

*ANNUAL FINANCIAL REPORT*

of the

**City of Parker, Texas**

For the Year Ended  
September 30, 2020

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# City of Parker, Texas

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***INDEPENDENT AUDITOR'S REPORT***

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

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parker, 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***

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

***Auditor's Responsibility***

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, 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, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and general fund budgetary comparison 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 opinion on the financial statements that collectively comprise City of Parker, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*BrooksWatson & Co.*

BrooksWatson & Co., PLLC  
Certified Public Accountants  
Houston, Texas  
May 12, 2021

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

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# **City of Parker, Texas**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

### **September 30, 2020**

As management of the City of Parker, Texas (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020.

#### **Financial Highlights**

- The City's total combined net position is \$59,354,629 at September 30, 2020. Of this, \$14,812,438 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$5,139,389, a decrease of \$1,050,143.
- As of the end of the year, the unassigned fund balance of the general fund was \$3,868,499 or 84% of total general fund expenditures.
- The City had an overall increase in net position of \$607,760, which is primarily due to business-type activities revenue exceeding current year expenses.
- The City budgeted a deficit to fund balance for the general fund of \$1,233,449 for the year. The actual activity resulted in a decrease in the fund balance for the general fund of \$774,321. This resulted in a positive overall variance between budget to actual of \$459,128.

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

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

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

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

The *statement of net position* presents information on all of the City’s assets, liabilities, and deferred inflows/outflows 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 non-financial factors, such as the City’s property tax base and the condition of the City’s infrastructure, need to be considered in order to assess the overall health of the City.

# City of Parker, Texas

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

### September 30, 2020

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

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Parker Volunteer Fire Department for which the City is financially accountable. Although legally separate, the Fire Department functions for all practical purposes as a department of the City and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 18 through 21 of this report.

## **FUND FINANCIAL STATEMENTS**

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

### **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

# **City of Parker, Texas**

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

**September 30, 2020**

revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Parker maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and debt service funds, which are considered major funds.

The City of Parker adopts an annual appropriated budget for its general, debt service, capital projects, and utility funds. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget.

### **Proprietary Funds**

The City maintains one type of proprietary fund which is considered an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, wastewater collection/treatment, water construction operations and sanitation services. The proprietary fund financial statements provide separate information for the water distribution, wastewater collection/treatment fund, and sanitation funds. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

### **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.

### **Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes a budgetary comparison schedule for the general fund and schedule of changes in net pension and OPEB liability, and related ratios for Texas Municipal Retirement System. The RSI can be found after the basic financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Parker, assets exceeded liabilities by \$59,354,629 as of September 30, 2020, in the primary government.

# **City of Parker, Texas**

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

**September 30, 2020**

The largest portion of the City's net position, \$44,114,106, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Current and other assets of Governmental Activities as of September 30, 2020 and September 30, 2019 were \$5,743,999 and \$6,952,310, respectively. The decrease of \$1,208,311 was primarily due to transfers to business-type activities. Capital assets of Governmental Activities as of September 30, 2020 and September 30, 2019 were \$36,113,273 and \$36,756,288, respectively. The decrease of \$643,015, was primarily attributable to current year depreciation exceeding new capital investments. Long-term liabilities of Governmental Activities as of September 30, 2020 and September 30, 2019 were \$2,506,940 and \$3,057,011, respectively. The decrease of \$550,071 is primarily due to principal payments made and debt refunding occurring during the current year.

Current and other assets of Business-Type Activities as of September 30, 2020 and September 30, 2019 were \$11,749,188 and \$9,844,149, respectively. The increase of \$1,905,039 was a direct result of business-type activity revenues exceeding expenses. Other liabilities of Business-Type Activities as of September 30, 2020 and September 30, 2019 were \$666,208 and \$439,900, respectively. The increase of \$226,308 was a result of timing of payments to third party vendors in the subsequent fiscal year. Long-term liabilities of Business-Type Activities as of September 30, 2020 and September 30, 2019 were \$7,996,505 and \$8,364,854, respectively. The decrease of \$368,349 is primarily due to principal payments made and debt refunding occurring during the current year.

**City of Parker, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2020**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 5,743,999	\$ 11,749,188	\$ 17,493,187	\$ 6,952,310	\$ 9,844,149	\$ 16,796,459
Capital assets, net	36,113,273	17,596,770	53,710,043	36,756,288	17,682,305	54,438,593
<b>Total Assets</b>	<b>41,857,272</b>	<b>29,345,958</b>	<b>71,203,230</b>	<b>43,708,598</b>	<b>27,526,454</b>	<b>71,235,052</b>
<b>Deferred Outflows of Resources</b>	<b>203,099</b>	<b>62,718</b>	<b>265,817</b>	<b>380,368</b>	<b>138,590</b>	<b>518,958</b>
Other liabilities	829,502	666,208	1,495,710	1,145,376	439,900	1,585,276
Long-term liabilities	2,506,940	7,996,505	10,503,445	3,057,011	8,364,854	11,421,865
<b>Total Liabilities</b>	<b>3,336,442</b>	<b>8,662,713</b>	<b>11,999,155</b>	<b>4,202,387</b>	<b>8,804,754</b>	<b>13,007,141</b>
<b>Deferred Inflows of Resources</b>	<b>90,248</b>	<b>25,015</b>	<b>115,263</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position:</b>						
Net investment in capital assets	34,416,835	9,697,271	44,114,106	34,985,980	16,125,350	51,111,330
Restricted	428,085	-	428,085	396,308	-	396,308
Unrestricted	3,788,761	11,023,677	14,812,438	4,504,291	2,734,940	7,239,231
<b>Total Net Position</b>	<b>\$ 38,633,681</b>	<b>\$ 20,720,948</b>	<b>\$ 59,354,629</b>	<b>\$ 39,886,579</b>	<b>\$ 18,860,290</b>	<b>\$ 58,746,869</b>

**City of Parker, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2020**

**Statement of Activities:**

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

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
			Total			Total
	Governmental Activities	Business-Type Activities	Primary Government	Governmental Activities	Business-Type Activities	Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 674,346	\$ 4,681,505	\$ 5,355,851	\$ 667,841	\$ 4,354,791	\$ 5,022,632
Grants and contributions	706,492	117,876	824,368	3,636	75,556	79,192
General revenues:						
Property taxes	3,849,069	-	3,849,069	3,419,164	-	3,419,164
Sales taxes	262,590	-	262,590	230,007	-	230,007
Franchise and local taxes	284,133	-	284,133	279,136	-	279,136
Investment income	65,066	72,989	138,055	249,558	18,842	268,400
Other revenues	11,383	-	11,383	73,686	-	73,686
<b>Total Revenues</b>	<b>5,853,079</b>	<b>4,872,370</b>	<b>10,725,449</b>	<b>4,923,028</b>	<b>4,449,189</b>	<b>9,372,217</b>
<b>Expenses</b>						
General government	1,259,419	-	1,259,419	974,796	-	974,796
Public safety	2,508,377	-	2,508,377	2,252,723	-	2,252,723
Public works	2,270,465	-	2,270,465	2,387,318	-	2,387,318
Culture and recreation	10,618	-	10,618	10,619	-	10,619
Interest and fiscal charges	93,072	244,438	337,510	78,716	267,070	345,786
Water, sewer, & sanitation	-	3,731,300	3,731,300	-	3,657,161	3,657,161
<b>Total Expenses</b>	<b>6,141,951</b>	<b>3,975,738</b>	<b>10,117,689</b>	<b>5,704,172</b>	<b>3,924,231</b>	<b>9,628,403</b>
<b>Change in Net Position</b>						
Before Transfers	(288,872)	896,632	607,760	(781,144)	524,958	(256,186)
Transfers	(964,026)	964,026	-	-	-	-
<b>Change in Net Position</b>	<b>(1,252,898)</b>	<b>1,860,658</b>	<b>607,760</b>	<b>(781,144)</b>	<b>524,958</b>	<b>(256,186)</b>
Beginning Net Position	39,886,579	18,860,290	58,746,869	40,667,723	18,335,332	59,003,055
<b>Ending Net Position</b>	<b>\$ 38,633,681</b>	<b>\$ 20,720,948</b>	<b>\$ 59,354,629</b>	<b>\$ 39,886,579</b>	<b>\$ 18,860,290</b>	<b>\$ 58,746,869</b>

