

*ANNUAL FINANCIAL REPORT*

of the

**CITY OF EL LAGO, TEXAS**

For the Year Ended  
September 30, 2020

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# CITY OF EL LAGO, TEXAS

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September 30, 2020

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## ***INDEPENDENT AUDITORS' REPORT***

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

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

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of El Lago, Texas (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' 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. 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 auditors' 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City as of September 30, 2020, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
August 31, 2021

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

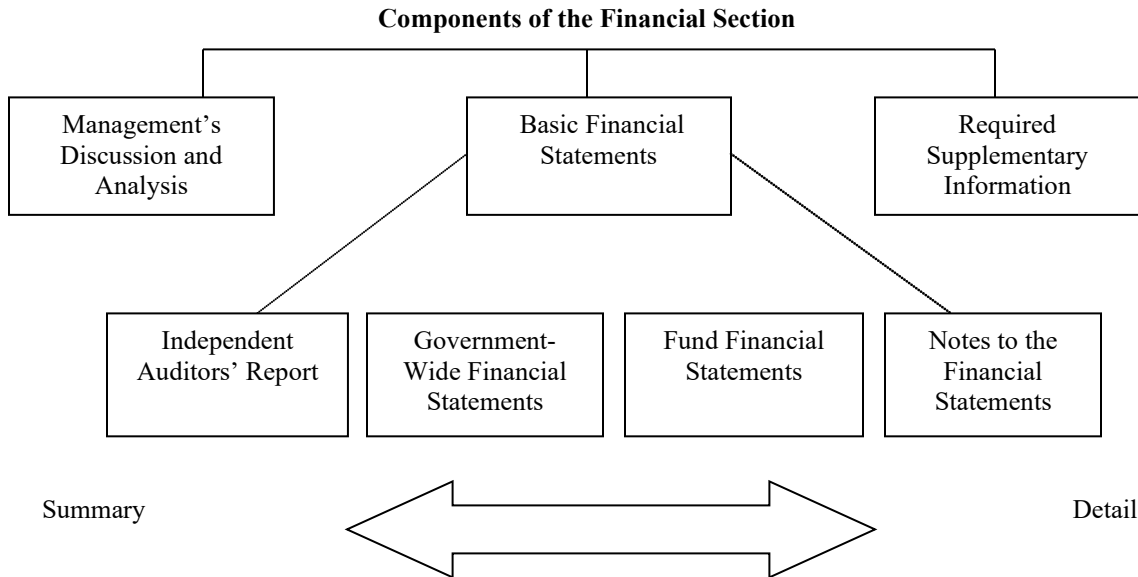
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**CITY OF EL LAGO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2020**

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of El Lago (the "City") for the year ending September 30, 2020. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

**THE STRUCTURE OF OUR ANNUAL REPORT**



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-Wide Statements**

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/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. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change

**CITY OF EL LAGO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2020**

occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present one class of activity for the City's financials:

1. *Governmental Activities* – The City's basic services are reported here including public safety (police, fire), public health (mosquito control, solid waste disposal, EMS), public works (streets and maintenance), parks and maintenance, municipal court, and general government. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.

The government-wide financial statements can be found after the MD&A.

### **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The City uses only one category of funds, which is governmental.

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is always considered to be a major fund for reporting purposes.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

#### **Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

**CITY OF EL LAGO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2020**

**Other Information**

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund. RSI can be found after the notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the fiscal year ended September 30, 2020, the City's assets exceed liabilities by \$5,130,556.

The largest portion of the City's net position, 82%, reflects its investments in capital assets (e.g., land, City Hall, streets, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 999,417	\$ 828,945
Capital assets, net	5,069,066	5,118,572
<b>Total Assets</b>	<b>6,068,483</b>	<b>5,947,517</b>
Long-term liabilities	870,549	994,162
Other liabilities	67,378	42,189
<b>Total Liabilities</b>	<b>937,927</b>	<b>1,036,351</b>
<b>Net Position:</b>		
Net investment in capital assets	4,204,066	4,128,572
Restricted	70,052	63,248
Unrestricted	856,438	719,346
<b>Total Net Position</b>	<b>\$ 5,130,556</b>	<b>\$ 4,911,166</b>

A portion of the primary government's net position, \$70,052, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$856,438, may be used to meet the City's ongoing obligation to citizens and creditors.

