

Tuesday, February 11, 2020

6:00 PM

Council Chambers

**CALL TO ORDER**

**ACTION ITEMS:**

- A. Approval of Minutes** from Finance Committee Meeting August 13, 2019.
- B.** Discuss and take action on the **Fiscal Year 2018-2019 Audit.**
- C.** The next meeting will be scheduled for March 10, 2020.

**ADJOURN**

*The Finance Committee reserves the right to retire into executive session concerning any of the items listed on this Agenda, whenever it is considered necessary and legally justified under the Open Meeting Act. A quorum of the council, other committee, board and commission members may be present at this meeting; no action will be taken by them.*

*This facility is wheelchair accessible and handicapped parking spaces are available. Requests for accommodations for the hearing impaired must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (817) 710-2526 for assistance.*

*I certify that the above notice was posted on the bulletin board at the Westworth Village City Hall, 311 Burton Hill Road, Westworth Village, Texas on this, the 7<sup>th</sup> day of February 2020, at 5pm, in accordance with Chapter 551 of the Texas Government Code.*



**Brandy G. Barrett, City Secretary**





# Westworth Village

## Finance Committee Meeting Minutes

Municipal Complex  
311 Burton Hill Road  
Westworth Village, TX 76114  
cityofwestworth.com

Tuesday, August 13, 2019

6:00 PM

Council Chambers

### ATTENDEES:

Chair	Sharon Schmitz
Member	Rosa Mendez
Member	Tiffany Aller
Member	John Davies
Member	Christina Cowden
Ex-Officio Member	L. Kelly Jones
City Secretary	Brandy Barrett
City Administrator	Sterling Naron
Chief of Police	Kevin Reaves

### ABSENT:

**CALLED TO ORDER:** Councilwoman Schmitz called the meeting to order at 6:00pm.

### ACTION ITEMS:

#### A. Approval of Minutes

**MOTION to approve the minutes of the Finance Committee meeting on July 9, 2019.**

- **MADE BY:** Tiffany Aller. **SECOND:** John Davies.

#### DISCUSSION:

- Councilwoman Schmitz requested the motion be amended to include the following correction, on page 1, Item B, second bullet point, 5th sentence, should be replaced with: "What you, (Sterling) are saying may be at risk if we do not complete the required connections."

**MOTION to approve the minutes of the Finance Committee meeting on July 9, 2019 with the requested.**

- **MADE BY:** Kelly Jones. **SECOND:** John Davies.

**Motion passed unanimously** by a vote of 5 Ayes and 0 Nays.

#### B. Discuss and take action the Fiscal Year 2019-2020 Performance Based Budget.

- Mr. Naron provided an overview of the proposed budget, noting that if approved the proposed tax rate would decrease from 0.485 to 0.475. He also discussed the effective rate of 0.456 and roll back rate of 0.493. This budget will raise more total property taxes than last year's budget by \$178,905, 14%, and of that amount \$95,333 is tax revenue to be raised from new property added to the tax roll this year. The city currently has local option exemptions as, Homestead 20%, Over age 65 \$50,000, Disabled person \$30,000, to which no changes are being recommended. He reviewed an example of a residential property appraised value of \$100,000 with a local option homestead exemption of 20%, the net taxable value would be \$80,000. At a tax rate of 0.475 per \$100, the total city taxes paid on that property would be \$380. He reviewed surrounding city comparisons and the timeline for the approval of the budget by the City Council.

Surrounding City Comparisons				
City	Tax Rate	LO Homestead	LO O65	LO Disabled Person
Westworth Village	0.475	20%	\$ 50,000	\$ 30,000
Fort Worth*	0.785	20%	\$ 40,000	\$ 40,000
River Oaks*	0.7494	0	\$ 15,000	\$ -
Sansom Park*	0.787304	1%	\$ 20,000	\$ 10,000
White Settlement*	0.762186	20%	\$ 37,000	\$ 10,000

\*Based on TAD 2018 Data

- Mr. Naron led a discussion on the recent legislation regarding rollback rates and required elections.
- Councilwoman Schmitz requested a line item in the WRA for salaries for discussion purposes, to allow for a clearer view of what was being paid out to support the golf course. Mr. Naron confirmed he would find a way to break out that information.

**MOTION to recommend the city council approve the proposed Fiscal Year 2019-2020 Performance Based Budget.**

- **MADE BY:** Tiffany Aller. **SECOND:** John Davies.

**Motion passed unanimously** by a vote of 5 Ayes and 0 Nays

**C.** Next meeting is will be scheduled as needed scheduled.

**ADJOURNED at 6:40pm by Councilwoman Schmitz.**

MINUTES APPROVED on this, the 11<sup>th</sup> day of February 2020.

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**Sharon Schmitz, Chair**

**ATTESTED TO BY:**

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**Brandy G. Barrett, City Secretary**

**Westworth Village****City Administrator  
Staff Report**

Municipal Complex  
311 Burton Hill Road  
Westworth Village, TX 76114  
cityofwestworth.com

February 11, 2020

Agenda Item: B

Council Chambers

**Staff Recommendation:**

To recommend council approve the fiscal year 2018-2019 audit.

**Prior Action:**

None

**Background Information/Analysis:**

Texas Local Government Code section 103 requires municipalities to have its records and accounts audited annually.

The city contracts with certified public accountants Pattillo, Brown & Hill, LLP (PBH) for third party auditing of its financial records.

PBH will present the audit in detail to the finance committee and will address any questions from committee members.

**Financial Consideration:**

N/A

**CITY OF  
WESTWORTH VILLAGE, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2019**

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**CITY OF WESTWORTH VILLAGE, TEXAS**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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## **INTRODUCTORY SECTION**

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**CITY OF WESTWORTH VILLAGE, TEXAS**

**PRINCIPAL OFFICIALS**

**CITY COUNCIL**

Kelly Jones, Mayor

Rosa Mendez – Place 1

Tiffany Aller – Place 2

John Davies – Place 3

Sharon Schmitz – Place 4

Christina Cowden – Place 5

**ADMINISTRATIVE**

Sterling L. Naron, City Administrator

Brandy Barrett, City Secretary

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of City Council  
City of Westworth Village, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Westworth Village, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Westworth Village's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Westworth Village, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Westworth Village's basic financial statements. The introductory and supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2020 on our consideration of City of Westworth Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 City of Westworth Village's internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
February 5, 2020



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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Westworth Village, we offer readers of the City of Westworth Village's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$18,936,728 (net position). Of this amount, \$4,742,977 represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors. Net position also reflects \$12,248,114 that is the net investment in capital assets.
- The governmental fund statements reported a combined fund balance at year-end of \$6,180,660; of which \$4,094,618, or 66% represents unassigned fund balances.
- The General Fund unassigned fund balance of \$4,094,618 equals 155% of total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The management's discussion and analysis are intended to serve as an introduction to the City of Westworth Village's basic financial statements. The City's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) other required supplementary information in addition to the basic 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's finances, in a manner similar to a private-sector business. They present the financial picture of the City from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the City (excluding infrastructure purchased or donated prior to fiscal year 2003) as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables, and receivables.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year using the full accrual basis of accounting. 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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, culture and recreation, and redevelopment. The business-type activities of the City are water and sewer operations and golf course. All governmental and business-type activities included in the government-wide financial statements are functions of the City (known as the primary government.)

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, 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 the City's near-term financing requirements.

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

The City maintains four governmental funds, the General Fund, the Westworth Redevelopment Authority Special Revenue Fund, Debt Service Fund, and the Capital Projects Fund. 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 all of these funds which are classified as major.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Capital Projects Fund and Westworth Redevelopment Authority Fund. A budgetary comparison schedule has been provided in this report to demonstrate compliance with this budget.

**Proprietary funds.** The City maintains one type of proprietary fund. The City of Westworth Village uses enterprise funds to account for its water and sewer operations and golf course. Enterprise funds are used to report the same functions presented as business-type 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.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and funds financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning pension benefits and budgetary information.

## **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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,936,728 as of September 30, 2019.

**TABLE 1****CITY OF WESTWORTH VILLAGE'S NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 6,828,447	\$ 6,214,357	\$ 1,158,300	\$ 1,059,574	\$ 7,986,747	\$ 7,273,931
Capital assets	<u>14,396,475</u>	<u>14,444,635</u>	<u>7,636,545</u>	<u>7,602,850</u>	<u>22,033,020</u>	<u>22,047,485</u>
Total assets	<u>21,224,922</u>	<u>20,658,992</u>	<u>8,794,845</u>	<u>8,662,424</u>	<u>30,019,767</u>	<u>29,321,416</u>
Deferred outflows of resources	<u>346,577</u>	<u>224,830</u>	<u>128,847</u>	<u>60,915</u>	<u>475,424</u>	<u>285,745</u>
Long-term liabilities	8,659,396	9,225,983	1,260,116	1,062,072	9,919,512	10,288,055
Other liabilities	<u>1,041,740</u>	<u>702,792</u>	<u>480,703</u>	<u>377,984</u>	<u>1,522,443</u>	<u>1,080,776</u>
Total liabilities	<u>9,701,136</u>	<u>9,928,775</u>	<u>1,740,819</u>	<u>1,440,056</u>	<u>11,441,955</u>	<u>11,368,831</u>
Deferred inflows of resources	<u>80,302</u>	<u>228,064</u>	<u>36,206</u>	<u>93,447</u>	<u>116,508</u>	<u>321,511</u>
Net position:						
Net investments, in capital assets	5,848,336	5,358,457	6,399,778	6,566,056	12,248,114	11,924,513
Restricted	1,945,637	1,938,167	-	-	1,945,637	1,938,167
Unrestricted	<u>3,996,088</u>	<u>3,430,359</u>	<u>746,889</u>	<u>623,780</u>	<u>4,742,977</u>	<u>4,054,139</u>
Total net position	<u>\$ 11,790,061</u>	<u>\$ 10,726,983</u>	<u>\$ 7,146,667</u>	<u>\$ 7,189,836</u>	<u>\$ 18,936,728</u>	<u>\$ 17,916,819</u>

Net investment in capital assets, the investment in capital assets (e.g., land, building, infrastructure, machinery and equipment) less any related debt used to acquire those assets that are still outstanding, is \$12,248,114. The City uses those assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$1,945,637 (or 10%) of the City's net position represent resources that are subject to external restrictions on how they may be used. All restricted assets of the City are being held for the purposes established by state and local laws and debt service requirements on the City's outstanding debt. The remaining portion of the City's net position, \$4,742,977, may be used to meet the City's ongoing obligations to citizens and creditors.