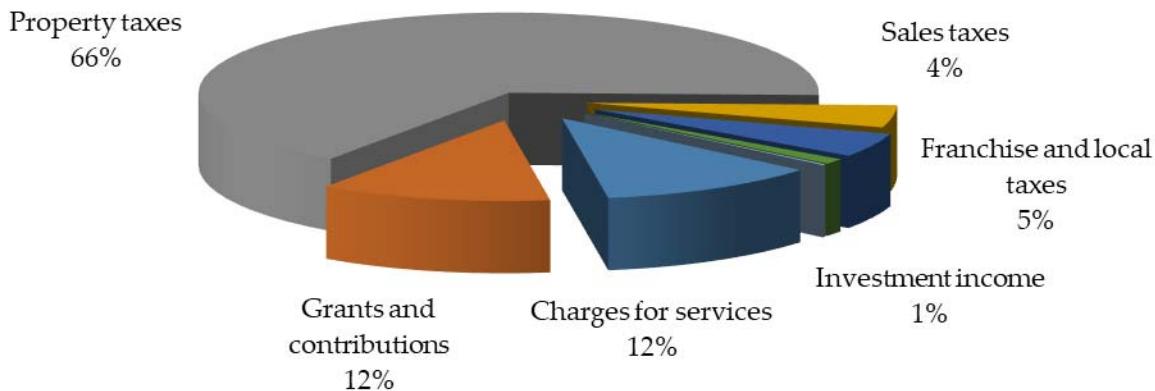
# City of Parker, Texas

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

September 30, 2020

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

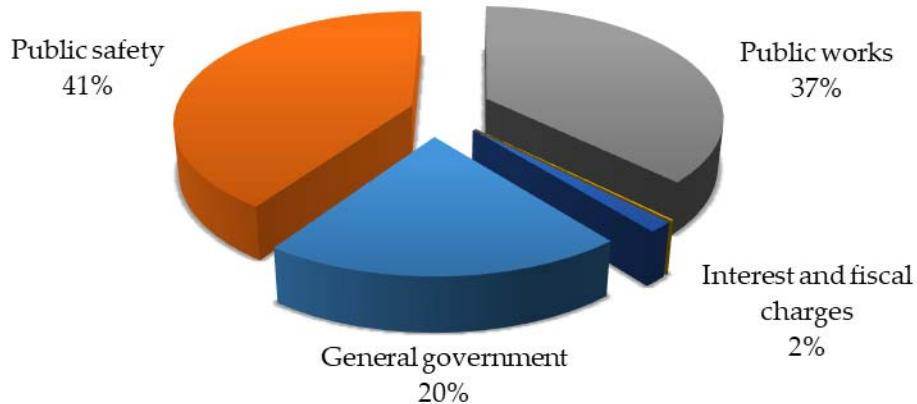
### Governmental Activities - Revenues



For the year ended September 30, 2020, revenues from governmental activities totaled \$5,853,079. Property tax, charges for services, and grants and contributions are the City's largest revenue sources. Property tax increased \$429,905 or 13% due to an increase in the taxable appraisal value of properties. Grants and contributions increased \$702,856 due to nonrecurring capital contributions from developer in the current year. Sales tax revenues increased \$32,583 or 14% due to increased economic growth fueled by local purchases. Investment income decreased by \$184,492 primarily as a result of decreased interest-bearing cash accounts and realization of lower interest rates. Other revenues decreased \$62,303 due primarily to nonrecurring reimbursements and equipment auction proceeds received in the prior year.

This graph shows the governmental function expenses of the City:

### Governmental Activities - Expenses



# City of Parker, Texas

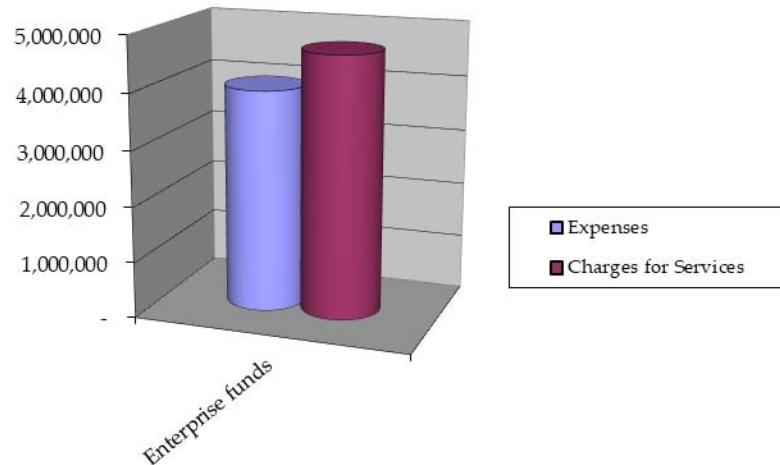
## *MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*

### September 30, 2020

For the year ended September 30, 2020, expenses for governmental activities totaled \$6,141,951. This represents an increase of \$437,779 or 8% from the prior year. The City's largest functional expense is public safety for \$2,508,377. Public safety expenses increased by \$255,654 or 11% from prior year. The increase was primarily a result of greater personnel costs and depreciation expenses in the current year. General government expenses increased by \$284,623 or 29% primarily due to nonrecurring worker's compensation and liability insurance expenses in the current year. Interest and fiscal charges increased by \$14,356 or 18% primarily due to nonrecurring bond issuance costs recognized in the current year.

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

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



For the year ended September 30, 2020, charges for services by business-type activities totaled \$4,681,505. This is an increase of \$326,714, or 8% from the previous year. This increase directly relates to a 7% increase in water billing rates and growth in the City's customer base compared to the prior year.

Total expenses for business-type activities increased \$51,507 or 1%, which is considered minimal.

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

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

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

# **City of Parker, Texas**

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

### **September 30, 2020**

As of the end of the year the general fund reflected a total fund balance of \$4,130,665. Of this, \$243,156 is restricted for CARES Act grant activity. The unassigned fund balance totaled \$3,868,499 as of yearend. The general fund balance decreased \$774,321 primarily as a result of transfers to other funds.

As of September 30, 2020, the debt service fund reflected a fund balance of \$246,740, an increase of \$77,263 from the prior year. The fund experienced an increase primarily due to property tax revenues and other financing sources exceeding debt service expenditures.

As of September 30, 2020, the nonmajor governmental funds reflected a total fund balance of \$761,984, a decrease of \$353,085. The decrease is primarily a result of current year expenditures and other financing uses exceeding revenues.

There was a decrease in governmental fund balance of \$1,050,143 from the prior year. The decrease was primarily a result of transfers to other funds.

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

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

There was a total positive budget variance of \$459,128 in the general fund. This was primarily the result of positive expenditure variances totaling \$506,582. All expenditures were less than final budgeted appropriations.

## **CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$36,113,273 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$17,596,770 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following:

- Developer contributions received totaling \$449,261 for street improvements.
- Developer contributions received totaling \$116,107 for water system improvements.
- Central lift station improvements totaling \$305,563.
- Topography planning costs for future City Hall for \$49,942.
- Purchased 2018 ladder truck for \$1,095,238.
- Purchased new dispatch equipment and mapping software totaling \$86,029.

# **City of Parker, Texas**

***MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued***

**September 30, 2020**

- SCADA system update for \$26,750.
- Phone system upgrades for \$24,837.

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

## **LONG-TERM DEBT**

At the end of the current year, the City had total bonds outstanding of \$9,220,086. During the year, principal payments totaling \$679,995 were made. The City refunded \$2,485,000 of G.O. bonds during the current year. More detailed information about the City's long-term liabilities is presented in note IV. E. to the financial statements.

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

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Parker and improving services provided to their public citizens. The City is budgeting for growth in the upcoming year.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Parker's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Administrator, 5700 East Parker Road, Parker, Texas 75002.

## *FINANCIAL STATEMENTS*

**City of Parker, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
September 30, 2020

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 3,044,921	\$ 3,326,557	\$ 6,371,478
Restricted cash	-	7,541,617	7,541,617
Investments	2,517,801	-	2,517,801
Receivables, net	162,267	449,811	612,078
Prepaid expenses	19,010	4,157	23,167
	<b>Total Current Assets</b>	<b>5,743,999</b>	<b>11,322,142</b>
			<b>17,066,141</b>
Capital assets:			
Non-depreciable	890,426	1,245,045	2,135,471
Net depreciable capital assets	35,222,847	16,351,725	51,574,572
Grant receivables	-	427,046	427,046
	<b>Total Noncurrent Assets</b>	<b>36,113,273</b>	<b>18,023,816</b>
			<b>54,137,089</b>
	<b>Total Assets</b>	<b>41,857,272</b>	<b>29,345,958</b>
			<b>71,203,230</b>
<b>Deferred Outflows of Resources</b>			
Pension outflows	185,269	51,352	236,621
OPEB outflows	7,523	2,084	9,607
Deferred charge on refunding	10,307	9,282	19,589
	<b>Total Deferred Outflows of Resources</b>	<b>203,099</b>	<b>62,718</b>
			<b>265,817</b>

# City of Parker, Texas

## STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	151,889	499,627	651,516
Payable to Collin County	-	238,856	238,856
Customer deposits	82,000	-	82,000
Accrued interest payable	6,769	36,772	43,541
Unearned revenue	144,212	-	144,212
Compensated absences, current	74,863	16,404	91,267
Long-term debt due within one year	369,769	285,231	655,000
	829,502	1,076,890	1,906,392
Noncurrent liabilities:			
Long-term debt due in more than one year	1,729,834	7,370,910	9,100,744
Compensated absences, noncurrent	8,318	1,823	10,141
Net pension liability	714,901	198,154	913,055
OPEB liability	53,887	14,936	68,823
	2,506,940	7,585,823	10,092,763
<b>Total Liabilities</b>	3,336,442	8,662,713	11,999,155
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows	79,782	22,114	101,896
OPEB inflows	10,466	2,901	13,367
<b>Total Deferred Inflows of Resources</b>	90,248	25,015	115,263
<b><u>Net Position</u></b>			
Net investment in capital assets	34,416,835	9,697,271	44,114,106
Restricted	428,085	-	428,085
Unrestricted	3,788,761	11,023,677	14,812,438
<b>Total Net Position</b>	\$ 38,633,681	\$ 20,720,948	\$ 59,354,629

See Notes to Financial Statements.