**CITY OF EL LAGO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2020**

**Statement of Activities**

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

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 267,319	\$ 276,255
Operating grants and contributions	223,618	203,350
General revenues:		
Property taxes	1,402,023	1,303,532
Franchise fees and local taxes	159,416	168,294
Sales taxes	183,104	174,311
Other taxes	18,600	23,624
Other revenue	12,528	19,594
Investment income	1,805	2,394
<b>Total Revenues</b>	<u>2,268,413</u>	<u>2,171,354</u>
<b>Expenses</b>		
General government	631,507	594,537
Public health	220,179	220,163
Municipal court	106,522	95,947
Public safety	926,135	938,070
Public works	88,216	112,454
Parks and maintenance	52,999	96,433
Interest on long-term debt	23,465	26,287
<b>Total Expenses</b>	<u>2,049,023</u>	<u>2,083,891</u>
<b>Change in Net Position</b>	219,390	87,463
Beginning net position	<u>4,911,166</u>	<u>4,823,703</u>
<b>Ending Net Position</b>	<u>\$ 5,130,556</u>	<u>\$ 4,911,166</u>

The City's net position increased by \$219,390. Total revenues increased by \$97,059, or 4 percent, primarily due to increases in property taxes, sales taxes, and operating grants and contributions. The increase in property taxes is due to increases in the tax rate and assessed value of the property. Total expenses decreased by approximately two percent or \$34,868 from the prior year.

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

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

**Governmental Funds** – The focus of the City's governmental fund 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, the unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's general fund reflects a fund balance of \$862,605. Total fund balance includes various restrictions and assignments including \$23,813 restricted for child safety, \$10,827 restricted for building security expenditures,

**CITY OF EL LAGO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2020**

\$35,412 restricted for governmental programming, and \$100,000 is assigned for future capital projects. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33 percent of total general fund expenditures, while total fund balance represents 41 percent of the same amount.

The City's fund balance in the general fund increased by \$129,325 during the current fiscal year. The increase in fund balance can be attributed to an overall net increase in revenues as well as a net reduction in expenditures. General government and parks and maintenance saw the most significant decreases in comparison to the prior year as a result of a reduction in capital expenditures.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

For the year, the general fund had total revenues of \$2,252,948, which resulted in a net negative variance of \$23,667 from the final budget. This net negative variance is primarily a result of less property tax, franchise tax, and charges for services revenue than forecasted. Total expenditures for the general fund were under the final budget by \$188,552, contributing to the overall positive budget variance of \$164,885 as of September 30, 2020.

**CAPITAL ASSETS**

At the end of the year, the City's governmental activities had invested \$8,001,026 in a variety of capital assets and infrastructure.

Significant capital activity during the year included:

- Replacement of major components on community center air conditioner
- Replacement of pool and splash pad decking
- Various street improvements

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

**LONG-TERM DEBT**

At year end, the City had \$865,000 in certificates of obligation outstanding versus \$990,000 last year. The City paid \$125,000 in principal payments during the year.

More detailed information about the City's long-term liabilities is presented in note III.C. to the financial statements.

**COVID**

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. The City navigated through this time by alternating the schedules of its employees due to various City functions needing to continue to run through this time. The City followed the directions of the State in relation to Municipal Court. The Court was closed until the City came up with an acceptable plan to monitor social distancing, require masks, and provide hand sanitizers. While the initial event occurred prior to year end, the City was, subsequent to year end, continuing to modify its operations to prevent the spread to customers, staff, and the community as a whole, while balancing the needs of the community. The City has made numerous changes to its operations, including provisions for customer and staff to wear masks, more frequent cleanings, and numerous other changes. While such changes cause a significant hardship and have increased expenses, such increases are nominal in comparison to the overall budget. The City is continuing to

**CITY OF EL LAGO, TEXAS**  
***MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)***  
**For the Year Ended September 30, 2020**

monitor exposure levels with customers, staff, and the community as a whole but, to date, the overall exposure threat level has been sufficiently low to continue with open doors; however, the City is ready to modify plans if necessary.

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

The City has approved an operating budget of \$2,209,949 for the 2021 fiscal year, a decrease from the 2020 approved budget, which was \$2,287,192. The City Council adopted a 2020 tax rate of \$0.485419 per \$100 valuation.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Rachel Lewis, City Secretary, City Hall, 411 Tallowood Drive, El Lago, Texas, 77586; telephone (281) 326-1951.