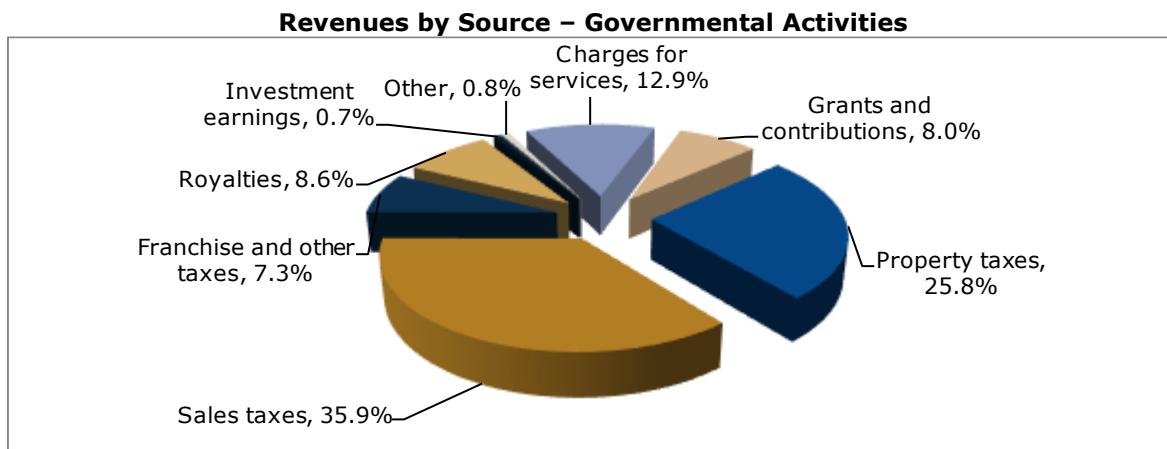
The City's total net position increased by \$1,019,909 during the current fiscal year. The City's governmental activities increased net position by \$1,063,078. The total cost of all governmental activities this year was \$3,935,595. The City's business-type activities decreased net position by \$43,169. The total cost of all business-type activities for fiscal year 2019 was \$2,950,813.

**TABLE 2**  
**CITY OF WESTWORTH VILLAGE'S CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 642,960	\$ 872,322	\$ 2,902,801	\$ 2,956,292	\$ 3,545,761	\$ 3,828,614
Operating grants and contributions	312,143	313,980	-	-	312,143	313,980
Capital grants and contributions	86,343	18,677	-	-	86,343	18,677
General revenues:						
Property taxes	1,290,577	1,208,669	-	-	1,290,577	1,208,669
Sales taxes	1,796,985	1,872,954	-	-	1,796,985	1,872,954
Franchise taxes	366,445	347,373	-	-	366,445	347,373
Royalties	432,627	112,517	-	-	432,627	112,517
Investment earnings	33,482	27,907	1,919	1,249	35,401	29,156
Other	40,035	63,965	-	-	40,035	63,965
Transfers	( 2,924)	262,427	2,924	( 262,427)	-	-
Total revenues	<u>4,998,673</u>	<u>5,100,791</u>	<u>2,907,644</u>	<u>2,695,114</u>	<u>7,906,317</u>	<u>7,795,905</u>
Expenses:						
General government	1,351,115	2,295,897	-	-	1,351,115	2,295,897
Judicial	147,095	151,741	-	-	147,095	151,741
Public safety	1,555,949	1,668,863	-	-	1,555,949	1,668,863
Public works	206,120	-	-	-	206,120	-
Culture and recreation	94,942	86,817	-	-	94,942	86,817
Redevelopment	187,595	29,302	-	-	187,595	29,302
Interest on long-term debt	392,779	348,882	-	-	392,779	348,882
Water and sewer	-	-	1,446,949	1,437,377	1,446,949	1,437,377
Golf course	-	-	1,503,864	1,717,152	1,503,864	1,717,152
Total expenses	<u>3,935,595</u>	<u>4,581,502</u>	<u>2,950,813</u>	<u>3,154,529</u>	<u>6,886,408</u>	<u>7,736,031</u>
Increase (decrease) in net position	1,063,078	519,289	( 43,169)	( 459,415)	1,019,909	59,874
Net position, beginning	10,726,983	10,248,493	7,189,836	7,665,967	17,916,819	17,914,460
Change in accounting principles	-	( 40,799)	-	( 16,716)	-	( 57,515)
Net position, beginning restated	<u>10,726,983</u>	<u>10,207,694</u>	<u>7,189,836</u>	<u>7,649,251</u>	<u>17,916,819</u>	<u>17,856,945</u>

**Governmental activities.** Governmental activities increased the City's net position by \$1,063,078. The key elements of this increase are as follows:

Revenues for the governmental activities remained consistent with the prior year except for royalties which increased over the prior year. The governmental activities increased net position from operations.



**Business-type activities.** Business-type activities decreased the City's net position by \$43,169. The golf course operated at a net loss of \$9,912 while the water and sewer fund experienced an operating income of \$2,284. Both of these figures contain depreciation in their calculation (Water Fund depreciation \$205,738, Golf Course depreciation \$169,353), totaling \$375,091.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**Governmental funds.** The focus of the City'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported an ending fund balance of \$6,180,660, a decrease of \$526,492 in comparison with the prior year. \$4,094,618 or 66% of the fund balance represents unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted for redevelopment \$1,507,127, debt service \$337,125, and other \$73,446.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,094,618. As a measure of the General Fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 155%, or slightly more than 567 days of total General Fund expenditures.

The City's General fund balance increased \$617,311 during the current fiscal year. Revenues for the General Fund were \$19,818 more than the prior year.

The Debt Service fund balance decreased from \$369,557 to \$337,125. Debt service payments from this fund were slightly higher than the prior year. The City moved a penny from the M&O tax rate to the I&S tax rate, making the rates \$0.240 and \$0.245, respectively.

The WRA fund balance decreased from \$1,522,512 to \$1,507,127. The WRA received \$424,174 in gas well royalties which was then transferred into the General Fund. The WRA is responsible for maintenance of the City's parks and landscaping needs as well as continuing debt obligations.

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

The Water and Sewer fund continues to be self-supporting generating a decrease in net position of \$75,542 in FY 2019. The Water and Sewer fund contains the operating revenues and expenses associated with solid waste collection which is also self-supporting.

The Hawks Creek Golf Course (HCGC) fund had a net decrease in net position from operations of \$32,373. This decrease is primarily the result of an operating expenses exceeding operating revenues.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City did not amend the original 2019 General Fund annual budget during the fiscal year. The following are significant variations between the original budget and actual amounts:

- Actual revenues were less than budgeted by \$184,151, and
- Actual expenditures were less than budgeted by \$497,059.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** The City's investment in total capital assets, for its governmental and business-type activities as of September 30, 2019, amounts to \$22,033,020 (net of accumulated depreciation). Investments in capital assets related to governmental activities (\$14,396,475) includes land, construction in progress, buildings and improvements, infrastructure, furniture and fixtures, machinery and equipment, and vehicles. The City's investments in capital assets related to business-type activities (\$7,636,545) include the water and sewer system, golf course, machinery and equipment, and vehicles.

Major capital asset events during the current fiscal year included the following:

- Construction for infrastructure improvements for the governmental activities of \$487,288;
- Purchase of equipment for the business-type activities for \$404,786.

**TABLE 3**

### CITY OF WESTWORTH VILLAGE'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 644,158	\$ 644,158	\$ 2,097,881	\$ 2,097,881	\$ 2,742,039	\$ 2,742,039
Construction in progress	636,005	342,441	20,000	-	656,005	342,441
Buildings and improvements	3,976,593	4,081,155	69,734	81,588	4,046,327	4,162,743
Golf course	-	-	688,358	795,447	688,358	795,447
Water and sewer system	-	-	4,243,342	4,424,299	4,243,342	4,424,299
Infrastructure	9,011,661	9,174,566	-	-	9,011,661	9,174,566
Machinery and equipment	128,058	202,315	517,230	203,635	645,288	405,950
Total capital assets	<u>\$ 14,396,475</u>	<u>\$ 14,444,635</u>	<u>\$ 7,636,545</u>	<u>\$ 7,602,850</u>	<u>\$ 22,033,020</u>	<u>\$ 22,047,485</u>

Additional information on the City's capital assets can be found in the notes to the financial statements of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Westworth Village had total debt outstanding of \$9,919,512. Of this amount, \$9,509,652 represents general obligation bonds, combined tax and revenue bonds, and certificates of obligation secured by property tax collections, and \$336,070 represents capital lease obligations. The City's total debt decreased by a net amount of \$368,542. This decrease is the result of a combination of the repayment of existing debt and the issuance of general obligation refunding bonds in 2019.

State statutes limit the total property tax rate to \$2.50 per \$100 assessed valuation. The City's total property tax rate for 2019 was \$0.485 per \$100 assessed valuation, of which \$0.245 was for annual debt service.

Additional information on the City's long-term debt can be found in the notes to the financial statements of this report.



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The annual budget is developed to provide efficient, effective and economic uses of the City's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The City is continuing a very active program in infrastructure improvements including streets, water and sewer lines and alleyways throughout the City.

In considering the City budget for fiscal year 2020, the City Council and management considered the following factors:

- Sales tax revenue is projected to increase due to an improving economic climate and the maturing of several sales tax generating retail operations;
- Property tax revenue was budgeted to increase while the City reduced its tax rate to \$0.475 per \$100 due to an increase in taxable value and new construction.
- The General Fund operational budget for the City is balanced while Debt Service is budgeted at a net \$16,317. The positive net revenue will be utilized to replenish reserve funds that were used in the prior fiscal years to cover shortfalls;
- The City remains in the process of completing a trail system through an 80/20 TAP grant.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the City of Westworth Village's finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the City Secretary at 311 Burton Hill Road, Westworth Village, Texas 76114.