# City of Parker, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<b>Governmental Activities</b>					
General government	\$ 1,259,419	\$ 477,851	\$ 13,011	\$ -	
Public safety	2,508,377	196,495	79,682	-	
Public works	2,270,465	-	-	613,799	
Culture and recreation	10,618	-	-	-	
Interest and fiscal charges	93,072	-	-	-	
<b>Total Governmental Activities</b>	<b>6,141,951</b>	<b>674,346</b>	<b>92,693</b>	<b>613,799</b>	
<b>Business-Type Activities</b>					
Water, Sewer, & Sanitation	3,975,738	4,681,505	-	117,876	
<b>Total Business-Type Activities</b>	<b>3,975,738</b>	<b>4,681,505</b>	<b>-</b>	<b>117,876</b>	
<b>Total Primary Government</b>	<b>\$ 10,117,689</b>	<b>\$ 5,355,851</b>	<b>\$ 92,693</b>	<b>\$ 731,675</b>	

### General Revenues:

Taxes  
 Property taxes  
 Sales taxes  
 Franchise and local taxes  
 Investment income  
 Other revenues  
 Transfers

### Total General Revenues

**Change in Net Position**  
 Beginning Net Position  
 Ending Net Position

See Notes to Financial Statements.

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

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (768,557)	\$ -	\$ (768,557)
(2,232,200)	-	(2,232,200)
(1,656,666)	-	(1,656,666)
(10,618)	-	(10,618)
(93,072)	-	(93,072)
<hr/>	<hr/>	<hr/>
(4,761,113)	-	(4,761,113)
<hr/>	<hr/>	<hr/>
-	823,643	823,643
<hr/>	<hr/>	<hr/>
(4,761,113)	823,643	823,643
<hr/>	<hr/>	<hr/>
(3,937,470)		
<hr/>	<hr/>	<hr/>
3,849,069	-	3,849,069
262,590	-	262,590
284,133	-	284,133
65,066	72,989	138,055
11,383	-	11,383
(964,026)	964,026	-
<hr/>	<hr/>	<hr/>
3,508,215	1,037,015	4,545,230
<hr/>	<hr/>	<hr/>
(1,252,898)	1,860,658	607,760
<hr/>	<hr/>	<hr/>
39,886,579	18,860,290	58,746,869
<hr/>	<hr/>	<hr/>
\$ 38,633,681	\$ 20,720,948	\$ 59,354,629
<hr/>	<hr/>	<hr/>

# City of Parker, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2020

	General	Debt Service	Nonmajor Governmental Funds	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,982,968	\$ 246,740	\$ 815,213	
Investments	2,450,261	-	67,540	
Receivables, net	156,290	5,977	-	
Prepaid expenses	19,010	-	-	
<b>Total Assets</b>	<b>\$ 4,608,529</b>	<b>\$ 252,717</b>	<b>\$ 882,753</b>	
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 148,210	\$ -	\$ 3,679	
Customer deposits	82,000	-	-	
Unearned revenue	27,122	-	117,090	
<b>Total Liabilities</b>	<b>257,332</b>	<b>-</b>	<b>120,769</b>	
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	30,214	5,977	-	
Unavailable revenue - grants	164,538	-	-	
Unavailable revenue - franchise taxes	25,780	-	-	
<b>Total Deferred Inflows of Resources</b>	<b>220,532</b>	<b>5,977</b>	<b>-</b>	
<b>Fund Balances</b>				
Nonspendable:				
Prepaid expenses	19,010	-	-	
Restricted for:				
Parks and recreation	-	-	500	
CARES act	243,156	-	-	
Debt service	-	246,740	-	
Capital projects	-	-	274,454	
Public safety	-	-	56,012	
Committed for:				
Capital improvements	-	-	431,018	
Unassigned reported in:				
General fund	3,868,499	-	-	
<b>Total Fund Balances</b>	<b>4,130,665</b>	<b>246,740</b>	<b>761,984</b>	
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 4,608,529</b>	<b>\$ 510,049</b>	<b>\$ 1,019,316</b>	

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

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\$	3,044,921
	2,517,801
	162,267
	19,010
<hr/>	<hr/>
\$	5,743,999
<hr/>	<hr/>

\$	151,889
	82,000
<hr/>	<hr/>
	144,212
<hr/>	<hr/>
	378,101
<hr/>	<hr/>

	36,191
	164,538
<hr/>	<hr/>
	25,780
<hr/>	<hr/>
	226,509
<hr/>	<hr/>

19,010

500  
243,156  
246,740  
274,454  
56,012

431,018

	3,868,499
<hr/>	<hr/>
	5,139,389
<hr/>	<hr/>
\$	5,623,230
<hr/>	<hr/>

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# City of Parker, Texas

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

**September 30, 2020**

**Fund Balances - Total Governmental Funds** \$ 5,139,389

**Adjustments for the Statement of Net Position:**

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	890,426
Capital assets - net depreciable	35,222,847

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Property taxes	36,191
Franchise taxes	25,780
Grants	164,538

Deferred outflows (inflows) of resources, represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditure)/(revenue) until then.

Deferred charge on refunding	10,307
Pension contributions	122,437
OPEB contributions	190
Pension deferred outflows	62,832
OPEB deferred outflows	7,333
Pension defered inflows	(79,782)
OPEB deferred inflows	(10,466)

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Accrued interest	(6,769)
Bond premium	(57,787)
Net pension liability	(714,901)
OPEB liability	(53,887)
Compensated absences	(83,181)
Non-current liabilities due in one year	(369,769)
Non-current liabilities due in more than one year	(1,672,047)
<b>Net Position of Governmental Activities</b>	<b>\$ 38,633,681</b>

See Notes to Financial Statements.

# City of Parker, Texas

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

For the Year Ended September 30, 2020

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property tax	\$ 3,335,494	\$ 507,679	\$ -	\$ 3,843,173
Sales tax	262,590	-	-	262,590
Franchise and local taxes	284,808	-	-	284,808
License and permits	477,851	-	-	477,851
Contributions and donations	-	-	13,011	13,011
Intergovernmental	79,682	-	-	79,682
Fines and forfeitures	184,221	-	12,274	196,495
Investment income	64,480	-	586	65,066
Other revenue	10,480	-	903	11,383
<b>Total Revenues</b>	<b>4,699,606</b>	<b>507,679</b>	<b>26,774</b>	<b>5,234,059</b>
<b>Expenditures</b>				
Current:				
General government	462,697	-	53,787	516,484
Police department	1,152,095	-	1,600	1,153,695
Municipal court	170,471	-	46,427	216,898
Fire department	1,930,598	-	-	1,930,598
Building and code enforcement	191,642	-	-	191,642
Public works	280,246	-	52,398	332,644
City property	439,676	-	-	439,676
Capital outlay	-	-	107,664	107,664
Debt Service:				
Principal	-	385,235	-	385,235
Interest and fiscal charges	-	46,132	-	46,132
Bond issuance costs	-	44,461	-	44,461
<b>Total Expenditures</b>	<b>4,627,425</b>	<b>475,828</b>	<b>261,876</b>	<b>5,365,129</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>72,181</b>	<b>31,851</b>	<b>(235,102)</b>	<b>(131,070)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	68,205	459	939,707	1,008,371
Transfers (out)	(914,707)	-	(1,057,690)	(1,972,397)
Bond issuance	-	1,349,131	-	1,349,131
Payment to escrow agent	-	(1,304,178)	-	(1,304,178)
<b>Total Other Financing Sources (Uses)</b>	<b>(846,502)</b>	<b>45,412</b>	<b>(117,983)</b>	<b>(919,073)</b>
<b>Net Change in Fund Balances</b>	<b>(774,321)</b>	<b>77,263</b>	<b>(353,085)</b>	<b>(1,050,143)</b>
Beginning fund balances	4,904,986	169,477	1,115,069	6,189,532
<b>Ending Fund Balances</b>	<b>\$ 4,130,665</b>	<b>\$ 246,740</b>	<b>\$ 761,984</b>	<b>\$ 5,139,389</b>

See Notes to Financial Statements.

# City of Parker, Texas

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

**For the Year Ended September 30, 2020**

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

Net changes in fund balances - total governmental funds	\$ (1,050,143)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,405,984
Contributed capital assets	449,261
Depreciation expense	(2,425,880)
Adjustment for disposal of capital assets	(72,380)

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

Property and franchise taxes	5,221
Grants	164,538

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

Compensated absences	(7,753)
Accrued interest	(7,693)
Pension expense	(53,115)
OPEB liability	(6,434)

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

This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of deferred charges on refunding	(1,132)
Amortization of premium	6,346
Bond issuance	(1,285,000)
Deferred charges on current year refunding	(39,903)
Current year bond refunding	1,269,533
Refunding of accrued interest	10,417
Principal payments	385,235

<b>Change in Net Position of Governmental Activities</b>	<b>\$ (1,252,898)</b>
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See Notes to Financial Statements.