***BASIC FINANCIAL STATEMENTS***

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# CITY OF EL LAGO, TEXAS

## STATEMENT OF NET POSITION

September 30, 2020

	<b>Primary Government Governmental Activities</b>
<b><u>Assets</u></b>	
Cash and cash equivalents	
Unrestricted	\$ 674,036
Restricted	59,217
Prepaid expenses	73,474
Receivables, net	179,681
Due from other government	13,009
	<u>999,417</u>
Capital assets:	
Nondepreciable capital assets	604,761
Net depreciable capital assets	4,464,305
	<u>5,069,066</u>
<b>Total Assets</b>	<u><u>6,068,483</u></u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	60,847
Accrued interest	3,413
Unearned revenue	3,118
	<u>67,378</u>
<b>Total Current Liabilities</b>	<u>67,378</u>
Noncurrent liabilities:	
Due within one year	134,994
Due in more than one year	735,555
	<u>870,549</u>
<b>Total Noncurrent Liabilities</b>	<u>870,549</u>
<b>Total Liabilities</b>	<u><u>937,927</u></u>
<b><u>Net Position</u></b>	
Net investment in capital assets	4,204,066
Restricted for:	
Child safety	23,813
Building security	10,827
Governmental programming	35,412
Unrestricted	856,438
	<u>856,438</u>
<b>Total Net Position</b>	<u><u>\$ 5,130,556</u></u>

See Notes to Financial Statements.

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# CITY OF EL LAGO, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 631,507	\$ -	\$ 223,618	\$ (407,889)
Public health	220,179	45,410	-	(174,769)
Municipal court	106,522	112,067	-	5,545
Public safety	926,135	-	-	(926,135)
Public works	88,216	-	-	(88,216)
Parks and maintenance	52,999	109,842	-	56,843
Interest on long-term debt	23,465	-	-	(23,465)
<b>Total Governmental Activities</b>	<b>\$ 2,049,023</b>	<b>\$ 267,319</b>	<b>\$ 223,618</b>	<b>(1,558,086)</b>
<b>General Revenues:</b>				
Taxes and fees				
Property				1,402,023
Franchise				159,416
Sales				183,104
Other				18,600
Investment income				1,805
Other revenues				12,528
			<b>Total General Revenues</b>	<b>1,777,476</b>
			<b>Change in Net Position</b>	<b>219,390</b>
Beginning net position				<b>4,911,166</b>
			<b>Ending Net Position</b>	<b>\$ 5,130,556</b>

See Notes to Financial Statements.

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# CITY OF EL LAGO, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUND

September 30, 2020

	<u>General</u>
<b>Assets</b>	
Cash and cash equivalents:	
Unrestricted	\$ 674,036
Restricted	59,217
Prepaid expenses	73,474
Receivables	
Property taxes, net	72,847
Other taxes	106,834
Due from other government	13,009
<b>Total Assets</b>	<u><u>\$ 999,417</u></u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 60,847
Unearned revenue	3,118
<b>Total Liabilities</b>	<u><u>63,965</u></u>
<b>Deferred Inflows of Resources</b>	
Unavailable revenue - property taxes	72,847
<b>Total Deferred Inflows of Resources</b>	<u><u>72,847</u></u>
<b>Fund Balance</b>	
Restricted for:	
Child safety	23,813
Building security	10,827
Governmental programming	35,412
Assigned	100,000
Unassigned	692,553
<b>Total Fund Balance</b>	<u><u>862,605</u></u>
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.	
Nondepreciable capital assets	604,761
Net depreciable capital assets	4,464,305
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental fund.	
	72,847
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental fund.	
Accrued interest payable	(3,413)
Noncurrent liabilities due in one year	(134,994)
Noncurrent liabilities due in more than one year	(735,555)
<b>Net Position of Governmental Activities</b>	<u><u>\$ 5,130,556</u></u>

See Notes to Financial Statements.