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**BASIC  
FINANCIAL STATEMENTS**

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**CITY OF WESTWORTH VILLAGE, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>ASSETS</b>		
Cash and investments	\$ 5,900,850	\$ 871,730
Receivables, net:		
Accounts	-	197,711
Taxes	323,139	-
Other	138,222	-
Due from other governments	13,093	-
Internal balances	( 21,309)	21,309
Inventory	-	67,550
Land held for sale	474,452	-
Capital assets:		
Nondepreciable	1,280,163	2,117,881
Depreciable, net	<u>13,116,312</u>	<u>5,518,664</u>
Total capital assets	<u>14,396,475</u>	<u>7,636,545</u>
Total assets	<u>21,224,922</u>	<u>8,794,845</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding	60,816	-
Deferred outflows related to pensions	282,372	127,319
Deferred outflows related to OPEB	<u>3,389</u>	<u>1,528</u>
Total deferred outflows of resources	<u>346,577</u>	<u>128,847</u>
<b>LIABILITIES</b>		
Accounts payable	327,404	62,327
Accrued liabilities	132,546	24,736
Due to other governments	80,306	78,797
Unearned revenue	9,255	6,510
Customer deposits	-	86,391
Long-term liabilities:		
Due within one year		
Long-term debt	562,301	102,999
Total OPEB liability	281	127
Due in more than one year		
Long-term debt	8,097,095	1,157,117
Net pension liability	440,685	198,703
Total OPEB liability	<u>51,263</u>	<u>23,112</u>
Total liabilities	<u>9,701,136</u>	<u>1,740,819</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to OPEB	3,281	1,479
Deferred inflows related to pensions	<u>77,021</u>	<u>34,727</u>
Total deferred inflows of resources	<u>80,302</u>	<u>36,206</u>
<b>NET POSITION</b>		
Net investment in capital assets	5,848,336	6,399,778
Restricted for:		
Public safety-crime control	-	-
Redevelopment	1,507,127	-
Debt service	312,713	-
Street improvements	52,351	-
Other	73,446	-
Unrestricted	<u>3,996,088</u>	<u>746,889</u>
Total net position	\$ <u>11,790,061</u>	\$ <u>7,146,667</u>

The accompanying notes are an integral part of these financial statements.

<u>Total</u>	<u>Component Unit Crime Control and Prevention District</u>
\$ 6,772,580	\$ 86,336
197,711	-
323,139	95,857
138,222	-
13,093	-
-	-
67,550	-
474,452	-
3,398,044	-
<u>18,634,976</u>	<u>-</u>
<u>22,033,020</u>	<u>-</u>
<u>30,019,767</u>	<u>182,193</u>
60,816	-
409,691	79,434
<u>4,917</u>	<u>953</u>
<u>475,424</u>	<u>80,387</u>
389,731	-
157,282	9,239
159,103	-
15,765	-
86,391	-
665,300	1,191
408	80
9,254,212	4,765
639,388	123,969
<u>74,375</u>	<u>14,421</u>
<u>11,441,955</u>	<u>153,665</u>
4,760	923
<u>111,748</u>	<u>21,667</u>
<u>116,508</u>	<u>22,590</u>
12,248,114	-
-	86,325
1,507,127	-
312,713	-
52,351	-
73,446	-
<u>4,742,977</u>	<u>-</u>
\$ <u>18,936,728</u>	\$ <u>86,325</u>

**CITY OF WESTWORTH VILLAGE, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 1,351,115	\$ 282,094	\$ 312,143	\$ 86,343
Judicial	147,095	343,646	-	-
Public safety	1,555,949	17,220	-	-
Public works	206,120	-	-	-
Culture and recreation	94,942	-	-	-
Redevelopment	187,595	-	-	-
Interest on long-term debt	392,779	-	-	-
Total governmental activities	<u>3,935,595</u>	<u>642,960</u>	<u>312,143</u>	<u>86,343</u>
Business-type activities:				
Water and sewer	1,446,949	1,437,152	-	-
Hawks creek golf course	1,503,864	1,465,649	-	-
Total business-type activities	<u>2,950,813</u>	<u>2,902,801</u>	<u>-</u>	<u>-</u>
Total primary government	<u>6,886,408</u>	<u>3,545,761</u>	<u>312,143</u>	<u>86,343</u>
Component Unit:				
Crime Control and Prevention District	\$ <u>576,235</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

General revenues:

Taxes  
   Property  
   Sales  
   Franchise and other taxes  
 Royalties  
 Investment earnings  
 Miscellaneous

Transfers

    Total general revenues and transfers

Changes in net position

Net position, beginning

Net position, ending

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Crime Control and Prevention District
\$( 670,535)	\$ -	\$( 670,535)	\$ -
196,551	-	196,551	-
( 1,538,729)	-	( 1,538,729)	-
( 206,120)	-	( 206,120)	-
( 94,942)	-	( 94,942)	-
( 187,595)	-	( 187,595)	-
( 392,779)	-	( 392,779)	-
( 2,894,149)	-	( 2,894,149)	-
-	( 9,797)	( 9,797)	-
-	( 38,215)	( 38,215)	-
-	( 48,012)	( 48,012)	-
( 2,894,149)	( 48,012)	( 2,942,161)	-
-	-	-	( 576,235)
1,290,577	-	1,290,577	-
1,796,985	-	1,796,985	596,592
366,445	-	366,445	-
432,627	-	432,627	-
33,482	1,919	35,401	6
40,035	-	40,035	-
( 2,924)	2,924	-	-
3,957,227	4,843	3,962,070	596,598
1,063,078	( 43,169)	1,019,909	20,363
10,726,983	7,189,836	17,916,819	65,962
\$ 11,790,061	\$ 7,146,667	\$ 18,936,728	\$ 86,325



**CITY OF WESTWORTH VILLAGE, TEXAS**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b>ASSETS</b>			
Cash and investments	\$ 4,263,454	\$ 285,279	\$ 382,157
Receivables, net:			
Taxes	206,296	-	15,863
Other	122,610	-	-
Due from other governments	3,616	9,477	-
Due from other funds	-	26,340	-
Land held for resale	-	-	-
Total assets	<u>4,595,976</u>	<u>321,096</u>	<u>398,020</u>
<b>LIABILITIES</b>			
Accounts payable	120,775	205,103	-
Accrued liabilities	94,888	-	-
Due to other governments	80,306	-	-
Due to other funds	-	-	47,649
Unearned revenue	9,255	-	-
Total liabilities	<u>305,224</u>	<u>205,103</u>	<u>47,649</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	13,976	-	13,246
Unavailable revenue - court fines	108,712	-	-
Total deferred inflows of resources	<u>122,688</u>	<u>-</u>	<u>13,246</u>
<b>FUND BALANCES</b>			
Restricted for:			
Capital projects	-	115,993	-
Redevelopment	-	-	-
Debt service	-	-	337,125
Street improvements	-	-	-
Other	73,446	-	-
Unassigned	4,094,618	-	-
Total fund balances	<u>4,168,064</u>	<u>115,993</u>	<u>337,125</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>4,595,976</u>	\$ <u>321,096</u>	\$ <u>398,020</u>

Nonmajor Street Fund	Westworth Redevelopment Authority	Total Governmental Funds
\$ 2,878	\$ 967,082	\$ 5,900,850
49,473	51,507	323,139
-	15,612	138,222
-	-	13,093
-	-	26,340
-	474,452	474,452
<u>52,351</u>	<u>1,508,653</u>	<u>6,876,096</u>
-	1,526	327,404
-	-	94,888
-	-	80,306
-	-	47,649
-	-	9,255
<u>-</u>	<u>1,526</u>	<u>559,502</u>
-	-	27,222
<u>-</u>	<u>-</u>	<u>108,712</u>
<u>-</u>	<u>-</u>	<u>135,934</u>
-	-	115,993
-	1,507,127	1,507,127
-	-	337,125
52,351	-	52,351
-	-	73,446
-	-	4,094,618
<u>52,351</u>	<u>1,507,127</u>	<u>6,180,660</u>
\$ <u>52,351</u>	\$ <u>1,508,653</u>	\$ <u>6,876,096</u>

**CITY OF WESTWORTH VILLAGE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

Total fund balances - governmental funds	\$ 6,180,660
Capital assets used in governmental activities are not reported in the funds.	14,396,475
A portion of property taxes and court fines receivable are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.	135,934
Accrued bond interest is not due and payable in the current period and, therefore, is not reported in the funds.	( 37,658)
Long-term liabilities and deferred losses on bond refundings, reported as deferred outflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds.	
Long-term liabilities:	
Bonds payable	( 8,256,304)
Premium on bond issuance	( 352,651)
Compensated absences	( 50,441)
Deferred outflows of resources:	
Deferred loss on bond refunding	60,816
Included in the items related to long-term liabilities is the recognition of the City's net pension liability, total OPEB liability, and related deferred inflows and outflows	
Long-term liabilities:	
Net pension liability	( 440,685)
Total OPEB liability	( 51,544)
Deferred outflows and inflows of resources:	
Deferred outflow of resources related to OPEB	3,389
Deferred outflow of resources related to pension	282,372
Deferred inflow of resources related to pension	( 3,281)
Deferred inflow of resources related to pension	( 77,021)
Net position of governmental activities	\$ <u>11,790,061</u>

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**CITY OF WESTWORTH VILLAGE, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b>REVENUES</b>			
Property taxes	\$ 640,823	\$ -	\$ 655,022
Sales taxes	1,198,200	-	-
Franchise fees and other taxes	366,445	-	-
Licenses and permits	260,974	-	-
Intergovernmental	55,081	86,343	-
Charges for services	11,739	11,120	-
Fines and forfeitures	280,633	-	-
Royalties	8,453	-	-
Investment earnings	18,665	2,815	8,663
Contributions	133,923	85,000	93,220
Miscellaneous	<u>39,192</u>	<u>-</u>	<u>-</u>
Total revenues	<u>3,014,128</u>	<u>185,278</u>	<u>756,905</u>
<b>EXPENDITURES</b>			
Current:			
General government	853,345	3,758	-
Judicial	153,985	-	-
Public safety:			
Police	1,218,257	-	-
Fire	318,462	-	-
Public works	-	-	-
Culture and recreation	93,816	-	-
Redevelopment	-	-	-
Capital outlay	-	468,589	-
Debt service:			
Principal	-	-	525,344
Interest and other fees	-	-	365,375
Payment to escrow agent	-	-	3,714,618
Total expenditures	<u>2,637,865</u>	<u>472,347</u>	<u>4,605,337</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>376,263</u>	<u>( 287,069)</u>	<u>( 3,848,432)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of refunding bonds	-	-	3,625,000
Premium on bonds	-	-	191,000
Transfers in	716,838	191,716	-
Transfers out	<u>( 475,790)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>241,048</u>	<u>191,716</u>	<u>3,816,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	617,311	( 95,353)	( 32,432)
<b>FUND BALANCES, BEGINNING</b>	<u>3,550,753</u>	<u>211,346</u>	<u>369,557</u>
<b>FUND BALANCES, ENDING</b>	\$ <u>4,168,064</u>	\$ <u>115,993</u>	\$ <u>337,125</u>