**City of Parker, Texas**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**September 30, 2020**

	<u>Water &amp; Sewer</u>	<u>Sanitation</u>	<u>Total</u>
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 3,280,133	\$ 46,424	\$ 3,326,557
Restricted cash	7,541,617	-	7,541,617
Receivables, net	409,101	40,710	449,811
Prepaid expenses	4,157	-	4,157
<b>Total Current Assets</b>	<b>11,235,008</b>	<b>87,134</b>	<b>11,322,142</b>
<b><u>Noncurrent Assets</u></b>			
Capital assets:			
Non-depreciable	1,245,045	-	1,245,045
Net depreciable capital assets	16,351,725	-	16,351,725
Grant receivable	427,046	-	427,046
<b>Total Noncurrent Assets</b>	<b>18,023,816</b>	<b>-</b>	<b>18,023,816</b>
<b>Total Assets</b>	<b>29,258,824</b>	<b>87,134</b>	<b>29,345,958</b>
<b><u>Deferred Outflows of Resources</u></b>			
Pension outflows	51,352	-	51,352
OPEB outflows	2,084	-	2,084
Deferred charge on refunding	9,282	-	9,282
<b>Total Deferred Outflows of Resources</b>	<b>62,718</b>	<b>-</b>	<b>62,718</b>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable and accrued liabilities	466,358	33,269	499,627
Accrued interest	36,772	-	36,772
Payable to Collin County	238,856	-	238,856
Compensated absences, current	16,404	-	16,404
Long term debt due within one year	285,231	-	285,231
<b>Total Current Liabilities</b>	<b>1,043,621</b>	<b>33,269</b>	<b>1,076,890</b>
<b><u>Noncurrent Liabilities</u></b>			
Long term debt due in more than one year	7,370,910	-	7,370,910
Compensated absences, noncurrent	1,823	-	1,823
Net pension liability	198,154	-	198,154
OPEB liability	14,936	-	14,936
<b>Total Liabilities</b>	<b>8,629,444</b>	<b>33,269</b>	<b>8,662,713</b>
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows	22,114	-	22,114
OPEB inflows	2,901	-	2,901
<b>Total Deferred Inflows of Resources</b>	<b>25,015</b>	<b>-</b>	<b>25,015</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	9,697,271	-	9,697,271
Unrestricted	10,969,812	53,865	11,023,677
<b>Total Net Position</b>	<b>\$ 20,667,083</b>	<b>\$ 53,865</b>	<b>\$ 20,720,948</b>

See Notes to Financial Statements.

# City of Parker, Texas

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

For the Year Ended September 30, 2020

	Water & Sewer	Sanitation	Total
<b><u>Operating Revenues</u></b>			
Water sales	\$ 3,665,303	\$ -	\$ 3,665,303
Sewer revenue	378,174	-	378,174
Garbage collection	-	427,088	427,088
Meter installations	169,750	-	169,750
Other revenue	41,190	-	41,190
<b>Total Operating Revenues</b>	<b>4,254,417</b>	<b>427,088</b>	<b>4,681,505</b>
<b><u>Operating Expenses</u></b>			
Cost of water	2,366,033	-	2,366,033
Cost of sewer	382,930	-	382,930
Cost of sanitation	-	388,606	388,606
Depreciation	552,211	-	552,211
<b>Total Operating Expenses</b>	<b>3,301,174</b>	<b>388,606</b>	<b>3,689,780</b>
<b>Operating Income (Loss)</b>	<b>953,243</b>	<b>38,482</b>	<b>991,725</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment income	72,989	-	72,989
Bond issuance costs	(41,520)	-	(41,520)
Interest expense	(244,438)	-	(244,438)
Intergovernmental	1,859	-	1,859
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(211,110)</b>	<b>-</b>	<b>(211,110)</b>
<b>Income before Capital Contributions and Transfers</b>	<b>742,133</b>	<b>38,482</b>	<b>780,615</b>
Contributed capital assets from developer	116,017	-	116,017
Transfers in	1,057,690	37,983	1,095,673
Transfers (out)	(109,047)	(22,600)	(131,647)
<b>Change in Net Position</b>	<b>1,806,793</b>	<b>53,865</b>	<b>1,860,658</b>
Beginning net position	18,860,290	-	18,860,290
<b>Ending Net Position</b>	<b>\$ 20,667,083</b>	<b>\$ 53,865</b>	<b>\$ 20,720,948</b>

See Notes to Financial Statements.

**City of Parker, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2020**

	<b>Water &amp; Sewer</b>	<b>Sanitation</b>	<b>Total</b>
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 4,487,698	\$ 427,088	\$ 4,914,786
Payments to suppliers and employees	(2,551,618)	(396,047)	(2,947,665)
<b>Net Cash Provided by Operating Activities</b>	<b>1,936,080</b>	<b>31,041</b>	<b>1,967,121</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Short-term borrowing between funds	6,418,200	-	6,418,200
<b>Net Cash (Used) Provided by Noncapital Financing Activities</b>	<b>6,418,200</b>	<b>-</b>	<b>6,418,200</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfers in	1,057,690	37,983	1,095,673
Transfers (out)	(109,047)	(22,600)	(131,647)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>948,643</b>	<b>15,383</b>	<b>964,026</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Purchase of capital assets	(350,659)	-	(350,659)
Intergovernmental revenues	1,859	-	1,859
Debt refunding	(1,197,840)	-	(1,197,840)
Proceeds from capital debt	1,259,889	-	1,259,889
Principal paid on debt	(294,760)	-	(294,760)
Interest paid on debt	(283,495)	-	(283,495)
Bond issuance costs on debt	(41,520)	-	(41,520)
<b>Net Cash (Used) Provided by Capital and Related Financing Activities</b>	<b>(906,526)</b>	<b>-</b>	<b>(906,526)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest on investments	72,989	-	72,989
<b>Net Cash Provided by Investing Activities</b>	<b>72,989</b>	<b>-</b>	<b>72,989</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>8,469,386</b>	<b>46,424</b>	<b>8,515,810</b>
Beginning cash and cash equivalents	2,352,364	-	2,352,364
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 10,821,750</b>	<b>\$ 46,424</b>	<b>\$ 10,868,174</b>

See Notes to Financial Statements.

**City of Parker, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2020**

	<b>Water &amp; Sewer</b>	<b>Sanitation</b>	<b>Total</b>
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash Provided by Operating Activities</u></b>			
Operating Income (Loss)	\$ 953,243	\$ 38,482	\$ 991,725
Adjustments to reconcile operating income to net cash provided:			
Depreciation	552,211	-	552,211
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	235,141	(40,710)	194,431
Grant receivables	(1,860)	-	(1,860)
<b>Increase (Decrease) in:</b>			
Accounts payable and accrued liabilities	180,838	33,269	214,107
Deferred outflows of resources - Pension	21,932	-	21,932
Deferred inflows of resources - Pension	22,114	-	22,114
Deferred inflows of resources - OPEB	2,901	-	2,901
Deferred inflows of resources - Pension	15,831	-	15,831
Net pension liability	(29,323)	-	(29,323)
OPEB liability	(16,948)	-	(16,948)
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 1,936,080</u></b>	<b><u>\$ 31,041</u></b>	<b><u>\$ 1,967,121</u></b>

**Schedule of Non-Cash Capital and Related  
Financing Activities**

Capital assets contributed by developer	\$ 116,017	\$ -	\$ 116,017
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See Notes to Financial Statements.

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# **City of Parker, Texas**

## **NOTES TO FINANCIAL STATEMENTS**

### September 30, 2020

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

##### **A. Description of Government-Wide Financial Statements**

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

##### **B. Reporting Entity**

The City of Parker, Texas (the "City") was incorporated on March 22, 1969 and operates under a Type A General Law form of government. The City provides: police; fire; code enforcement; public works; street repair and maintenance; parks; general administrative services; water; wastewater; and sanitation.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Parker Volunteer Fire Department, although legally separate, is considered part of the 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 prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2020

#### **Blended Component Unit**

##### **Parker Volunteer Fire Department**

The Parker Volunteer Fire Department (the "VFD") was created by City ordinance on February 22, 1983. The purpose of the VFD is to provide fire protection to the citizens of the City. The Fire Chief is the executive officer of the department and is appointed by the Mayor of the City.

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

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

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

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

The government reports the following governmental funds:

##### **Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed.

##### **General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services.

# **City of Parker, Texas**

## **NOTES TO FINANCIAL STATEMENTS, *Continued***

**September 30, 2020**

Expenditures include general government, police and fire departments, public works, building and code enforcement, and city property. The general fund is considered a major fund for reporting purposes.

### **Debt Service Fund**

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

### **Capital Street Construction Fund**

The Capital Street Construction fund is used to account for the construction or maintenance of street projects being financed from bond proceeds, grants or transfers from other funds. This fund is considered nonmajor for reporting purposes.

### **Capital Drainage Fund**

The Capital Drainage fund is used to account for the construction or maintenance of drainage related improvements being financed from bond proceeds, grants, or transfers from other funds. This fund is considered nonmajor for reporting purposes.

### **Capital Facilities Fund**

The Capital Facilities fund is used to account for land acquisition, construction, renovation and equipping of government facilities being financed from bond proceeds, grants, or transfers from other funds. This fund is considered nonmajor for reporting purposes.

### **Volunteer Fire Department Fund**

The volunteer fire department fund (the “VFD”) is used to account for contributions and grants that are contributed to the VFD for fire protection. The VFD is considered a nonmajor fund for reporting purposes. The VFD is reported as a blended component unit because it has no separate board from City Council, and it is financially accountable to the City.

# **City of Parker, Texas**

## **NOTES TO FINANCIAL STATEMENTS, *Continued***

**September 30, 2020**

### **Special Revenue Funds**

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of the law enforcement, court security, police donations, child safety, and parks program.