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# CITY OF EL LAGO, TEXAS

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

For the Year Ended September 30, 2020

	<u>General</u>
<b>Revenues</b>	
Taxes and fees:	
Property	\$ 1,386,558
Franchise	159,416
Sales	183,104
Other	18,600
Licenses and permits	45,410
Fines and forfeitures	112,067
Charges for services	109,842
Intergovernmental	223,618
Investment income	1,805
Other	12,528
<b>Total Revenues</b>	<u>2,252,948</u>
<b>Expenditures</b>	
Current:	
General government	545,214
Public health	220,179
Municipal court	106,217
Public safety	926,135
Public works	93,450
Parks and maintenance	83,470
Debt service:	
Principal	125,000
Interest	23,958
<b>Total Expenditures</b>	<u>2,123,623</u>
<b>Net Change in Fund Balance</b>	129,325
Beginning fund balance	<u>733,280</u>
<b>Ending Fund Balance</b>	<u>\$ 862,605</u>

See Notes to Financial Statements.

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**CITY OF EL LAGO, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2020**

Net change in fund balance - governmental fund \$ 129,325

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

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

Capital outlay	116,006
Depreciation expense	(165,512)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	15,465
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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 consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payment	125,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.

Compensated absences	(1,387)
Accrued interest	493

<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>219,390</u></b>
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See Notes to Financial Statements.

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**CITY OF EL LAGO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of El Lago, Texas (the “City”) was organized as the Village of El Lago and incorporated in 1961 as a General Law Village, under Chapter 11, Title 28, Acts of the Texas Legislature, 1925 as amended. The incorporation papers were subsequently amended to permit operation as a Type A General Law City under the authority of Chapters 1 through 10 of the above act, and the name changed to its present name.

The City provides the following services: public safety to include police, fire, and emergency medical services (through financial support to other entities); parks; recreation; public improvements; public health; and general administration.

The City is an independent political subdivision of the State of Texas (the “State”) governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City does not report any business-type activities.

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

**CITY OF EL LAGO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City’s funds. Separate statements for each fund category, governmental, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The City reports the following governmental fund:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, public health, parks and maintenance, municipal court, and debt service. The general fund is always considered a major fund for reporting purposes.

**E. Measurement Focus and Basis of Accounting**

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

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

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

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

**CITY OF EL LAGO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations and is reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government and the State or their agencies or  
instrumentalities  
Fully collateralized certificates of deposit  
Mutual funds of specific type  
Investment pools

**3. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) and are recognized as expenditures when utilized.

**4. Restricted Assets**

Certain proceeds received from municipal court fines and forfeitures and funds to support public, educational, and governmental (PEG) programming are restricted in how they may be spent and are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by applicable debt covenants or state or federal statute.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activity column in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**CITY OF EL LAGO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Furniture and equipment	5 to 10 years
Infrastructure	50 years
Buildings and improvements	5 to 50 years

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

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

**7. Compensated Employee Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and personal time. Amounts of vacation time accumulated may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

**8. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the debt using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

**CITY OF EL LAGO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

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

**9. Net Position Flow Assumption**

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

**10. Fund Balance Flow Assumptions**

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

**11. Fund Balance Policies**

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

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments

**CITY OF EL LAGO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**12. 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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

Property taxes are levied by September 15 of each year. Taxes become due on October 1 and become delinquent on February 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund. The original budget is adopted by the City Council prior to the beginning of the year. City Council may amend the budget throughout the year. Appropriations lapse at the end of the year.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2020, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
TexPool	\$ 5,298	0.09
<b>Total Fair Value</b>	<b>\$ 5,298</b>	
Portfolio weighted average maturity		0.09



**CITY OF EL LAGO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

*Credit risk.* State law and the City's investment policy limits investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent. Further, commercial paper must be rated not less than "A-1" or "P-1" or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2020, the City's investment in TexPool was rated "AAAm" by Standard & Poor's.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2020, market values of pledged securities and FDIC insurance combined exceeded bank balances.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

**TexPool**

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

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. TexPool may only impose restrictions on redemptions in the event of general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the TexPool's liquidity.

