	123	123

Sources: Various City departments

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

**GOVERNMENT AUDITING STANDARDS
SECTION**

501 Locust Street
P.O. Box 627
Sweetwater, Texas 79556
(325) 236-9552

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, 2019, 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 3, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City's internal control over financial reporting as a basis for designing my auditing procedures 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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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 3, 2020

CITY OF SWEETWATER, TEXAS

Schedule of Findings and Responses
For the Year Ended September 30, 2019

I. Summary of the Auditor's Results:

- | | |
|--|------------|
| 1. The type of report issued on the financial statements: | Unmodified |
| 2.a. Significant deficiencies in internal control: | None |
| b. Significant deficiencies that were material weaknesses: | None |
| 3. Noncompliance, which is material to the financial statements: | None |

II. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

CITY OF SWEETWATER, TEXAS

Summary Schedule of Status of Prior Audit Findings
For the Year Ended September 30, 2019

There were no prior audit findings.