### **Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise fund:

#### **Water & Sewer Fund**

This fund is used to account for the provision of water & sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, and water collection and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

#### **Sanitation Fund**

This fund is used to account for the provision of garbage services to the residents of the City. Activities of the fund include administration, operations, maintenance, and contract garbage services.

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

# City of Parker, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2020

between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

### **D. Measurement Focus and Basis of Accounting**

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is

# **City of Parker, Texas**

## **NOTES TO FINANCIAL STATEMENTS, *Continued***

**September 30, 2020**

received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

#### **1. Deposits and Investments**

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

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexSTAR, are reported using the pools' share price.

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

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

#### **2. Fair Value**

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

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2020

#### **3. Receivables and Interfund Transactions**

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

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

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

#### **4. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

#### **5. Inventories and Prepaid Items**

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

#### **6. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2020

are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

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

<b>Asset Description</b>	<b>Estimated Useful Life</b>
Vehicles	5 to 20 years
Furniture and equipment	5 to 10 years
Infrastructure	20 - 40 years
Water and sewer system	40 years
Buildings and improvements	40 years

## **7. 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. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. An example which arises only under a modified accrual basis of accounting, relates to the accounting for uncollected property taxes. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can

# **City of Parker, Texas**

## **NOTES TO FINANCIAL STATEMENTS, *Continued***

### **September 30, 2020**

also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumptions used within the pension actuarial valuation model.

#### **8. Net Position Flow Assumption**

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

#### **9. Fund Balance Flow Assumptions**

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

#### **10. Fund Balance Policies**

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2020

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

#### **11. Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

#### **12. Long-Term Obligations**

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred in accordance with GASB statement no. 65.

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2020

The net pension liability is included within long term debt. This liability is valued using an actuarial model and represents the difference between the plan fiduciary net position and the net pension liability consistent with GASB statement no. 68. The portion of this liability presented as a current liability is based on actuarially calculations for estimated future payments of benefits and refunds over the twelve months following yearend.

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

### **13. Pensions**

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

### **14. Other Postemployment Benefits ("OPEB")**

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

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2020

#### **15. Estimates**

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

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

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

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

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

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

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund, and water & sewer, and sanitation fund. Capital projects fund budgets are appropriated on a project-length basis.

The appropriated budget is prepared by fund, function, and department. The legal level of control is the function level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year.

# City of Parker, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

### September 30, 2020

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

As of September 30, 2020, the primary government had the following investments:

Investment Type	Carrying Value	Average Maturity (Years)	Credit Rating
Certificates of deposit	\$ 2,517,801	0.91	N/A
External investment pools	10,052,244	0.05	AAAm
Total carrying value	<u>\$ 12,570,045</u>		
Portfolio weighted average maturity		0.22	

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

*Credit risk* – The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2020, the City's investment in TexSTAR 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. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2020, the market values of pledged securities and FDIC 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. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2020

#### **TexSTAR**

The Texas Short Term Asset Reserve Fund ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexSTAR operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexSTAR are the same as the value of TexSTAR shares. There were no limitations or restrictions on withdrawals.

#### **B. Fair Value Measurement**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The investments of the City consist of certificates of deposit and investment pool assets, which are both exempted from presentation within a fair value hierarchy table. As a result, no such table is presented.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

**City of Parker, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**C. Receivables**

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

	<b>Water</b>				
	<b>General</b>	<b>Debt Service</b>	<b>&amp; Sewer</b>	<b>Sanitation</b>	<b>Total</b>
Property taxes	\$ 30,214	\$ 5,977	\$ -	\$ -	\$ 36,191
Sales tax	45,609	-	-	-	45,609
Franchise & local taxes	75,534	-	-	-	75,534
Accounts	-	-	409,101	40,710	449,811
Grant receivable	-	-	427,046	-	427,046
Other	4,933	-	-	-	4,933
	<b><u>\$ 156,290</u></b>	<b><u>\$ 5,977</u></b>	<b><u>\$ 836,147</u></b>	<b><u>\$ 40,710</u></b>	<b><u>\$ 1,039,124</u></b>

**D. Capital Assets**

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

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases/ Reclassifications</b>	<b>Ending Balances</b>
Capital assets, not being depreciated:				
Land	\$ 843,484	\$ -	\$ -	\$ 843,484
Construction in progress	72,380	46,942	(72,380)	46,942
Total capital assets not being depreciated	<b><u>915,864</u></b>	<b><u>46,942</u></b>	<b><u>(72,380)</u></b>	<b><u>890,426</u></b>
Capital assets, being depreciated:				
Land improvements	212,367	-	-	212,367
Buildings and improvements	2,616,328	-	-	2,616,328
Vehicles and equipment	2,990,805	1,318,981	-	4,309,786
Infrastructure	51,777,413	489,322	-	52,266,735
Total capital assets being depreciated	<b><u>57,596,913</u></b>	<b><u>1,808,303</u></b>	<b><u>-</u></b>	<b><u>59,405,216</u></b>
Less accumulated depreciation				
Land improvements	82,034	10,618	-	92,652
Buildings and improvements	847,676	65,180	-	912,856
Vehicles and equipment	2,095,692	346,310	-	2,442,002
Infrastructure	18,731,087	2,003,772	-	20,734,859
Total accumulated depreciation	<b><u>21,756,489</u></b>	<b><u>2,425,880</u></b>	<b><u>-</u></b>	<b><u>24,182,369</u></b>
Net capital assets being depreciated	35,840,424	(617,577)	-	35,222,847
<b>Total Capital Assets</b>	<b><u>\$ 36,756,288</u></b>	<b><u>\$ (570,635)</u></b>	<b><u>\$ (72,380)</u></b>	<b><u>\$ 36,113,273</u></b>

**City of Parker, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

Depreciation was charged to governmental functions as follows:

General government	\$ 75,196
Public safety	323,843
Public works	2,016,223
Culture and recreation	10,618
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 2,425,880</b>

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

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases/ Reclassifications</b>	<b>Ending Balances</b>
Capital assets, not being depreciated:				
Land	\$ 323,666	\$ -	\$ -	\$ 323,666
Construction in progress	615,516	305,863	-	921,379
Total capital assets not being depreciated	<u>939,182</u>	<u>305,863</u>	<u>-</u>	<u>1,245,045</u>
Capital assets, being depreciated:				
Water and sewer system	21,850,746	160,813	-	22,011,559
Vehicles and equipment	243,142	-	-	243,142
Total capital assets being depreciated	<u>22,093,888</u>	<u>160,813</u>	<u>-</u>	<u>22,254,701</u>
Less accumulated depreciation				
Water and sewer system	5,121,603	544,275	-	5,665,878
Vehicles and equipment	229,162	7,936	-	237,098
Total accumulated depreciation	<u>5,350,765</u>	<u>552,211</u>	<u>-</u>	<u>5,902,976</u>
Net capital assets being depreciated	16,743,123	(515,483)	-	16,351,725
<b>Total Capital Assets</b>	<b>\$ 17,682,305</b>	<b>\$ (209,620)</b>	<b>\$ -</b>	<b>\$ 17,596,770</b>

Depreciation was charged to business-type activities as follows:

Water	\$ 546,795
Sewer	5,416
<b>Total Business-Type Activities Depreciation Expense</b>	<b>\$ 552,211</b>

**City of Parker, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**E. Long-term Debt**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Refunding</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>
<b>Governmental Activities:</b>						
Bonds, notes and other payables:						
G.O. Refunding Bonds	\$ 1,494,211	\$ 1,285,000	\$ (1,282,160)	\$ (235,235)	\$ 1,261,816	\$ 219,769
Premium	51,506	64,131	(51,504)	(6,346)	57,787	-
Certificate of Obligation	930,000	-	-	(150,000)	780,000	150,000
<b>Total Governmental Activities</b>	<b><u>\$ 2,475,717</u></b>	<b><u>\$ 1,349,131</u></b>	<b><u>\$ (1,333,664)</u></b>	<b><u>\$ (391,581)</u></b>	<b><u>\$ 2,099,603</u></b>	<b><u>\$ 369,769</u></b>
 <b>Long-term liabilities due in more than one year</b>					<b><u>\$ 1,729,834</u></b>	
 <b>Business-Type Activities:</b>						
Bonds, notes and other payables:						
G.O. Refunding Bonds	\$ 1,395,870	\$ 1,200,000	\$ (1,197,840)	\$ (219,760)	\$ 1,178,270	\$ 205,231
Premium	495,148	59,889	(47,543)	(29,623)	477,871	-
Comb. Tax and Rev. Bonds	6,075,000	-	-	(75,000)	6,000,000	80,000
<b>Total Business-Type Activities</b>	<b><u>\$ 7,966,018</u></b>	<b><u>\$ 1,259,889</u></b>	<b><u>\$ (1,245,383)</u></b>	<b><u>\$ (324,383)</u></b>	<b><u>\$ 7,656,141</u></b>	<b><u>\$ 285,231</u></b>
 <b>Long-term liabilities due in more than one year</b>					<b><u>\$ 7,370,910</u></b>	