**CITY OF EL LAGO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

**B. Capital Assets**

A summary of changes in capital assets at year end is as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 604,761	\$ -	\$ -	\$ 604,761
<b>Total Capital Assets Not Being Depreciated</b>	<u>604,761</u>	<u>-</u>	<u>-</u>	<u>604,761</u>
Other capital assets:				
Infrastructure	4,015,107	76,408	(16,053)	4,075,462
Buildings and improvements	3,062,179	39,598	-	3,101,777
Furniture and equipment	254,635	-	(35,609)	219,026
<b>Total Other Capital Assets</b>	<u>7,331,921</u>	<u>116,006</u>	<u>(51,662)</u>	<u>7,396,265</u>
Less accumulated depreciation for:				
Infrastructure	(1,603,376)	(71,174)	16,053	(1,658,497)
Buildings and improvements	(995,178)	(83,405)	-	(1,078,583)
Furniture and equipment	(219,556)	(10,933)	35,609	(194,880)
<b>Total Accumulated Depreciation</b>	<u>(2,818,110)</u>	<u>(165,512)</u>	<u>51,662</u>	<u>(2,931,960)</u>
Other capital assets, net	4,513,811	(49,506)	-	4,464,305
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 5,118,572</u>	<u>\$ (49,506)</u>	<u>\$ -</u>	<u>5,069,066</u>
				Less debt associated with capital assets <u>(865,000)</u>
				<b>Net Investment in Capital Assets</b> <u>\$ 4,204,066</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 92,778
Public works	71,174
Parks and maintenance	<u>1,560</u>
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 165,512</u>

**CITY OF EL LAGO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

**C. Long-Term Debt**

The City issued certificates of obligation for the acquisition of assets and construction of major capital facilities. The certificates of obligation are further supported by specific annual tax levies that are legally restricted to servicing this debt issue. The collection and remittance of such levies is controlled and reported in the general fund, beginning in fiscal year 2012. The certificates of obligation were privately placed at the time of issuance. The following is a summary of the changes in the City's long-term obligations for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Certificates:					
Certificates of obligation-Direct Placement	\$ 990,000	\$ -	\$ (125,000)	\$ 865,000	* \$ 130,000
Other liabilities:					
Compensated absences	<u>4,162</u>	<u>5,133</u>	<u>(3,746)</u>	<u>5,549</u>	<u>4,994</u>
<b>Total Governmental Activities</b>	<u>\$ 994,162</u>	<u>\$ 5,133</u>	<u>\$ (128,746)</u>	<u>\$ 870,549</u>	<u>\$ 134,994</u>
				<u>\$ 735,555</u>	
				<u>\$ 865,000</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental fund. The governmental activities compensated absences are liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

<u>Description</u>	<u>Interest Rate</u>	<u>Balance</u>
<b>Certificates of Obligation-Direct Placement</b>		
Series 2010	2.42%	<u>\$ 865,000</u>
<b>Total Governmental Activities Long-Term Debt</b>		<u>\$ 865,000</u>

On April 8, 2015, the City passed a Resolution Modifying Ordinance Authorizing the Issuance of Certificates of Obligation (the "Resolution"). This Resolution reflects the agreement between the City and the holder of the certificates to lower the interest rate from 4.45% to 2.42%, effective December 1, 2015 and to extend the call date to December 2021.

**CITY OF EL LAGO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2020**

The annual requirements to amortize direct placement debt outstanding at year end were as follows:

<b>Year Ending Sept 30</b>	<b>Governmental Activities</b>	
	<b>Certificates of Obligation</b>	
	<b>Principal</b>	<b>Interest</b>
2021	130,000	20,933
2022	135,000	17,787
2023	140,000	14,520
2024	145,000	11,132
2025	155,000	7,623
2026	160,000	3,872
<b>Total</b>	<b>\$ 865,000</b>	<b>\$ 75,867</b>

**D. Fund Balance**

Assigned fund balance as of September 30, 2020 consisted of the following.

<b>Assigned Fund Balance</b>	
Pump House rebuild	\$ 20,000
Entrances	80,000
	<b>\$ 100,000</b>

**IV. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League’s Intergovernmental Risk Pools ( the “Pool”). The Pool purchases commercial insurance at a group rate for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Contingent Liabilities**

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

The continued spread of the COVID-19 pandemic has given a rise in uncertainties that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are uncertain.

**CITY OF EL LAGO, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

**C. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan (the “Plan”) created in accordance with the Internal Revenue Code Section 457. The Plan, available to all permanent City employees, permits them to defer until future years up to 25 percent of annual gross earnings not to exceed \$13,000. The City matches employee contributions to the Plan up to six percent of these annual earnings. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The City contributed \$3,053 to the Plan during the fiscal year.

**D. Related Organizations and Joint Ventures**

**Lakeview Police Department**

The City entered into an interlocal cooperation agreement with the City of Taylor Lake Village to create the Lakeview Police Department (the “Department”). The City and the City of Taylor Lake Village (the “Participating Cities”) each provide 50 percent of the support necessary to furnish all police services and law enforcement activities to the Participating Cities. Each City Council of the Participating Cities appoints two representatives and one alternate to the Department’s Board of Commissioners (the “Board”) biannually. The Department’s Board controls the operations of the Department, which includes adopting operating and capital budgets.

