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CITY OF CENTER
Center, Texas

ANNUAL FINANCIAL REPORT

September 30, 2021

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CITY OF CENTER, TEXAS
PRINCIPAL CITY OFFICIALS
September 30, 2021

GOVERNING BODY

Honorable David Chadwick, Mayor

CITY COUNCIL

Leigh Porterfield - Mayor Pro-Tem

Joyce Johnson - District 1

Jerry Lathan - District 2

Howell Howard - District 3

Randy Collard - District 4

Terry Scull - At Large

OTHER PRINCIPAL OFFICIALS

Chad Nehring City Manager
Barbara Boyd City Secretary
John Price City Attorney

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Center
Center, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Center, as of and for the year ended September 30, 2021, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The component unit financial statements and other budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lufkin, Texas
June 27, 2022


CERTIFIED PUBLIC ACCOUNTANTS



Management's Discussion and Analysis

As management of the City of Center, Texas, we offer readers of the City of Center's financial statements this narrative overview and analysis of the financial activities of the City of Center (City) for the fiscal year ended September 30, 2021.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year resulting in a total net position of \$31,813,558 which is an increase of \$2,875,017 (*net position*).
- Governmental activities change in net position increased \$2,897,030 to \$20,126,049 mostly from additional capital assets.
- The City's governmental funds reported combined ending fund balances of \$4,541,721 a decrease of \$320,324 from the prior year of \$4,862,045, mostly as a result of using cash assets for capital projects combined with grant revenues.
- The fund balance for the general fund was \$2,522,079 or 47.8% of total general fund expenditures and increased \$403,467 during this fiscal year.
- The Water and Sewer Fund operating revenues exceeded expenses resulting in operating income of \$512,152 and the fund decreased net position by \$92,562 to \$11,185,487 due to minimal capital investment.
- Combined Business Activities decreased Net Position by \$22,013 to \$11,678,509.
- The combined non-major governmental funds experienced an increase in fund balance of \$729,778 to \$1,795,818 primarily in Debt Service, Hotel/Motel funds and American Rescue Plan grant funds.
- The 4B Street Improvements for Economic Development is shown as a component unit of the City. The annual street program is recorded as an expense \$(1,486,418) in the Governmental Funds so that the asset can be recorded.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City 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, culture and recreation, planning and community development, sanitation and public facilities. The business-type activities of the City include water and sewer utility services.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Center maintains eighteen 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 balance. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds, including the Debt Service Fund, is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, and special revenue funds - Trust Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with budget.

Proprietary Funds. The City maintains two proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer utility and Sanitation services *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer utility and sanitation services, which are considered to be a major funds of the City of Center.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Center's progress in funding its obligations to provide retirement benefits to its employees. This required supplementary information can be found after the notes to financial statements of this report.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$31,813,558 at the close of fiscal year 2021. This represents an increase of \$2,897,017 from the 2020 net position of \$28,938,541.

By far the largest portion of the City's assets (\$25,589,454), 80.5%, reflects its net investment in capital assets (e.g., land, buildings, vehicles and equipment), less the outstanding balance of related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Center's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. This year's net position values indicate increases because of acquisition and construction of assets through the Capital Projects Fund.

City of Center's Combined Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 6 194 567	\$ 6 936 794	\$ 3 100 434	\$ 3 393 180	\$ 9 295 001	\$ 10 003 387
Capital assets (net of depreciation)	25 340 771	23 452 834	15 369 214	15 549 271	40 709 985	39 002 105
Total Assets	31 535 338	30 389 628	18 469 648	18 942 451	50 004 986	49 332 079
Deferred outflow	749 808	889 233	240 092	307 618	994 952	1 196 851
Long-term liabilities outstanding	8 918 616	9 972 407	5 711 793	6 092 760	14 630 409	16 065 167
Other liabilities	1 653 151	2 043 054	941 651	934 458	2 594 802	2 977 512
Total Liabilities	10 571 767	12 015 461	6 653 444	7 027 218	17 225 211	19 042 679
Deferred inflow	1 587 330	2 034 381	368 787	513 329	1 956 117	2 547 710
Net Position:						
Net Investment in capital assets	16 036 490	13 465 283	9 552 964	9 441 771	25 589 454	22 907 054
Restricted	2 019 192	2 743 433	999 259	1 564 896	3 018 451	4 308 329
Unrestricted	2 069 917	1 020 303	1 135 286	702 855	3 205 203	1 723 158
Total Net Position	\$ 20 126 049	\$ 17 229 019	\$ 11 687 509	\$ 11 709 522	\$ 31 813 558	\$ 28 938 541

Deferred inflow in Governmental Activities is inclusive of pledges made for Portacool Park and the Softball Complex.