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

**City of Parker, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

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

<b>Description</b>	<b>Interest Rates</b>	<b>Original Balance</b>	<b>Current Balance</b>
<b>Governmental Activities:</b>			
2015 Certificate of obligation (100%)	2.09%	\$ 1,485,000	\$ 780,000
2019 General obligation refunding bonds (52%)	3.00%	1,285,000	1,261,816
<b>Total Governmental Activities</b>	<b>\$ 3,505,950</b>	<b>\$ 2,041,816</b>	
<b>Business-type Activities:</b>			
2018 Combination tax & revenue bonds (100%)	3.00 - 4.00%	\$ 6,075,000	\$ 6,000,000
2019 General obligation refunding bonds (48%)	3.00%	1,200,000	1,178,270
<b>Total Business-Type Activities</b>	<b>\$ 8,334,050</b>	<b>\$ 7,178,270</b>	
<b>Total Long-Term Debt</b>			
2015 Certificate of obligation (100%)	2.09%	1,485,000	780,000
2018 Combination tax & revenue bonds (100%)	3.00 - 4.00%	6,075,000	6,000,000
2019 General obligation refunding bonds (100%)	3.00%	2,485,000	2,440,086
<b>Total</b>	<b>\$ 11,840,000</b>	<b>\$ 9,220,086</b>	

The annual requirements to amortize governmental activities debt issues outstanding at year end were as follows:

<b>Year ending September 30,</b>	<b>Governmental Activities</b>			
	<b>2019 G.O. Bonds</b>		<b>2015 C.O.O. Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 219,769	\$ 34,555	\$ 150,000	\$ 14,735
2022	224,940	27,884	155,000	11,547
2023	235,282	20,981	155,000	8,308
2024	155,131	15,125	160,000	5,016
2025	131,861	10,820	160,000	1,672
2026	95,664	7,407	-	-
2027	98,330	4,499	-	-
2028	100,839	1,513	-	-
<b>Total</b>	<b>\$ 1,261,816</b>	<b>\$ 122,784</b>	<b>\$ 780,000</b>	<b>\$ 41,278</b>

2015 certificate of obligation bonds issued August 20, 2015, due in annual installments through February 15, 2025, bearing interest ranging from 2.09% payable February 15 and August 15. The governmental activities portion is 100% of the total issue of \$1,485,000.

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued* *September 30, 2020*

2019 general obligation refunding bonds issued December 17, 2019, due in annual installments through February 15, 2028, bearing interest at 3.0% payable February 15 and August 15. The governmental activities portion is approximately 52% or \$1,285,000 of the total \$2,485,000 issue.

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Year ending <u>September 30,</u>	Business-Type Activities			
	2019 G.O. Bonds		2018 C.O.O. Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 205,231	\$ 32,270	\$ 80,000	\$ 234,650
2022	210,060	26,040	85,000	232,175
2023	219,718	19,594	80,000	229,700
2024	144,869	14,125	170,000	225,950
2025	123,140	10,105	200,000	219,400
2026	89,336	6,918	245,000	210,500
2027	91,751	4,201	255,000	200,500
2028	94,165	1,412	265,000	190,100
2029 & Thereafter	-	-	4,620,000	984,600
<b>Total</b>	<b>\$ 1,178,270</b>	<b>\$ 114,665</b>	<b>\$ 6,000,000</b>	<b>\$ 2,727,575</b>

2018 combination tax and revenue bonds issued August 21, 2018, due in annual installments through February 15, 2038, bearing interest at 3.0% to 4.0% payable February 15 and August 15. The business-type activities portion is 100% or \$6,075,000 of the total \$6,075,000 issue.

2019 general obligation refunding bonds issued December 17, 2019, due in annual installments through February 15, 2028, bearing interest at 3.0% payable February 15 and August 15. The governmental activities portion is approximately 48% or \$1,200,000 of the total \$2,485,000 issue.

**City of Parker, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

The annual requirements to amortize total government-wide debt issues outstanding at year ending were as follows:

Year ending September 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 369,769	\$ 49,290	\$ 285,231	\$ 266,920	\$ 655,000	\$ 316,209
2022	379,940	39,431	295,060	258,215	675,000	297,646
2023	390,282	29,289	299,718	249,294	690,000	278,582
2024	315,131	20,141	314,869	240,075	630,000	260,216
2025	291,861	12,492	323,139	229,505	615,000	241,997
2026	95,664	7,407	334,336	217,418	430,000	224,825
2027	98,330	4,499	346,751	204,701	445,081	209,200
2028	100,839	1,513	359,165	191,512	460,004	193,025
2029 & after	-	-	4,620,000	984,600	4,620,000	984,600
<b>Total</b>	<b>\$ 2,041,816</b>	<b>\$ 164,062</b>	<b>\$ 7,178,270</b>	<b>\$ 2,842,239</b>	<b>\$ 9,220,086</b>	<b>\$ 3,006,300</b>

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

In 2017 Collin County agreed to issue a grant amounting to \$367,247 and lend up to \$975,506 to the City to relocate water utilities along FM 2514. The grant and payable amount are owed back to the County 30 days after the City receives the grant money from TX DOT if TX DOT approves reimbursement of this project. As of September 30, 2020, the City received \$238,856 from the County related to this agreement. This amount is carried as a liability to the County and will be paid to the County when the TX DOT grant money is received.

During September 30, 2018, TX DOT indicated their approval for this project on a 100% reimbursement basis. With this approval the City owes back the funds received from Collin County for \$238,856. As of September 30, 2020, the City had a receivable for this grant of \$427,046 from TX DOT.

**City of Parker, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**F. Other Long-term Liabilities**

The following is a summary of changes in the City's other long-term liabilities for the year ended September 30, 2020. In general, the City uses the general fund to liquidate governmental activities compensated absences.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 75,428	\$ 83,181	\$ (75,428)	\$ 83,181	\$ 74,863
<b>Total Governmental Activities</b>	<b><u>\$ 75,428</u></b>	<b><u>\$ 83,181</u></b>	<b><u>\$ (75,428)</u></b>	<b><u>\$ 83,181</u></b>	<b><u>\$ 74,863</u></b>
<b>Other Long-term Liabilities Due in More than One Year</b>					
				<u>\$ 8,318</u>	
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 18,227	\$ 20,222	\$ (20,222)	\$ 18,227	\$ 16,404
<b>Total Business-Type Activities</b>	<b><u>\$ 18,227</u></b>	<b><u>\$ 20,222</u></b>	<b><u>\$ (20,222)</u></b>	<b><u>\$ 18,227</u></b>	<b><u>\$ 16,404</u></b>
<b>Other Long-term Liabilities Due in More than One Year</b>					
				<u>\$ 1,823</u>	

**G. Current Year Debt Refunding**

On December 17, 2019, the City issued \$2,485,000 in general obligation refunding bonds with an approximate interest rate of 3.00%. Bond proceeds received for \$2,609,020, including the premium of \$124,020, were used to advance refund \$2,480,000 of outstanding 2011 general obligation bonds, which had an average interest rate of 3.85%. The net proceeds of the refunding portion of \$2,522,088 (after payment of \$85,981 in underwriting fees and other issuance costs and \$951 of additional proceeds) were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded certificates of obligation. As a result, the obligations are considered defeased and the liability for those certificates has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$21,742. This amount is being amortized over the remaining life of the refunding debt. This advance refunding reduced its total debt service payments by \$120,970 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$108,089. The refunding did not significantly change the payment term of the related debt.

**City of Parker, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**H. Deferred Charge on Refunding**

A deferred charge resulting from the issuance of the 2019 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for governmental and business-type activities totaled \$10,307 and \$9,282, respectively. Current year amortization expense for governmental and business-type activities totaled \$1,132 and \$1,020, respectively.

**I. Customer Deposits**

The City had customer deposits of \$82,000 in the general fund as of yearend. The City requires a \$1,000 refundable deposit for all new home building permits. This amount will be refunded upon completion of the project and by meeting certain criteria set by the City.

**J. Interfund Transactions**

The summary of interfund transfers for the year ended September 30, 2020 was as follows:

<b>Transfers Out:</b>	<b>Transfer In:</b>				
	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor</b>	<b>Water &amp; Sewer</b>	<b>Sanitation</b>
General	\$ -	\$ -	\$ 914,707	\$ -	\$ -
Nonmajor governmental	-	-	-	1,057,690	-
Water & sewer	45,605	459	25,000	-	37,983
Sanitation	22,600	-	-	-	-
<b>Total</b>	<b>\$ 68,205</b>	<b>\$ 459</b>	<b>\$ 939,707</b>	<b>\$ 1,057,690</b>	<b>\$ 37,983</b>

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

**City of Parker, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

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

	<b>Restricted</b>	<b>Committed</b>
Municipal court	* \$ 47,534	\$ -
Police department	4,721	-
Child safety	3,757	-
Debt service	246,740	-
Parks and recreation	500	-
CARES Act	243,156	-
Capital improvements	274,454	431,018
<b>Total</b>	<b><u>\$ 820,862</u></b>	<b><u>\$ 431,018</u></b>

\*Restricted by enabling legislation.

**K. Lease Obligations**

In the prior year, the government entered into an operating lease agreement as lessee for an office building to be used by the police department. The term of the lease is 60 months beginning on July 12, 2016. The monthly lease payment is \$2,200. Total lease expense for the year ended September 30, 2020 totaled \$26,400.