Nonmajor Street Fund	Westworth Redevelopment Authority	Total Governmental Funds
\$ -	\$ -	\$ 1,295,845
299,507	299,278	1,796,985
-	-	366,445
-	-	260,974
-	-	141,424
-	-	22,859
-	-	280,633
-	424,174	432,627
-	3,339	33,482
-	-	312,143
-	843	40,035
<u>299,507</u>	<u>727,634</u>	<u>4,983,452</u>
-	-	857,103
-	-	153,985
-	-	1,218,257
-	-	318,462
206,120	-	206,120
-	-	93,816
-	185,286	185,286
17,522	-	486,111
-	143,000	668,344
-	2,559	367,934
-	-	3,714,618
<u>223,642</u>	<u>330,845</u>	<u>8,270,036</u>
<u>75,865</u>	<u>396,789</u>	<u>( 3,286,584)</u>
-	-	3,625,000
-	-	191,000
47,486	212,000	1,168,040
<u>( 71,000)</u>	<u>( 624,174)</u>	<u>( 1,170,964)</u>
<u>( 23,514)</u>	<u>( 412,174)</u>	<u>3,813,076</u>
52,351	( 15,385)	526,492
-	<u>1,522,512</u>	<u>5,654,168</u>
\$ <u>52,351</u>	\$ <u>1,507,127</u>	\$ <u>6,180,660</u>

**CITY OF WESTWORTH VILLAGE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

Net change in fund balances - total governmental funds	\$ 526,492
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. This is the amount of capital outlay reported in the current period.	487,288
Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as an expenditure in the governmental funds.	( 535,448)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Issuance of debt	3,640,000
Refunded debt	( 3,816,000)
The change in property taxes and court fines unavailable revenue is reported as revenue in the statement of activities, however, this change does not provide current financial resources and is therefore not reported as revenues in the funds.	18,145
Some expenses reported in the statement of activities and do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.	
Accrued interest payable on long-term debt	4,078
Compensated absences liability	13,202
Net pension liability	14,663
Total OPEB liability	( 3,381)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Repayment of principal on long-term debt	668,344
Amortization of:	
Premium on bond issuance	61,041
Deferred loss on bond refunding	( 15,346)
Change in net position of governmental activities - statement of activities	\$ <u>1,063,078</u>

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**CITY OF WESTWORTH VILLAGE, TEXAS**

STATEMENT OF NET POSITION  
ENTERPRISE FUNDS

SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Hawks Creek Golf Course	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 818,688	\$ 53,042	\$ 871,730
Accounts receivable, net	179,416	18,295	197,711
Due from other funds	5,166	39,422	44,588
Inventory	-	67,550	67,550
Total current assets	<u>1,003,270</u>	<u>178,309</u>	<u>1,181,579</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	20,000	2,097,881	2,117,881
Depreciable, net	<u>4,300,603</u>	<u>1,218,061</u>	<u>5,518,664</u>
Total noncurrent assets	<u>4,320,603</u>	<u>3,315,942</u>	<u>7,636,545</u>
Total assets	<u>5,323,873</u>	<u>3,494,251</u>	<u>8,818,124</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	23,967	103,352	127,319
Deferred outflows related to OPEB	<u>288</u>	<u>1,240</u>	<u>1,528</u>
Total deferred resource outflows	<u>24,255</u>	<u>104,592</u>	<u>128,847</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	50,150	12,177	62,327
Accrued liabilities	4,483	20,253	24,736
Due to other governments	76,115	2,682	78,797
Due to other funds	-	23,279	23,279
Unearned revenues	-	6,510	6,510
Customer deposits	86,391	-	86,391
Certificates of obligation	14,894	34,893	49,787
Capital leases	-	48,542	48,542
Compensated absences	<u>581</u>	<u>4,089</u>	<u>4,670</u>
Total current liabilities	<u>232,614</u>	<u>152,425</u>	<u>385,039</u>
Noncurrent liabilities:			
Certificates of obligation	254,546	596,364	850,910
Capital leases	-	287,528	287,528
Compensated absences	2,322	16,357	18,679
Net pension liability	37,405	161,298	198,703
Total OPEB liability	<u>4,374</u>	<u>18,865</u>	<u>23,239</u>
Total noncurrent liabilities	<u>298,647</u>	<u>1,080,412</u>	<u>1,379,059</u>
Total liabilities	<u>531,261</u>	<u>1,232,837</u>	<u>1,764,098</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	278	1,201	1,479
Deferred inflows related to pensions	<u>6,537</u>	<u>28,190</u>	<u>34,727</u>
Total deferred resource inflows	<u>6,815</u>	<u>29,391</u>	<u>36,206</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,051,163	2,348,615	6,399,778
Unrestricted	<u>758,889</u>	<u>( 12,000)</u>	<u>746,889</u>
Total net position	<u>\$ 4,810,052</u>	<u>\$ 2,336,615</u>	<u>\$ 7,146,667</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WESTWORTH VILLAGE, TEXAS**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
ENTERPRISE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Hawks Creek Golf Course</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Water services	\$ 724,362	\$ -	\$ 724,362
Sewer services	573,756	-	573,756
Sanitation services	139,034	-	139,034
Golf course	<u>-</u>	<u>1,465,649</u>	<u>1,465,649</u>
Total operating revenues	<u>1,437,152</u>	<u>1,465,649</u>	<u>2,902,801</u>
<b>OPERATING EXPENSES</b>			
Supplies and maintenance	143,927	380,229	524,156
Personnel services	144,941	730,231	875,172
Contractual services	762,899	21,166	784,065
Other	177,363	174,582	351,945
Depreciation	<u>205,738</u>	<u>169,353</u>	<u>375,091</u>
Total operating expenses	<u>1,434,868</u>	<u>1,475,561</u>	<u>2,910,429</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,284</u>	<u>( 9,912)</u>	<u>( 7,628)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	1,919	-	1,919
Interest expense	<u>( 12,081)</u>	<u>( 28,303)</u>	<u>( 40,384)</u>
Total nonoperating revenues (expenses)	<u>( 10,162)</u>	<u>( 28,303)</u>	<u>( 38,465)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>( 7,878)</u>	<u>( 38,215)</u>	<u>( 46,093)</u>
Transfers in	-	95,588	95,588
Transfers out	<u>( 67,664)</u>	<u>( 25,000)</u>	<u>( 92,664)</u>
<b>CHANGE IN NET POSITION</b>	<u>( 75,542)</u>	<u>32,373</u>	<u>( 43,169)</u>
<b>NET POSITION, BEGINNING</b>	<u>4,885,594</u>	<u>2,304,242</u>	<u>7,189,836</u>
<b>NET POSITION, ENDING</b>	<u>\$ 4,810,052</u>	<u>\$ 2,336,615</u>	<u>\$ 7,146,667</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WESTWORTH VILLAGE, TEXAS**

STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	Water and Sewer	Hawks Creek Golf Course	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,440,998	\$ 1,425,641	\$ 2,866,639
Cash paid to suppliers for goods and services	( 1,110,967)	( 726,470)	( 1,837,437)
Cash paid to employees for services	( 143,454)	( 573,816)	( 717,270)
Net cash provided (used) by operating activities	<u>186,577</u>	<u>125,355</u>	<u>311,932</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash received from (paid to) other funds	( 2,381)	81,471	79,090
Transfers to other funds	( 67,664)	( 25,000)	( 92,664)
Net cash provided (used) by noncapital financing activities	<u>( 70,045)</u>	<u>56,471</u>	<u>( 13,574)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from capital related debt	-	374,786	374,786
Interest paid on capital debt	( 12,081)	( 28,303)	( 40,384)
Principal repayments on debt	( 14,555)	( 160,258)	( 174,813)
Acquisition and construction of capital assets	( 34,000)	( 374,786)	( 408,786)
Net cash provided (used) by capital and related financing activities	<u>( 60,636)</u>	<u>( 188,561)</u>	<u>( 249,197)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>1,919</u>	<u>-</u>	<u>1,919</u>
Net cash provided (used) by investing activities	<u>1,919</u>	<u>-</u>	<u>1,919</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	57,815	( 6,735)	51,080
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>760,873</u>	<u>59,777</u>	<u>820,650</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>818,688</u>	<u>53,042</u>	<u>871,730</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	2,284	( 9,912)	( 7,628)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	205,738	169,353	375,091
(Increase) decrease in accounts receivable	( 1,499)	5,618	4,119
(Increase) decrease in inventory	-	4,155	4,155
(Increase) decrease in due from other funds	-	( 39,422)	( 39,422)
(Increase) decrease in deferred outflows	( 13,979)	62	( 13,917)
Increase (decrease) in accounts payable	( 49,890)	( 1,641)	( 51,531)
Increase (decrease) in unearned revenues	-	( 6,204)	( 6,204)
Increase (decrease) in due to other governments	23,112	( 353)	22,759
Increase (decrease) in compensated absences	( 2,251)	322	( 1,929)
Increase (decrease) in net pension liability	25,877	104,489	130,366
Increase (decrease) in total OPEB liability	789	1,195	1,984
Increase (decrease) in customer deposits	5,345	-	5,345
Increase (decrease) in deferred inflows	<u>( 8,949)</u>	<u>( 102,307)</u>	<u>( 111,256)</u>
Net cash provided (used) by operating activities	\$ <u>186,577</u>	\$ <u>125,355</u>	\$ <u>311,932</u>

The accompanying notes are an integral part of these financial statements.

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# **CITY OF WESTWORTH VILLAGE, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2019

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Westworth Village, Texas, is incorporated and operates as a general law City. The City operates under a mayor-council form of government and provides the following services as authorized by its ordinances: general government, judicial, public safety (police and fire), culture and recreation, water and sewer system, and golf course.

The financial statements of the City of Westworth Village, Texas are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

#### **Reporting Entity**

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the City's operations. Thus, the blended component unit is appropriately presented as a fund of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

#### **Blended Component Unit**

Westworth Redevelopment Authority – Westworth Redevelopment Authority (WRA) was created by action of the Westworth Village City Council on July 8, 1997, as a Texas nonprofit public corporation, acting on behalf of the City, and is a blended component unit in the City's financial statements. WRA provides redevelopment of certain properties, located within the City, which were part of the Carswell Air Force Base, prior to its realignment. WRA is governed by a seven-member board. Four members are appointed by the City government, and the governing body of the City is substantively the same as the governing body of the WRA. Financial statements may be obtained directly from WRA, 311 Burton Hill Road, Westworth Village, Texas 76114.

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

Westworth Village Crime Control and Prevention District – The City created the entity to provide supplemental funding to the police department in order to provide funding for crime control and prevention. Funding for the Crime Control and Prevention District is generated from ¼ cent of sales tax. The governing body is currently made up of seven members, all of whom were appointed by the City Council. The entity was subject to a five-year sunset provision, which was reinstated for an additional 20 years. The Crime Control and Prevention District provides all of its services to the Citizenry City of Westworth Village, Texas, and upon its dissolution, all assets and liabilities shall be distributed to the City. The District may finance all of the costs of a crime control and crime prevention program, including the costs for personnel, administration, expansion, enhancement, and capital expenditures.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities reflects 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. 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; 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 in program revenues are reported as general revenues.