On September 20, 2012, the City entered into a facilities agreement with the Department. The City agreed to lease approximately 1,255 square feet of the building located at 98 Lakeshore Drive, El Lago, Texas to the Department. The building is used by the Department for the conduct of its governmental operations, including the provision of law enforcement and police protection. The Department shall compensate the City for the space occupied in an amount equal to the building space occupied by the Department within the facility multiplied by a lease and utilities cost amount of \$19.91 per square foot per year. The fees shall be prorated on a monthly basis and deducted from the City’s monthly funding payment. For the year ended September 30, 2020, the City received the equivalent of \$24,987 in rent income.

Consolidated financial information of the Department extracted from the audited financial statements for the year ended September 30, 2020, on which the Department’s auditors expressed an unmodified opinion, is as follows:

	<b>2020</b>
Total assets	\$ 170,672
Total liabilities	92,813
<b>Total Participants' Equity</b>	<b>\$ 77,859</b>
Total revenues	\$ 1,576,735
Total expenses	1,530,238
<b>Revenues (Under) Expenses</b>	<b>46,497</b>
Beginning participants' equity	31,362
<b>Ending Participants' Equity</b>	<b>\$ 77,859</b>

**CITY OF EL LAGO, TEXAS**  
***NOTES TO FINANCIAL STATEMENTS (Continued)***  
**For the Year Ended September 30, 2020**

**Seabrook Volunteer Fire Department**

The City has entered into an interlocal agreement (the “Contract”) with the Seabrook Volunteer Fire Department for firefighting services that started October 13, 2013. The terms of the Contract state that after one year, if no new Contract replacing the current Contract is entered between the parties, then the parties agree that after September 30, 2014, the Contract shall continue on a month-to-month basis, unless terminated earlier. The City has agreed to pay the sum of \$144,676 per year, payable in equal monthly installments of \$12,056.33. For each annual payment thereafter, there will be an increase in the payment amount of one and one-half percent per year to compensate for inflation. For 2020, the City paid \$156,625.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF EL LAGO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended September 30, 2020  
With Comparative Totals for the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Taxes and fees:				
Property	\$ 1,418,450	\$ 1,418,450	\$ 1,386,558	\$ (31,892)
Franchise	174,308	174,308	159,416	(14,892)
Sales	162,216	162,216	183,104	20,888
Other	22,654	22,654	18,600	(4,054)
Licenses and permits	33,865	33,865	45,410	11,545
Fines and forfeitures	117,678	117,678	112,067	(5,611)
Charges for services	129,169	129,169	109,842	(19,327)
Intergovernmental	206,000	206,000	223,618	17,618
Investment income	2,275	2,275	1,805	(470)
Other	10,000	10,000	12,528	2,528
<b>Total Revenues</b>	<u>2,276,615</u>	<u>2,276,615</u>	<u>2,252,948</u>	<u>(23,667)</u>
<b>Expenditures</b>				
Current:				
General government	562,724	588,565	545,214	43,351
Public health	222,600	248,725	220,179	28,546
Municipal court	106,052	109,309	106,217	3,092
Public safety	978,454	978,454	926,135	52,319
Public works	133,500	133,500	93,450	40,050
Parks and maintenance	76,260	104,664	83,470	21,194
Debt service:				
Principal	125,000	125,000	125,000	-
Interest	23,958	23,958	23,958	-
<b>Total Expenditures</b>	<u>2,228,548</u>	<u>2,312,175</u>	<u>2,123,623</u>	<u>188,552</u>
<b>Net Change in Fund Balance</b>	<u>\$ 48,067</u>	<u>\$ (35,560)</u>	129,325	<u>\$ 164,885</u>
Beginning fund balance			<u>733,280</u>	
<b>Ending Fund Balance</b>			<u>\$ 862,605</u>	

Notes to Required Supplementary Information:

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



**2019**  
**Actual**

---

\$ 1,297,003  
168,294  
174,311  
23,624  
32,942  
111,916  
131,397  
203,350  
2,394  
19,594  

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2,164,825

659,583  
220,163  
95,681  
938,070  
126,111  
156,441

115,000  
26,741  

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2,337,790

\$ (172,965)

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