An additional portion of the City's net position, \$3,018,451 (9.5%), represents resources that are subject to external restrictions on how they may be used.

Values for newly constructed, major infrastructure (i.e. streets, drainage) are included in the value of capital assets.

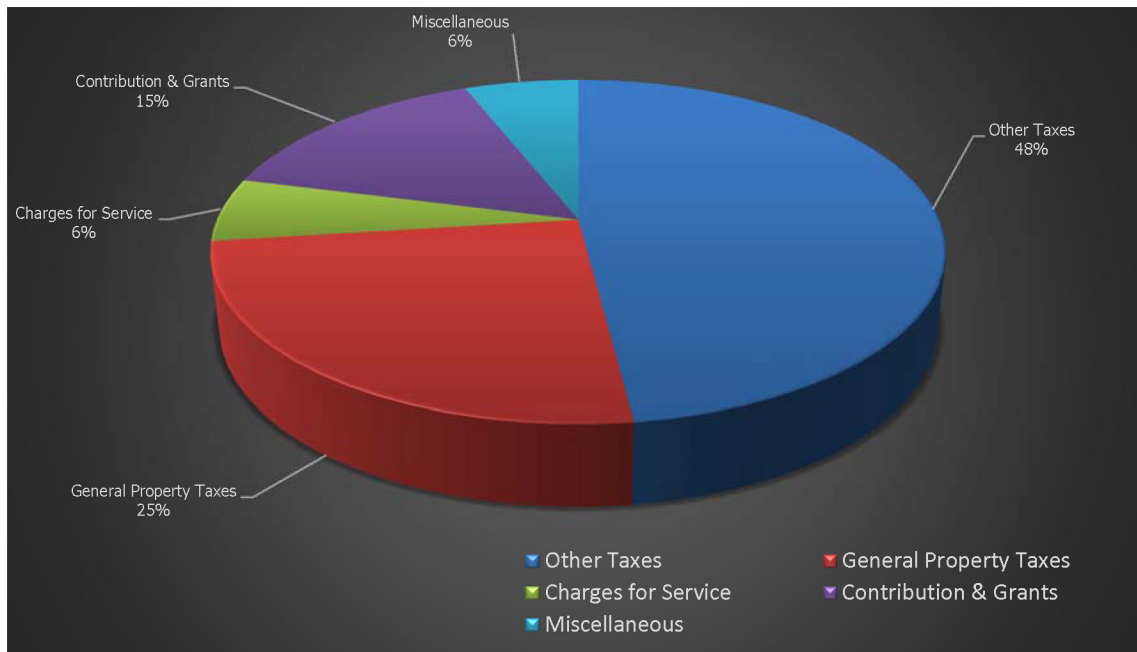
City of Center's Change in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Program Revenues:						
Charges for services	\$ 467 044	\$ 458 137	\$ 5 530 901	\$ 5 325 973	\$ 5 997 945	\$ 5 784 110
Operating grants and contributions	1 006 034	308 725	-	-	1 006 034	308 725
Capital grants and contributions	86 652	-	-	-	86 652	-
General Revenues:						
Property taxes	11 839 751	1 908 351	-	-	1 839 751	1 908 351
Other taxes	3 473 591	3 237 887	-	-	3 473 591	3 237 887
Other	457 499	380 758	6 629	42 963	464 128	423 721
Total Revenues	7 330 637	6 293 858	5 537 530	5 368 936	12 868 167	11 662 794
Expenses:						
General government	1 192 309	1 142 598	-	-	1 192 309	1 142 598
Public safety	2 622 901	2 532 849	-	-	2 622 901	2 532 849
Community services	1 291 138	1 459 008	-	-	1 291 138	1 459 008
Streets and drainage	1 287 671	1 275 542	-	-	1 287 671	1 275 542
Sanitation	-	-	1 390 028	1 377 757	1 390 028	1 377 757
Inspections	57 857	52 046	-	-	57 857	52 046
Interest on long-term debt	277 732	567 545	-	-	277 732	567 545
Water and sewer	-	-	3 535 266	3 505 294	3 535 266	3 505 294
Total Expenses	6 729 608	7 029 588	4 925 294	4 883 051	11 654 902	11 912 639
Transfers	2 296 067	1 144 953	(634 249)	(793 870)	1 661 818	351 083
Increase (decrease) in net position	2 897 096	409 223	(22 013)	(307 985)	2 875 083	101 238
Net Position, Ending	\$ 20 126 115	\$ 17 229 019	\$ 11 687 509	\$ 11 709 522	\$ 31 813 624	\$ 28 938 541

Governmental Activities. Governmental activities increased the City of Center's net position by \$2,897,030. Key elements of this increase are as follows:

- Governmental Fund revenues exceeded expenditures by \$2,897,030. This is mostly from grants and improved sales tax receipts.
- Governmental Expenses decreased \$299,280 from prior year expenses due to interest payments on debt.