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

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 are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Property taxes, franchise taxes, sales taxes, charges for services, fines and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**Governmental Funds** are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund type) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Capital Projects Fund** is used by the City to track bond and other proceeds to be used for capital construction projects. These purposes include completion of various infrastructure improvements.

The **Debt Service Fund** accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The **Westworth Redevelopment Authority Fund** is a blended component unit and is reported as a special revenue fund of the City. This fund is utilized to account for sales tax and other sources which provide funding for redevelopment of certain properties, located within the City, which were part of the Carswell Air Force Base, prior to its realignment.

Additionally, the City reports the following major proprietary funds:

The **Water and Sewer Fund** is used to account for water and sewer operations that are financed and operated in a manner similar to a private business enterprise – where the intent of the City is that the cost of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges.

The **Hawks Creek Golf Course Fund** is used to account for golf course operations that are financed and operated in a manner similar to a private business enterprise – where the intent of the City is that the cost of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges.

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 City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance**

#### **Cash and Cash Equivalents**

For purpose of presenting the proprietary fund cash flow statement, cash and cash equivalents include cash demand and time deposits and investments with a maturity of three months or less when purchased.

#### **Investments**

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, availability of liquidity to meet the City's obligations and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the Investment Policy. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition, it includes an "Investment Strategy" that specifically addresses limitations on instruments, diversification, and maturity scheduling.

The City is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. Obligations of the United States of America, its agencies and instrumentalities;
2. Certificates of deposit issued by a bank organized under Texas law, the laws of another state, or federal law, that has its main office or a branch office in Texas, or by a savings and loan association or a savings bank organized under Texas law, the law of another state, or federal law, that has its main office or a branch office in Texas and that is guaranteed or insured by the Federal Deposit insurance or its successor or secured by obligations in a manner and amount provided by law for deposits for the City;
3. Money market mutual funds that are 1) registered and regulated by the Securities and Exchange commission, 2) have a dollar weighted average stated maturity of 90 days or less, 4) rated AAA by at least one nationally recognized rating service, and 4) seek to maintain a net position value of \$1 per share;

4. Local government investment pools, which 1) meet the requirements of Chapter 2256.016 of the Public Funds Investment Act, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, and 3) are authorized by resolution or ordinance by the Council.

The City participates in TexPool, which is a local government investment pool, established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the Investment Policy and management fee structure.

### **Short-term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### **Receivables**

Accounts receivable for water and sewer accounts, property taxes and court fines receivables are shown net of an allowance for uncollectibles. The calculation of these allowances is based on the following considerations:

- Water and sewer accounts receivable in excess of 120 days comprise the water and sewer accounts receivable allowance for uncollectibles.
- Current year property tax collections are consistently around 99% of the tax levy. The City is accumulating a property tax receivable balance which represents the approximate 1% balance not collected each year. The allowance for uncollectable property taxes is set at 51% of the uncollected balance for all years outstanding at September 30, 2019. This percentage is based on historical collections and projected future collections.
- The court fines receivable allowance is equal to 95 percent of outstanding court fines as of year-end. This percentage is based off historical collections.

Ad valorem taxes are levied each October 1 from valuations assessed as of the prior January 1 and are recognized as revenue when they become available beginning on the date of levy, October 1. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

### **Inventories**

All inventories are valued at cost (first-in, first-out method).

### **Land Held for Sale**

Land held for sale consists of land which was purchased from the United States Department of the Air Force through a lease. In this lease, the City agreed to purchase the land from the Air Force in accordance with the economic development conveyance application in which the City outlined a redevelopment plan for the reutilization and development of Carson Air Force Base. This land is being held for sale for future development and was obtained to provide new opportunities for commercial and industrial redevelopment and to spur job creation and was not obtained to be a profit or income generating investment to the City. This land is available for sale and is stated at the lower of cost or net realizable value.



## Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, sidewalks, curbs, and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	30 - 50
Infrastructure	30
Golf course	15
Waterworks and sewer lines	5 - 30
Heavy machinery	3 - 20
Transportation vehicles	5 - 15
Office equipment	3 - 15

Infrastructure acquired prior to October 1, 2003, has not been recorded. The City has elected not to report major general infrastructure assets retroactively in accordance with GASB Statement No. 34.

## Compensated Absences

The City permits employees to accumulate earned but unused vacation and sick leave benefits. Sick leave is recorded when paid because employees are not compensated for unused sick leave if terminated. Unused vacation leave is carried forward from one year to the next up to certain limits. Vacation leave is accrued when incurred in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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).

## Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

## Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expenses, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## Other Post-Employment Benefits

**TMRS Supplemental Death Benefits Fund.** For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

## Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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.

## **Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions subsequent to the measurement date – These contributions are deferred and recognized in the following fiscal year.
- Differences between projected and actual investment earnings on pension assets. This difference is deferred and amortized over a closed five-year period.
- Differences between expected and actual economic experience related to the TMRS pension liability and TMRS SDBF OPEB liability.
- Changes in actuarial assumptions related to the TMRS pension liability and the total TMRS SDBF OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Differences between expected and actual economic experience related to the TMRS pension liability.
- Unavailable revenue, which only arises under a modified accrual basis of accounting.
- Changes in actuarial assumptions related to the total TMRS SDBF OPEB liability.

## **Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## **Estimates**

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

## II. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

As of September 30, 2019, the City had the following investments:

<u>Investment Type</u>	<u>Reporting Value</u>	<u>Weighted Average Maturity (Days)</u>
Tex Pool	\$ 526,791	34

TexPool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

**Interest Rate Risk** – Investments are exposed to interest rate risk if changes in market interest rates will adversely affect the fair value of an investment. The City's policy is to invest in securities maturing less than two years from the date of purchase, and the portfolio will have a weighted average maturity of 365 days or less. The City's investments included investment pools and, therefore, were not exposed to interest rate risk as of year-end.

**Credit Risk** – State statute requires that investments in Local Government Investment Pools be rated AAA or the equivalent by a nationally recognized credit rating agency. As of year-end, the TexPool investment pool was rated AAAm by Standard & Poor's.

**Concentration of Credit Risk** –The City's investment policies limits exposure of concentration of credit risk by restricting investments in the following investment instruments. However, at September 30, 2019, the City was over-exposed on the Money Market Mutual Funds category by 3%. The City set funds aside in its money market account during the fiscal year for the Trails project but due to a slowdown in the project, did not spend the funds as planned.

	<u>Actual Percentage of Portfolio</u>	<u>Maximum Percentage of Portfolio</u>
U. S. Treasury Securities	- %	85%
Agencies and Instrumentalities	- %	85%
Certificates of Deposit	- %	85%
Money Market Mutual Funds	88%	85%
Authorized Pools	12%	100%

**Custodial Credit Risk** – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. At year-end, the City's entire deposit balance was collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

## B. Receivables

Receivables as of year-end for the City's individual major funds and discretely presented component unit, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Enterprise Funds		Component Unit	Total
	General	Debt Service	Streets	Westworth	Water and Sewer	Hawks Creek Golf Course	Crime Control	
				Redevelopment Authority			District	
Receivables:								
Accounts:								
Customers	\$ -	\$ -	\$ -	\$ -	\$ 191,932	\$ 18,295	\$ -	\$ 210,227
Court fines	2,174,229	-	-	-	-	-	-	2,174,229
Royalties	-	-	-	15,612	-	-	-	15,612
Other	733	-	-	-	-	-	-	733
Taxes:								
Property	33,723	32,237	-	-	-	-	-	65,960
Sales	187,798	-	49,473	51,507	-	-	95,857	384,635
Other	1,905	-	-	-	-	-	-	1,905
Franchise fees	13,165	-	-	-	-	-	-	13,165
Gross receivables	2,411,553	32,237	49,473	67,119	191,932	18,295	95,857	2,866,466
Allowance for uncollectibles	( 2,082,647)	( 16,374)	-	-	( 12,516)	-	-	( 2,111,537)
Net total receivables	\$ 328,906	\$ 15,863	\$ 49,473	\$ 67,119	\$ 179,416	\$ 18,295	\$ 95,857	\$ 754,929

## C. Interfund Balances and Activity

Interfund balances as of year-end were as follows:

Receivable Fund	Payable Fund	Amount
Water Sewer	Hawks Creek Golf Course	\$ 3,308
Water Sewer	Debt Service	1,858
Capital Projects	Debt Service	6,369
Capital Projects	Hawks Creek Golf Course	19,971
Hawks Creek Golf Course	Debt Service	39,422
Total		\$ 70,928

Interfund balances resulted from the timing difference between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers during the year were as follows:

Transfers In	Transfers Out	Amounts
General Fund	WRA	\$ 624,174
General Fund	Water and sewer	67,664
General Fund	Hawks Creek Golf Course	25,000
Capital projects	Streets Reconstruction	71,000
Capital projects	General Fund	120,716
Streets Reconstruction	General Fund	47,486
WRA	General Fund	212,000
Hawks Creek Golf Course	General Fund	95,588
Total		<u>\$ 1,263,628</u>

Transfers were generally used (1) to transfer funds from the Water and Sewer, and Westworth Redevelopment Authority Funds to the General Fund for administrative services, (2) to transfer gas royalty proceeds from the Westworth Redevelopment Authority to the General Fund to fund projects, (3) to transfer funds to the Capital Projects Fund to cover expenditures for certain projects, (4) to transfer funds to the Streets Reconstruction fund for streets projects, and (5) to transfer funds to Hawks Creek Golf Course to cover operating costs.