Future minimum payments for this lease are as follows:

<b>Year ended September 30:</b>		
2021	\$ 22,000	-
Thereafter	<u>                  </u>	<u>                  </u>
	<b><u>\$ 22,000</u></b>	

**V. OTHER INFORMATION**

**A. Risk Management**

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

# **City of Parker, Texas**

## **NOTES TO FINANCIAL STATEMENTS, *Continued***

**September 30, 2020**

### **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 amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

### **C. Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

### **D. Defined Benefit Pension Plans**

#### **1. Plan Description**

The City of Parker participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2020

#### **2. Benefits Provided**

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

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

Plan provisions for the City were as follows:

	<u>Plan Year 2019</u>	<u>Plan Year 2018</u>
Employee deposit rate	6.0%	6.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	0% of CPI	0% of CPI

#### **Employees covered by benefit terms**

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	14
Active employees	24
Total	50

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2020

#### **3. Contributions**

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

Employees for the City of Parker were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Parker were 12.21% and 12.90% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$210,992, and were equal to the required contributions.

#### **4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2020

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

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

#### **Discount Rate:**

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

**City of Parker, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**Changes in the Net Pension Liability:**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 12/31/18</b>	\$ 3,908,857	\$ 2,860,689	\$ 1,048,168
Changes for the year:			
Service Cost	232,383	-	232,383
Interest	263,390	-	263,390
Change in benefit terms	28,011	-	28,011
Difference between expected and actual experience	66,461	-	66,461
Changes of assumptions	11,930	-	11,930
Contributions – employer	-	199,957	(199,957)
Contributions – employee	-	98,259	(98,259)
Net investment income	-	441,645	(441,645)
Benefit payments, including refunds of emp. contributions	(301,958)	(301,958)	-
Administrative expense	-	(2,499)	2,499
Other changes	-	(74)	74
Net changes	300,217	435,330	(135,113)
<b>Balance at 12/31/19</b>	<b>\$ 4,209,074</b>	<b>\$ 3,296,019</b>	<b>\$ 913,055</b>

**Sensitivity of the net pension liability to changes in the discount rate**

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

<b>1% Decrease</b> <b>5.75%</b>	<b>Current Single Rate</b> <b>Assumption 6.75%</b>	<b>1% Increase</b> <b>7.75%</b>
\$ 1,433,439	\$ 913,055	\$ 478,049

**Pension Plan Fiduciary Net Position:**

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

# City of Parker, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2020

### 5. Pension Expense and Deferred Outflows and (Inflows) of Resources Related to Pensions

Pension expense for the year ended September 30, 2020 was \$278,836.

At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Difference between projected and investment earnings	\$ -	\$ (101,896)
Changes in actuarial assumptions	9,587	-
Differences between expected and actual economic experience	70,661	-
Contributions subsequent to the measurement date	156,373	-
<b>Total</b>	<b>\$ 236,621</b>	<b>\$ (101,896)</b>

The City reported \$156,373 as deferred outflows and (inflows) of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>		
2020	\$ (731)	
2021	(9,873)	
2022	21,876	
2023	(34,308)	
2024	1,388	
Thereafter	-	
	<b>\$ (21,648)</b>	

### **E. Postemployment Benefits Other Than Pensions**

#### Supplemental Death Benefits Plan

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

# City of Parker, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2020

ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

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

#### **Employees covered by benefit terms**

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	2
Active employees	25
Total	34

The City's retiree contribution rates to the TMRS SDBF for the years ended 2020, 2019 and 2018 are as follows:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2018	0.02%	0.02%	100.0%
2019	0.02%	0.02%	100.0%
2020	0.02%	0.02%	100.0%

The City's contributions to the TMRS SDBF for the years ended 2020, 2019 and 2018 were \$332, \$327, and \$277, respectively, which equaled the required contributions each year.

#### **Total OPEB Liability**

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2019, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

# City of Parker, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

### September 30, 2020

#### **Actuarial assumptions:**

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	2.75%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. 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.

#### **Discount Rate:**

The discount rate used to measure the Total OPEB Liability was 2.75%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

<b>1% Decrease</b> <b>(1.75%)</b>	<b>Current Single Rate</b> <b>Assumption 2.75%</b>	<b>1% Increase</b> <b>(3.75%)</b>
<b><u>\$ 84,392</u></b>	<b><u>\$ 68,823</u></b>	<b><u>\$ 56,897</u></b>

**City of Parker, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/18</b>	<b>\$ 146,914</b>
Changes for the year:	
Service Cost	4,094
Interest	5,520
Difference between expected and actual experience	(98,867)
Changes of assumptions	11,490
Benefit payments	(328)
Net changes	(78,091)
<b>Balance at 12/31/19</b>	<b>\$ 68,823</b>

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$11,523.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Changes in assumptions	\$ 9,365	\$ -
Difference between expected and actual experience	-	(13,367)
Contributions subsequent to measurement date	242	-
<b>Total</b>	<b>\$ 9,607</b>	<b>\$ (13,367)</b>

The City reported \$242 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2021.

**City of Parker, Texas**  
**NOTES TO FINANCIAL STATEMENTS, *Continued***  
**September 30, 2020**

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

<b>Year ended December 31:</b>		
2020	\$	1,909
2021		1,909
2022		1,909
2023		1,846
2024		(285)
Thereafter		<u>(11,290)</u>
	\$	<u>(4,002)</u>

**F. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies.

Federal law requires all assets and income of Section 457 plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The City's deferred compensation plan is administered by a private corporation under contract with the City. Total participant contributions were approximately \$20,635 for the year ended September 30, 2020. The City does not contribute to the plan.

**G. Subsequent Events**

There were no material subsequent events through May 12, 2021, the date the financial statements were available to be issued.

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## ***REQUIRED SUPPLEMENTARY INFORMATION***

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# City of Parker, Texas

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

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property tax	\$ 3,283,608	\$ 3,283,608	\$ 3,335,494	\$ 51,886
Sales tax	230,000	230,000	262,590	32,590
Franchise and local taxes	262,000	262,000	284,808	22,808
License and permits	495,800	495,800	477,851	(17,949)
Intergovernmental	1,200	244,235	79,682	(164,553)
Fines and forfeitures	215,000	215,000	184,221	(30,779)
Investment income	50,000	50,000	64,480	14,480
Other revenue	-	-	10,480	10,480
<b>Total Revenues</b>	<b>4,537,608</b>	<b>4,780,643</b>	<b>4,699,606</b>	<b>(81,037)</b>
<b>Expenditures</b>				
Current:				
General government	627,481	627,481	462,697	164,784
Police department	1,246,465	1,246,465	1,152,095	94,370
Municipal court	187,421	187,421	170,471	16,950
Fire department	1,978,943	1,978,943	1,930,598	48,345
Building and code enforcement	192,320	192,320	191,642	678
Public works	299,647	299,647	280,246	19,401
City property	358,695	601,730	439,676	162,054
<b>Total Expenditures</b>	<b>4,890,972</b>	<b>5,134,007</b>	<b>4,627,425</b>	<b>506,582</b>
<b>Revenues Over (Under)</b>	<b>(353,364)</b>	<b>(353,364)</b>	<b>72,181</b>	<b>425,545</b>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(875,000)	(930,085)	(914,707)	15,378
Transfers in	50,000	50,000	68,205	18,205
<b>Total Other Financing Sources (Uses)</b>	<b>(825,000)</b>	<b>(880,085)</b>	<b>(846,502)</b>	<b>33,583</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,178,364)</b>	<b>\$ (1,233,449)</b>	<b>(774,321)</b>	<b>\$ 459,128</b>
Beginning fund balance			4,904,986	
<b>Ending Fund Balance</b>			<b>\$ 4,130,665</b>	

Notes to Required Supplementary Information:

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

\* Expenditures exceeded appropriations at the legal level of control.

# City of Parker, Texas

## *SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS* Years Ended December 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total pension liability</b>			
Service cost	\$ 232,383	\$ 197,110	\$ 177,420
Interest	263,390	245,536	226,154
Change in benefit terms	28,011	-	-
Differences between expected and actual experience	66,461	(478)	19,112
Changes of assumptions	11,930	-	-
Benefit payments, including refunds of participant contributions	(301,958)	(144,651)	(146,144)
<b>Net change in total pension liability</b>	<b>300,217</b>	<b>297,517</b>	<b>276,542</b>
<b>Total pension liability - beginning</b>	<b>3,908,857</b>	<b>3,611,340</b>	<b>3,334,798</b>
<b>Total pension liability - ending (a)</b>	<b>4,209,074</b>	<b>3,908,857</b>	<b>3,611,340</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 199,957	\$ 180,329	\$ 161,326
Contributions - members	98,259	87,800	79,147
Net investment income	441,645	(84,398)	332,048
Benefit payments, including refunds of participant contributions	(301,958)	(144,651)	(146,144)
Administrative expenses	(2,499)	(1,634)	(1,723)
Other	(74)	(87)	(87)
<b>Net change in plan fiduciary net position</b>	<b>435,330</b>	<b>37,359</b>	<b>424,567</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,860,689</b>	<b>2,823,330</b>	<b>2,398,763</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 3,296,019</b>	<b>\$ 2,860,689</b>	<b>\$ 2,823,330</b>
<b>Fund's net pension liability - ending (a) - (b)</b>	<b>\$ 913,055</b>	<b>\$ 1,048,168</b>	<b>\$ 788,010</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	78.31%	73.18%	78.18%
<b>Covered payroll</b>	\$ 1,637,653	\$ 1,463,325	\$ 1,319,109
<b>Fund's net position as a percentage of covered payroll</b>	55.75%	71.63%	59.74%