#### D. Capital Assets

Capital asset activity for the governmental activities for the fiscal year ended September 30, 2019, was as follows:

##### **Governmental Activities**

	Balance 10/1/2018	Increases	Transfers/ Decreases	Balance 9/30/2019
Capital assets, not being depreciated:				
Land	\$ 644,158	\$ -	\$ -	\$ 644,158
Construction in progress	342,441	487,288	( 193,724)	636,005
Total capital assets not being depreciated	<u>986,599</u>	<u>487,288</u>	<u>( 193,724)</u>	<u>1,280,163</u>
Capital assets, being depreciated:				
Buildings and improvements	5,490,180	-	-	5,490,180
Infrastructure	10,698,879	-	193,724	10,892,603
Machinery and equipment	1,746,984	-	-	1,746,984
Total capital assets, being depreciated	<u>17,936,043</u>	<u>-</u>	<u>193,724</u>	<u>18,129,767</u>
Less: accumulated depreciated for:				
Buildings and improvements	( 1,409,024)	( 104,563)	-	( 1,513,587)
Infrastructure	( 1,524,313)	( 356,629)	-	( 1,880,942)
Machinery and equipment	( 1,544,670)	( 74,256)	-	( 1,618,926)
Total capital assets being depreciated	<u>( 4,478,007)</u>	<u>( 535,448)</u>	<u>-</u>	<u>( 5,013,455)</u>
Total capital assets being depreciated, net	<u>13,458,036</u>	<u>( 535,448)</u>	<u>193,724</u>	<u>13,116,312</u>
Total capital assets - governmental activities	<u>\$ 14,444,635</u>	<u>\$ ( 48,160)</u>	<u>\$ -</u>	<u>\$ 14,396,475</u>

Capital asset activity for the business-type activities for the fiscal year ended September 30, 2019, was as follows:

**Business-type Activities**

	Balance 10/1/2018	Increases	Decreases	Balance 9/30/2019
Capital assets, not being depreciated:				
Land	\$ 2,097,881	\$ -	\$ -	\$ 2,097,881
Construction in progress	-	20,000	-	20,000
Total capital assets not being depreciated	<u>2,097,881</u>	<u>20,000</u>	<u>-</u>	<u>2,117,881</u>
Capital assets, being depreciated:				
Buildings and improvements	458,923	-	-	458,923
Golf course	2,751,272	-	-	2,751,272
Water and sewer system	6,669,946	-	-	6,669,946
Machinery and equipment	<u>1,140,848</u>	<u>404,786</u>	<u>( 16,000)</u>	<u>1,529,634</u>
Total capital assets, being depreciated	<u>11,020,989</u>	<u>404,786</u>	<u>( 16,000)</u>	<u>11,409,775</u>
Less: accumulated depreciated for:				
Buildings and improvements	( 377,365)	( 11,824)	-	( 389,189)
Golf course	( 1,955,825)	( 107,089)	-	( 2,062,914)
Water and sewer system	( 2,245,646)	( 180,958)	-	( 2,426,604)
Machinery and equipment	<u>( 937,184)</u>	<u>( 75,220)</u>	<u>-</u>	<u>( 1,012,404)</u>
Total capital assets being depreciated	<u>( 5,516,020)</u>	<u>( 375,091)</u>	<u>-</u>	<u>( 5,891,111)</u>
Total capital assets being depreciated, net	<u>5,504,969</u>	<u>29,695</u>	<u>( 16,000)</u>	<u>5,518,664</u>
Total capital assets - business-type activities	<u>\$ 7,602,850</u>	<u>\$ 49,695</u>	<u>\$ ( 16,000)</u>	<u>\$ 7,636,545</u>

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

Governmental activities:	
General government	\$ 512,186
Public safety	19,689
Culture and recreation	1,264
Redevelopment	<u>2,309</u>
Total governmental activities	<u>\$ 535,448</u>
Business-type activities:	
Water and sewer	\$ 208,329
Hawks creek golf course	<u>166,762</u>
Total business-type activities	<u>\$ 375,091</u>

**E. Long-term Debt**

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include certificates of obligation, revenue bonds, general obligation bonds and capital leases. These debt obligations are secured by either future tax revenue, golf course revenue, or liens on property and equipment. Debt obligations that are intended to be repaid from golf course revenue have been recorded as business-type activities. All other long-term obligations of the City are considered to be governmental type activities.

**Current Refunding**

In 2019, the City issued \$3,625,000 in General Obligation refunding bonds with interest rates ranging from 2% to 3%. The proceeds were used to refund \$3,640,000 of outstanding Combination Tax and Revenue Certificates of Obligation, Series 2010 and General Obligation Bonds, Series 2010.

The reacquisition price exceeded the net carrying amount of the old debt by \$60,816. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City's total debt service payments over the next 11 years decreased by \$366,365 to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$338,269.

### Certificates of Obligation and Bonds

A summary of the terms of general obligation bonds, combination tax and revenue bonds, and certificates of obligation outstanding at September 30, 2019, follows:

Series and Original Issue Amount	Final Maturity	Interest Rate	Outstanding 9/30/2019	
<b>Governmental Activities</b>				
<u>Certificates of Obligation Bonds</u>				
2017 Certificates of Obligation	\$ 1,743,000	2032	2.63%	\$ 1,552,000
2013 Certificates of Obligation	4,000,000	2033	2%-5%	3,079,304
<u>General Obligation Bonds</u>				
2019 General Obligation Bonds	3,625,000	2030	2%-5%	<u>3,625,000</u>
Total governmental activities				\$ <u><u>8,256,304</u></u>
<b>Business-type Activities</b>				
<u>Certificates of Obligation Bonds</u>				
2013 Certificates of Obligation	\$ 1,170,000	2033	2%-5%	\$ <u>900,697</u>

Annual debt service requirements for the governmental activities for general obligation bonds, certificates of obligation, and tax and revenue bonds are as follows:

Fiscal Year Ending	General Obligation Bonds		Certificates of Obligation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 280,000	\$ 109,135	\$ 170,213	\$ 133,075	\$ 450,213	\$ 242,210
2021	290,000	386,650	174,081	127,969	464,081	514,619
2022	300,000	87,950	181,818	122,747	481,818	210,697
2023	310,000	78,950	185,687	116,838	495,687	195,788
2024	320,000	69,650	193,424	109,410	513,424	179,060
2025-2029	1,745,000	198,700	1,094,778	419,779	2,839,778	618,479
2030-2034	<u>380,000</u>	<u>11,400</u>	<u>1,079,303</u>	<u>137,476</u>	<u>1,459,303</u>	<u>148,876</u>
Total	<u>\$ 3,625,000</u>	<u>\$ 942,435</u>	<u>\$ 3,079,304</u>	<u>\$ 1,167,294</u>	<u>\$ 6,704,304</u>	<u>\$ 2,109,729</u>

Annual debt service requirements for the governmental activities private placement certificates of obligations are as follows:

Fiscal Year Ending	Certificates of Obligation	
	Principal	Interest
2020	\$ 102,000	\$ 40,818
2021	104,000	38,135
2022	107,000	35,400
2023	110,000	32,586
2024	113,000	29,693
2025-2029	610,000	102,307
2030-2032	<u>406,000</u>	<u>21,540</u>
Total	<u>\$ 1,552,000</u>	<u>\$ 300,479</u>



Annual debt service requirements for the business-type activities for certificates of obligation bonds are as follows:

Fiscal Year Ending	Certificates of Obligation	
	Principal	Interest
2020	\$ 49,787	\$ 38,925
2021	50,919	37,431
2022	53,182	35,903
2023	54,313	34,175
2024	56,576	32,003
2025-2029	320,222	122,786
2030-2034	<u>315,698</u>	<u>40,212</u>
Total	\$ <u>900,697</u>	\$ <u>341,434</u>

### Federal Arbitrage

General obligation bonds, combination tax and revenue bonds and certificates of obligation are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions.

### Obligations Under Capital Leases

In the current and prior years, the City entered into capital lease agreements in order to purchase golf carts and other equipment for the golf course. These capital lease agreements have interest rates ranging from 2.97% - 8.99%. The assets acquired through these capital lease agreements are as follows:

	Business-type Activities
Equipment	\$ 508,432
Less: accumulated depreciation	( 176,066)
Total	\$ <u>332,366</u>

Future minimum lease payments for capital leases obligations are as follows:

Fiscal Year Ending	Business-type Activities
2020	\$ 82,825
2021	62,930
2022	62,919
2023	164,804
Amount representing interest	( 37,408)
Present value of future minimum capital lease payments	\$ <u>336,070</u>

## Changes in Long-term Liabilities

Long-term liability activity of the City for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 2,750,000	\$ 3,625,000	\$ 2,750,000	\$ 3,625,000	\$ 280,000
Certificates of obligation	4,395,648	-	1,316,344	3,079,304	170,213
Certificates of obligation Private placement	1,651,000	-	99,000	1,552,000	102,000
Tax and revenue bonds	143,000	-	143,000	-	-
Premium on bond issuance	222,692	191,000	61,041	352,651	-
Compensated absences	<u>63,643</u>	<u>106,725</u>	<u>119,927</u>	<u>50,441</u>	<u>10,088</u>
Governmental activities long-term liabilities	<u>\$ 9,225,983</u>	<u>\$ 3,922,725</u>	<u>\$ 4,489,312</u>	<u>\$ 8,659,396</u>	<u>\$ 562,301</u>
<b>Business-type activities</b>					
Certificates of obligation	\$ 949,352	\$ -	\$ 48,655	\$ 900,697	\$ 49,787
Capital lease obligations	87,441	374,786	126,157	336,070	48,542
Compensated absences	<u>25,278</u>	<u>29,122</u>	<u>31,051</u>	<u>23,349</u>	<u>4,670</u>
Business-type activities long-term liabilities	<u>\$ 1,062,071</u>	<u>\$ 403,908</u>	<u>\$ 205,863</u>	<u>\$ 1,260,116</u>	<u>\$ 102,999</u>

The compensated absence liability attributable to the governmental activities will be liquidated primarily by the General Fund.

The City's general obligation bonds are secured by revenue from ad valorem taxes on all taxable property in the City. The certificates of obligation are payable from annual ad valorem taxes levied against all taxable property in the City and payable from a limited pledge of the surplus net revenues, not to exceed \$1,000, derived from the operation of the City's combined waterworks and sewer system. Should the City default on these bonds, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

The City's direct borrowings (capital leases) are secured by the financed equipment as collateral.

Long-term liability activity of the discretely presented component unit for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>CCPD</b>					
Compensated absences	\$ <u>15,008</u>	\$ <u>13,580</u>	\$ <u>22,632</u>	\$ <u>5,956</u>	\$ <u>1,191</u>
Component unit long-term liabilities	<u>\$ 15,008</u>	<u>\$ 13,580</u>	<u>\$ 22,632</u>	<u>\$ 5,956</u>	<u>\$ 1,191</u>

## F. General Fund Restricted Fund Balance

At September 30, 2019, the General Fund other restricted fund balance consisted of the following:

Court security	\$ 39,976
Police donations	1,641
CCPD donations	266
Library donations	811
Fire donations	4,637
Replacement of trees	<u>26,115</u>
Total	<u>\$ 73,446</u>

## **G. Defined Benefit Pension Policies**

**Plan Descriptions.** 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 agency 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 Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

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

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

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2010, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2010, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% repeating
Cost of living adjustments (COLA) for retirees	70% of consumer price index (CPI)

The employer contribution rate cannot exceed a statutory maximum rate, which is based on a combination of the employee contribution rate and the City matching percentage. There is an optional higher maximum rate that may be applied in certain circumstances if elected by participating cities, or a city may elect to remove the maximum rate. The City of Westworth Village, Texas has elected to use the optional higher maximum contribution rate which is 11.32%.

### ***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	19
Inactive employees entitled to but not yet receiving benefits	52
Active employees	<u>45</u>
Total	<u><u>116</u></u>

**Contributions.** The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions 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 Westworth Village were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.33% and 11.75% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$300,595 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 Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the 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 expenses 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 return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
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	5.0%	7.75%
Total	100.0%	

### ***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 period 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	\$ 5,412,415	\$ 5,144,325	\$ 268,090
Changes for the year:			
Service cost	430,778	-	430,778
Interest	372,622	-	372,622
Difference between expected and actual experience	5,663	-	5,663
Contributions - employer	-	300,595	( 300,595)
Contributions - employee	-	170,654	( 170,654)
Net investment income	-	( 154,319)	154,319
Benefit payments, including refunds of employee contributions	( 214,962)	( 214,962)	-
Administrative expense	-	( 2,978)	2,978
Other changes	-	( 156)	156
Net changes	594,101	98,834	495,267
Balance at 12/31/2018	\$ 6,006,516	\$ 5,243,159	\$ 763,357

The net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund.

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 1,761,528	\$ 763,357	\$ ( 32,985)

#### ***Pension Plan Fiduciary Net Position***

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

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions.** For the year ended September 30, 2019, the City recognized pension expense of \$301,626.

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
Differences between expected and actual economic experience	\$ 4,099	\$ 133,415
Changes in actuarial assumptions	3,681	-
Difference between projected and actual investment earnings	266,663	-
Contributions subsequent to the measurement date	<u>214,682</u>	<u>-</u>
Total	<u>\$ 489,125</u>	<u>\$ 133,415</u>

\$214,682 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2020	\$ 11,212
2021	( 4,361)
2022	33,864
2023	<u>100,313</u>
Total	<u>\$ 141,028</u>

## H. Defined Other Post-Employment Benefit Plans

### TMRS Supplemental Death Benefits Fund

**Plan Description.** The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

**Benefits Provided.** The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>45</u>
Total	<u><u>64</u></u>

**Contributions.** The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.19% for 2019 and 0.19% for 2018, of which 0.02% and 0.02%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2019 and 2018 were \$491 and \$563, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

**Actuarial Assumptions.** The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2018
Inflation rate	2.50% per annum
Discount rate	3.71%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 10.5% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male 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 became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

**Discount Rate.** The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.71% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2018.

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

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability	\$ 107,564	\$ 89,284	\$ 75,169

**OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEBs.** At September 30, 2019, the City reported a liability of \$89,284 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2018. For the year ended September 30, 2020, the City recognized OPEB expense of \$12,343. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

#### **Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at 12/31/2017	\$ 83,391
Changes for the year:	
Service cost	9,264
Interest	2,905
Differences between expected and actual experience	974
Changes of assumptions	( 6,762)
Benefit payments	( 488)
Net changes	5,893
Balance at 12/31/2018	\$ 89,284

The total OPEB liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Changes in assumptions reflect a change in the discount rate from 3.31% to 3.71%.

At September 30, 2019, the City reported deferred outflows and inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 819	\$ -
Changes in actuarial assumptions	4,685	5,683
Contributions subsequent to the measurement date	366	-
Totals	\$ 5,870	\$ 5,683



\$366 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2020. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,		
2020	\$	174
2021		174
2022		174
2023		174
2024	(	627)
Thereafter	(	248)

### III. OTHER INFORMATION

#### A. Economic Dependency

Since the City's largest revenue in the General Fund and the discretely presented component unit, Crime Control and Prevention District, is sales tax, revenue may vary according to the strength of the economy of the Dallas-Fort Worth metropolitan area.

#### B. Other Commitments and Contingencies

##### **Contracts**

The City contracted with Progressive Waste Solutions of Texas, Inc. for the collection, hauling, recycling and disposal of municipal solid waste, construction and demolition waste, and recyclable materials. The City bills directly the residential customers a set monthly rate and pays Progressive Waste Solutions of Texas, Inc. monthly.

In addition, the City receives a franchise fee from Progressive Waste Solutions of Texas, Inc. The franchise fee is 5% of commercial billings. For the fiscal year ended September 30, 2019, the City expensed \$118,397 for sanitation services provided by Progressive Waste Solutions of Texas, Inc.

The City has a contract with the City of Fort Worth, Texas, for the purchase of treated water and for sewage treatment. The contract for water, dated November 16, 2010. The contract for sewer is dated May 8, 1987, for a 30-year period. Charges are incurred when actual delivery occurs and the rates are adjusted periodically. For the fiscal year ended September 30, 2019, the City's purchases for water and sewer treatment were \$593,982.

##### **Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. 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.

## **Litigation**

In fiscal year 2016, based upon the advice of counsel, the City contacted the City of White Settlement to inform it that as of September 30, 2016, the City would cease all payments to the City of White Settlement under the City of Westworth Village/Allegiance Commercial Development, LP economic development program grant agreement (the "agreement"). In fiscal year 2017, the City of White Settlement (the "plaintiff") filed a lawsuit claiming the City breached the agreement. The City sought to have the case dismissed, arguing immunity from the suit. The trial court denied the request, which the City immediately appealed. The Court of Appeals agreed that the trial court properly denied the request. As such, the City has petitioned the Texas Supreme Court, where the case is pending. As of year-end, a determination on the merits of the case has not yet been made. Should the Supreme Court refuse to hear the case, the case will revert to the trial court for a full trial on the merits of the plaintiff's claims.

If successful, the plaintiff will be entitled to recover all monies under the term of the agreement since the City ceased payment, as well as a re-instatement of those payments in the future. The plaintiff could also be entitled to attorneys' fees if it prevails. Management believes it is not probable the plaintiff will prevail in this case. As of year-end, the amount potentially payable to the plaintiff is \$1,592,968.

## **Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the City's participation in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for liability, property, and workers' compensation insurance. These are self-sustaining risk pools operated on a statewide basis for the benefit of several hundred Texas cities and other public entities. The City pays annual premiums to the TMLIRP, which retains risk of loss up to \$1,000,000 for general liability, statutory limits for workers' compensation, \$1,000,000 for law enforcement liability, \$500,000 for errors and omissions liability, \$1,000,000 for automobile liability, \$8,949,037 for real and personal property, and \$1,858,883 for mobile equipment. The City obtains independent coverage for losses in excess of these amounts. The City retains no risk except for deductible amounts ranging from \$500 to \$10,000.

There have been no significant reductions in coverage in the past fiscal year and there have been no settlements exceeding insurance coverage in the current year or the past three fiscal years.

## **C. Related Party Transactions**

In 2019, the City received professional services from a firm that is partially owned by a member of City Council. The City paid the vendor \$17,304 for services. The member of City Council abstained from voting during decisions made about this vendor.

In 2019, a company owned by a member of City Council granted easements to the City in exchange for consideration of \$1. The council member abstained from voting during decisions made about this transaction.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**CITY OF WESTWORTH VILLAGE, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
Property taxes	\$ 629,047	\$ 629,047	\$ 640,823	\$ 11,776
Sales taxes	1,104,600	1,104,600	1,198,200	93,600
Franchise fees and other taxes	376,000	376,000	366,445	( 9,555)
Licenses and permits	158,600	158,600	260,974	102,374
Intergovernmental	49,000	49,000	55,081	6,081
Charges for services	10,700	10,700	11,739	1,039
Fines and forfeitures	357,300	357,300	280,633	( 76,667)
Royalties	-	-	8,453	8,453
Investment earnings	9,000	9,000	18,665	9,665
Contributions	134,730	134,730	133,923	( 807)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>39,192</u>	<u>38,192</u>
Total revenues	<u>2,829,977</u>	<u>2,829,977</u>	<u>3,014,128</u>	<u>184,151</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,162,683	1,162,683	853,345	309,338
Judicial	145,046	145,046	153,985	( 8,939)
Public safety:				
Police	1,419,826	1,419,826	1,218,257	201,569
Fire	313,986	313,986	318,462	( 4,476)
Culture and recreation	<u>93,383</u>	<u>93,383</u>	<u>93,816</u>	<u>( 433)</u>
Total expenditures	<u>3,134,924</u>	<u>3,134,924</u>	<u>2,637,865</u>	<u>497,059</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 304,947)</u>	<u>( 304,947)</u>	<u>376,263</u>	<u>681,210</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	305,950	305,950	716,838	410,888
Transfers out	<u>-</u>	<u>-</u>	<u>( 475,790)</u>	<u>( 475,790)</u>
Total other financing sources (uses)	<u>305,950</u>	<u>305,950</u>	<u>241,048</u>	<u>( 64,902)</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,003	1,003	617,311	616,308
<b>FUND BALANCE, BEGINNING</b>	<u>3,550,753</u>	<u>3,550,753</u>	<u>3,550,753</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	\$ <u>3,551,756</u>	\$ <u>3,551,756</u>	\$ <u>4,168,064</u>	\$ <u>616,308</u>

**CITY OF WESTWORTH VILLAGE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
WESTWORTH REDEVELOPMENT AUTHORITY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>REVENUES</b>				
Sales taxes	\$ 276,150	\$ 276,150	\$ 299,278	\$ 23,128
Royalties	-	-	424,174	424,174
Investment earnings	1,500	1,500	3,339	1,839
Miscellaneous	<u>1,200</u>	<u>1,200</u>	<u>843</u>	<u>( 357)</u>
Total revenues	<u>278,850</u>	<u>278,850</u>	<u>727,634</u>	<u>448,784</u>
<b>EXPENDITURES</b>				
Current:				
Redevelopment	172,740	172,740	185,286	( 12,546)
Debt service:				
Principal	259,000	259,000	143,000	116,000
Interest and other fees	<u>5,486</u>	<u>5,486</u>	<u>2,559</u>	<u>2,927</u>
Total expenditures	<u>437,226</u>	<u>437,226</u>	<u>330,845</u>	<u>106,381</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>( 158,376)</u>	<u>( 158,376)</u>	<u>396,789</u>	<u>555,165</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	212,000	( 212,000)
Transfers out	<u>( 277,914)</u>	<u>( 277,914)</u>	<u>( 624,174)</u>	<u>( 346,260)</u>
Total other financing sources (uses)	<u>( 277,914)</u>	<u>( 277,914)</u>	<u>( 412,174)</u>	<u>( 558,260)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 436,290)</u>	<u>( 436,290)</u>	<u>( 15,385)</u>	<u>420,905</u>
<b>FUND BALANCE, BEGINNING</b>	<u>1,522,512</u>	<u>1,522,512</u>	<u>1,522,512</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,086,222</u>	<u>\$ 1,086,222</u>	<u>\$ 1,507,127</u>	<u>\$ 420,905</u>

## **CITY OF WESTWORTH VILLAGE, TEXAS**

### **NOTES TO BUDGETARY SCHEDULES**

SEPTEMBER 30, 2019

#### **Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the first day of September of each year and at least 30 days prior to adoption of a tax rate for the current fiscal year, the City Mayor or his designated representative submits to the City Council a balanced budget for the ensuing fiscal year.
2. The City Council holds one or more public hearings on the proposed budget prior to the final adoption.
3. The City Council adopts the proposed budget, with or without amendment, after public hearings and before the first day of the ensuing fiscal year.
4. Annual budgets for the General Fund, Capital Projects Fund, Debt Service Fund, and Westworth Redevelopment Authority are adopted on a basis consistent with generally accepted accounting principles and are presented in the City's annual financial report.
5. Unused appropriations of the above annually budgeted funds lapse at the end of each fiscal year.
6. The City Council may authorize additional appropriations during the year.