### **Notes to schedule:**

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<sup>1</sup>
\$	169,837	\$ 142,149	\$ 113,443	
	207,380	196,185	189,492	
	-	-	-	
	52,583	(2,192)	(43,077)	
	-	81,015	-	
	<u>(164,770)</u>	<u>(157,911)</u>	<u>(199,299)</u>	
	<u>265,030</u>	<u>259,246</u>	<u>60,559</u>	
	<u>3,069,768</u>	<u>2,810,522</u>	<u>2,749,963</u>	
	<u><u>3,334,798</u></u>	<u><u>3,069,768</u></u>	<u><u>2,810,522</u></u>	
\$	140,906	\$ 132,625	\$ 108,296	
	75,483	68,124	63,331	
	148,469	3,182	118,262	
	(164,770)	(157,911)	(199,299)	
	(1,679)	(1,938)	(1,235)	
	(90)	(96)	(102)	
	<u>198,319</u>	<u>43,986</u>	<u>89,253</u>	
	<u>2,200,444</u>	<u>2,156,458</u>	<u>2,067,205</u>	
\$	<u><u>2,398,763</u></u>	<u><u>\$ 2,200,444</u></u>	<u><u>\$ 2,156,458</u></u>	
\$	<u><u>936,035</u></u>	<u><u>\$ 869,324</u></u>	<u><u>\$ 654,064</u></u>	
	71.93%	71.68%	76.73%	
\$	1,258,049	\$ 1,136,281	\$ 1,055,519	
	74.40%	76.51%	61.97%	

# City of Parker, Texas

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

### Years Ended

	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Actuarially determined employer contributions	\$ 210,992	\$ 200,142	\$ 170,493	\$ 154,623
Contributions in relation to the actuarially determined contribution	\$ 210,992	\$ 200,142	\$ 170,493	\$ 154,623
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 1,659,525	\$ 1,634,800	\$ 1,385,733	\$ 1,293,066
Employer contributions as a percentage of covered payroll	12.71%	12.24%	12.30%	11.96%

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

## NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

**Valuation Date:**

## Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale  
Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with

### Other Information:

Notes Adopted 20 yr, any age retirement eligibility.

9/30/2016      9/30/2015 <sup>1</sup>

\$ 134,731    \$ 126,757

\$ 134,731	\$ 126,757
-----	-----
\$ 1,191,182	\$ 1,116,212

11.31%      11.36%

# City of Parker, Texas

## *SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM*

**Year Ended December 31,**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	^
<b>Total OPEB liability</b>				
Service cost	\$ 4,094	\$ 4,390	\$ 3,430	
Interest	5,520	1,537	1,432	
Differences between expected and actual experience	(98,867)	100,311	-	
Changes of assumptions	11,490	(3,411)	3,479	
Benefit payments, including refunds of participant contributions	(328)	(293)	(264)	
<b>Net changes</b>	<b>(78,091)</b>	<b>102,534</b>	<b>8,077</b>	
<b>Total OPEB liability - beginning</b>	<b>146,914</b>	<b>44,380</b>	<b>36,303</b>	
<b>Total OPEB liability - ending</b>	<b>\$ 68,823</b>	<b>\$ 146,914</b>	<b>\$ 44,380</b>	^2
 <b>Covered payroll</b>	 \$ 1,637,653	 \$ 1,463,325	 \$ 1,319,109	
<b>Total OPEB Liability as a percentage of covered</b>	<b>4.20%</b>	<b>10.04%</b>	<b>3.36%</b>	

**Notes to schedule:**

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

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

## ***OTHER SUPPLEMENTARY INFORMATION***

**City of Parker, Texas**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2020**

	Capital Street Const. Fund	Capital Drainage Fund	Capital Facilities Fund	Volunteer Fire Dept. Fund	Law Enforcement Fund
<b>Assets</b>					
Cash and cash equivalents	\$ 392,777	\$ 43,128	\$ 71,213	\$ 77,451	\$ 6,947
Investments	-	-	-	67,540	-
<b>Total Assets</b>	<b>\$ 392,777</b>	<b>\$ 43,128</b>	<b>\$ 71,213</b>	<b>\$ 144,991</b>	<b>\$ 6,947</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,233	\$ -	\$ -	\$ -	\$ 2,446
Unearned revenue	117,090	-	-	-	-
<b>Total Liabilities</b>	<b>118,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,446</b>
<b>Fund Balances</b>					
Restricted:					
Capital projects	274,454	-	-	-	-
Public safety	-	-	-	-	4,501
Parks & recreation	-	-	-	-	-
Committed					
Capital projects	-	43,128	71,213	144,991	-
<b>Total Fund Balances</b>	<b>274,454</b>	<b>43,128</b>	<b>71,213</b>	<b>144,991</b>	<b>4,501</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 392,777</b>	<b>\$ 43,128</b>	<b>\$ 71,213</b>	<b>\$ 144,991</b>	<b>\$ 6,947</b>

Equipment Replacement Fund	Court Security Fund	Court Technology Fund	Child Safety Fund	Police Donations Fund	Parks Program	Total Nonmajor Governmental
\$ 171,686	\$ 40,272	\$ 7,262	\$ 3,757	\$ 220	\$ 500	\$ 815,213
-	-	-	-	-	-	67,540
<b>\$ 171,686</b>	<b>\$ 40,272</b>	<b>\$ 7,262</b>	<b>\$ 3,757</b>	<b>\$ 220</b>	<b>\$ 500</b>	<b>\$ 882,753</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,679
-	-	-	-	-	-	117,090
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,769</b>
-	-	-	-	-	-	274,454
-	40,272	7,262	3,757	220	-	56,012
-	-	-	-	-	500	500
<b>171,686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>431,018</b>
<b>171,686</b>	<b>40,272</b>	<b>7,262</b>	<b>3,757</b>	<b>220</b>	<b>500</b>	<b>761,984</b>
<b>\$ 171,686</b>	<b>\$ 40,272</b>	<b>\$ 7,262</b>	<b>\$ 3,757</b>	<b>\$ 220</b>	<b>\$ 500</b>	<b>\$ 882,753</b>

**City of Parker, Texas**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2020**

	Capital Street Const. Fund	Capital Drainage Fund	Capital Facilities Fund	Volunteer Fire Dept. Fund	Law Enforcement Fund
<b>Revenues</b>					
Fines and forfeitures	\$ -	\$ -	-	\$ -	-
Other revenues	-	-	-	225	678
Investment income	-	-	-	586	-
Donations	-	-	-	12,291	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,102</b>	<b>678</b>
<b>Expenditures</b>					
General government	-	-	53,787	-	-
Public safety	-	-	-	42,580	-
Public works	7,694	44,704	-	-	-
Capital outlay	-	-	-	-	4,350
<b>Total Expenditures</b>	<b>7,694</b>	<b>44,704</b>	<b>53,787</b>	<b>42,580</b>	<b>4,350</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(7,694)</b>	<b>(44,704)</b>	<b>(53,787)</b>	<b>(29,478)</b>	<b>(3,672)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	399,238	87,832	125,000	-	8,173
Transfers (out)	(1,057,690)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(658,452)</b>	<b>87,832</b>	<b>125,000</b>	<b>-</b>	<b>8,173</b>
<b>Net Change in Fund Balances</b>	<b>(666,146)</b>	<b>43,128</b>	<b>71,213</b>	<b>(29,478)</b>	<b>4,501</b>
Beginning fund balances	940,600	-	-	174,469	-
<b>Ending Fund Balances</b>	<b>\$ 274,454</b>	<b>\$ 43,128</b>	<b>\$ 71,213</b>	<b>\$ 144,991</b>	<b>\$ 4,501</b>

Equipment Replacement Fund	Court Security Fund	Court Technology Fund	Child Safety Fund	Police Donations Fund	Parks Program	Total Nonmajor Governmental
\$ -	\$ 3,452	\$ 3,465	\$ 5,357	\$ -	\$ -	\$ 12,274
-	-	-	-	-	-	903
-	-	-	-	-	-	586
-	-	-	-	220	500	13,011
<b>-</b>	<b>3,452</b>	<b>3,465</b>	<b>5,357</b>	<b>220</b>	<b>500</b>	<b>26,774</b>
<hr/>						
-	-	-	-	-	-	53,787
-	90	3,757	1,600	-	-	48,027
-	-	-	-	-	-	52,398
<b>103,314</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,664</b>
<b>103,314</b>	<b>90</b>	<b>3,757</b>	<b>1,600</b>	<b>-</b>	<b>-</b>	<b>261,876</b>
<hr/>						
<b>(103,314)</b>	<b>3,362</b>	<b>(292)</b>	<b>3,757</b>	<b>220</b>	<b>500</b>	<b>(235,102)</b>
<hr/>						
275,000	36,910	7,554	-	-	-	939,707
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,057,690)</b>
<b>275,000</b>	<b>36,910</b>	<b>7,554</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(117,983)</b>
171,686	40,272	7,262	3,757	220	500	(353,085)
<b>-</b>	<b>\$ 40,272</b>	<b>\$ 7,262</b>	<b>\$ 3,757</b>	<b>\$ 220</b>	<b>\$ 500</b>	<b>\$ 1,115,069</b>
<b>\$ 171,686</b>						<b>\$ 761,984</b>