#### **Excess of Expenditures Over Appropriations**

For the year ended September 30, 2019, expenditures exceeded appropriations in the following functions/characters (legal level of budgetary control) of the General Fund: judicial, fire, and culture and recreation. The Westworth Redevelopment Authority fund expenditures exceeded appropriations in the redevelopment function. The capital projects fund expenditures exceeded appropriations in the general government function. Additionally, the Street Fund expenditures exceeded appropriations in the public works function. These overages were funded by transfers from other funds.

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**CITY OF WESTWORTH VILLAGE, TEXAS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

<b>Measurement Date December 31,</b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>A. Total pension liability</b>		
Service Cost	\$ 325,980	\$ 388,961
Interest (on the Total Pension Liability)	243,407	278,811
Changes in benefit terms	-	-
Difference between expected and actual experience	38,910	( 92,096)
Changes of assumptions	-	37,923
Benefit payments, including refunds of employee contributions	( 101,637)	( 166,399)
Net change in total pension liability	506,660	447,200
Total pension liability - beginning	<u>3,365,067</u>	<u>3,871,727</u>
Total pension liability - ending (a)	<u>\$ 3,871,727</u>	<u>\$ 4,318,927</u>
<b>B. Plan fiduciary net position</b>		
Contributions - employer	\$ 174,048	\$ 265,005
Contributions - employee	148,036	166,527
Net investment income	169,991	4,958
Benefit payments, including refunds of employee contributions	( 101,637)	( 166,399)
Administrative Expenses	( 1,774)	( 3,019)
Other	( 146)	( 150)
Net change in plan fiduciary net position	388,518	266,922
Plan fiduciary net position - beginning	<u>2,970,851</u>	<u>3,359,369</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,359,369</u>	<u>\$ 3,626,291</u>
<b>C. Net pension liability - ending (a) - (b)</b>	<u>\$ 512,358</u>	<u>\$ 692,636</u>
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	86.77%	83.96%
<b>E. Covered payroll</b>	\$ 2,114,797	\$ 2,378,963
<b>F. Net position liability as a percentage of covered payroll</b>	24.23%	29.12%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule but information prior to 2014 is not available.

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 419,166	\$ 460,456	\$ 430,778
309,126	343,022	372,622
95,890	-	-
( 128,502)	( 169,119)	5,663
-	-	-
( 89,509)	( 147,042)	( 214,962)
606,171	487,317	594,101
<u>4,318,927</u>	<u>4,925,098</u>	<u>5,412,415</u>
\$ <u>4,925,098</u>	\$ <u>5,412,415</u>	\$ <u>6,006,516</u>
\$ 270,685	\$ 305,447	\$ 300,595
173,516	179,966	170,654
245,319	585,757	( 154,319)
( 89,509)	( 147,042)	( 214,962)
( 2,768)	( 3,034)	( 2,978)
( 149)	( 154)	( 156)
597,094	920,940	98,834
<u>3,626,291</u>	<u>4,223,385</u>	<u>5,144,325</u>
\$ <u>4,223,385</u>	\$ <u>5,144,325</u>	\$ <u>5,243,159</u>
\$ <u>701,713</u>	\$ <u>268,090</u>	\$ <u>763,357</u>
85.75%	95.05%	87.29%
\$ 2,478,804	\$ 2,570,942	\$ 2,437,908
28.31%	10.43%	31.31%

**CITY OF WESTWORTH VILLAGE, TEXAS**

**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b>Fiscal Year Ended September 30,</b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Actuarial determined contribution	\$ 167,183	\$ 239,897	\$ 263,345
Contributions in relation to the actuarially determined contribution	<u>167,183</u>	<u>239,897</u>	<u>263,345</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	2,058,565	2,265,872	2,400,339
Contributions as a percentage of covered payroll	8.12%	10.59%	10.97%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule but information prior to 2014 is not available.

**NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS**

**Valuation Date:**

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 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 of with BB.

**Other Information:**

Notes There were no benefit changes during the year.

<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
\$ 303,440	\$ 305,447	\$ 300,595
<u>303,440</u>	<u>305,447</u>	<u>300,595</u>
-	-	-
2,613,573	2,479,769	2,457,342
11.61%	12.32%	12.23%

**CITY OF WESTWORTH VILLAGE, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

<b>Measurement Date December 31,</b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b>A. Total OPEB liability</b>		
Service Cost	\$ 8,484	\$ 9,264
Interest (on the Total OPEB Liability)	2,646	2,905
Differences between expected and actual experience	-	974
Changes of assumptions and other inputs	6,881	( 6,762)
Benefit payments, including refunds of employee contributions	( 771)	( 488)
Net change in Total OPEB liability	17,240	5,893
Total OPEB liability - beginning	<u>66,151</u>	<u>83,391</u>
Total OPEB liability - ending	<u>\$ 83,391</u>	<u>\$ 89,284</u>
<b>B. Covered-employee payroll</b>	\$ 2,570,942	\$ 2,437,908
<b>C. Total OPEB liability as a percentage of covered-employee payroll</b>	3.24%	3.66%

**Notes to Schedule:**

- No assets are accumulated in a trust for the retiree health care plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- Included in the changes of assumptions was a increase in the discount rate from 3.31% to 3.71%.

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## **SUPPLEMENTAL INFORMATION**

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**CITY OF WESTWORTH VILLAGE, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 642,152	\$ 642,152	\$ 655,022	\$ 12,870
Investment earnings	1,500	1,500	8,663	7,163
Contributions	<u>237,219</u>	<u>237,219</u>	<u>93,220</u>	<u>( 143,999)</u>
Total revenues	<u>880,871</u>	<u>880,871</u>	<u>756,905</u>	<u>( 123,966)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	574,000	574,000	525,344	48,656
Interest and other fees	376,732	376,732	365,375	11,357
Payment to escrow agent	<u>-</u>	<u>-</u>	<u>3,714,618</u>	<u>( 3,714,618)</u>
Total expenditures	<u>950,732</u>	<u>950,732</u>	<u>4,605,337</u>	<u>( 3,654,605)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>( 69,861)</u>	<u>( 69,861)</u>	<u>( 3,848,432)</u>	<u>( 3,778,571)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding bonds	-	-	3,625,000	( 3,625,000)
Premium on bonds	<u>-</u>	<u>-</u>	<u>191,000</u>	<u>( 191,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,816,000</u>	<u>( 3,816,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	( 32,432)	32,432
<b>FUND BALANCE, BEGINNING</b>	<u>369,557</u>	<u>369,557</u>	<u>369,557</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 299,696</u>	<u>\$ 299,696</u>	<u>\$ 337,125</u>	<u>\$ 37,429</u>

Note: The original and final budgeted debt service expenditures include payments that are made from a proprietary fund. This results in a variance between budgeted and actual amounts.

**CITY OF WESTWORTH VILLAGE, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,366,917	\$ 1,366,917	\$ 86,343	\$( 1,280,574)
Charges for services	11,120	11,120	11,120	-
Investment earnings	3,500	3,500	2,815	( 685)
Contributions	40,000	40,000	85,000	45,000
Total revenues	<u>1,381,537</u>	<u>1,381,537</u>	<u>185,278</u>	<u>( 1,196,259)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	3,758	( 3,758)
Capital outlay	<u>2,291,125</u>	<u>2,291,125</u>	<u>468,589</u>	<u>1,822,536</u>
Total expenditures	<u>2,291,125</u>	<u>2,291,125</u>	<u>472,347</u>	<u>1,818,778</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 909,588)</u>	<u>( 909,588)</u>	<u>( 287,069)</u>	<u>622,519</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>869,588</u>	<u>869,588</u>	<u>191,716</u>	<u>( 677,872)</u>
Total other financing sources (uses)	<u>869,588</u>	<u>869,588</u>	<u>191,716</u>	<u>( 677,872)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 40,000)</u>	<u>( 40,000)</u>	<u>( 95,353)</u>	<u>( 55,353)</u>
<b>FUND BALANCE, BEGINNING</b>	<u>211,346</u>	<u>211,346</u>	<u>211,346</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 171,346</u>	<u>\$ 171,346</u>	<u>\$ 115,993</u>	<u>\$( 55,353)</u>

**CITY OF WESTWORTH VILLAGE, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>REVENUES</b>				
Sales tax	\$ 276,150	\$ 276,150	\$ 299,507	\$ 23,357
Total revenues	<u>276,150</u>	<u>276,150</u>	<u>299,507</u>	<u>23,357</u>
<b>EXPENDITURES</b>				
Current:				
Public works	175,272	175,272	206,120	( 30,848)
Capital outlay	<u>27,000</u>	<u>27,000</u>	<u>17,522</u>	<u>9,478</u>
Total expenditures	<u>202,272</u>	<u>202,272</u>	<u>223,642</u>	<u>( 21,370)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>73,878</u>	<u>73,878</u>	<u>75,865</u>	<u>1,987</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	47,486	47,486
Transfers out	<u>( 71,000)</u>	<u>( 71,000)</u>	<u>( 71,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>( 71,000)</u>	<u>( 71,000)</u>	<u>( 23,514)</u>	<u>47,486</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,878	2,878	52,351	49,473
<b>FUND BALANCE, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	\$ <u>2,878</u>	\$ <u>2,878</u>	\$ <u>52,351</u>	\$ <u>49,473</u>

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## **COMPLIANCE SECTION**

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**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 and Members  
of the City Council and Citizens  
City of Westworth Village, Texas

We 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Westworth Village, Texas (the "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 our report thereon dated February 5, 2020.

**Internal Control Over Financial Reporting**

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

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

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

**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
February 5, 2020