Revenues by Source - All Governmental Activities



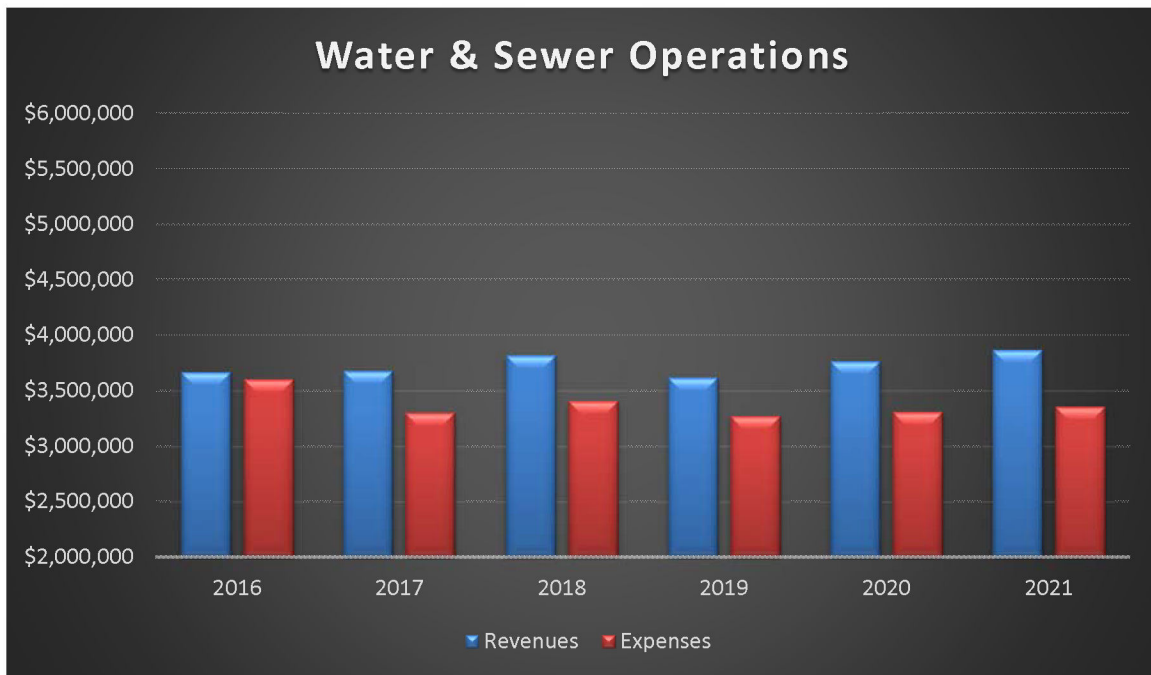
Proprietary Funds. The City of Center's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities (Utilities and Sanitation Departments) but in more detail.

Business-Type Activities. Business-type activities decreased the total government's net position by \$22,013. Key elements of this change are as follows:

- Operating revenues increased \$168,594 to \$5,537,530 from \$5,368,936.
- Operating expenses increased \$42,243 to \$4,925,294 from \$4,883,051.
- Operating revenues exceeded expenses resulting in Net Operating Income of \$782,417.

- Including non-operating expenses, primarily costs of debt and transfers, Change in Net Position is \$(22,013). Transfers includes transfers to the General Fund, Debt Fund, Technology Fund, and Capital Improvement Fund.

Operating Revenues and Expenses - Business-type Activities



As a component of Total Net Position, the Unrestricted Net Position of the Proprietary Funds at the end of the current fiscal year is \$1,135,286. Other factors concerning these funds have been addressed in the discussion of the City's business-type activities.

Internal Service Funds. The City operates two Internal Service Funds: the Technology Fund and Equipment Replacement Fund. The Technology Fund was fully capitalized in FY 2018 by transfers from the General and Utility Funds. The Equipment Replacement Fund was created in FY 2018 and was fully capitalized in FY 2019. The net position for the Equipment Replacement Fund decreased by \$28,731 from \$566,473 to \$537,742. The Technology Fund net position increased by \$56,324 from \$198,818 to \$255,142.

Financial Analysis of the Government's Funds

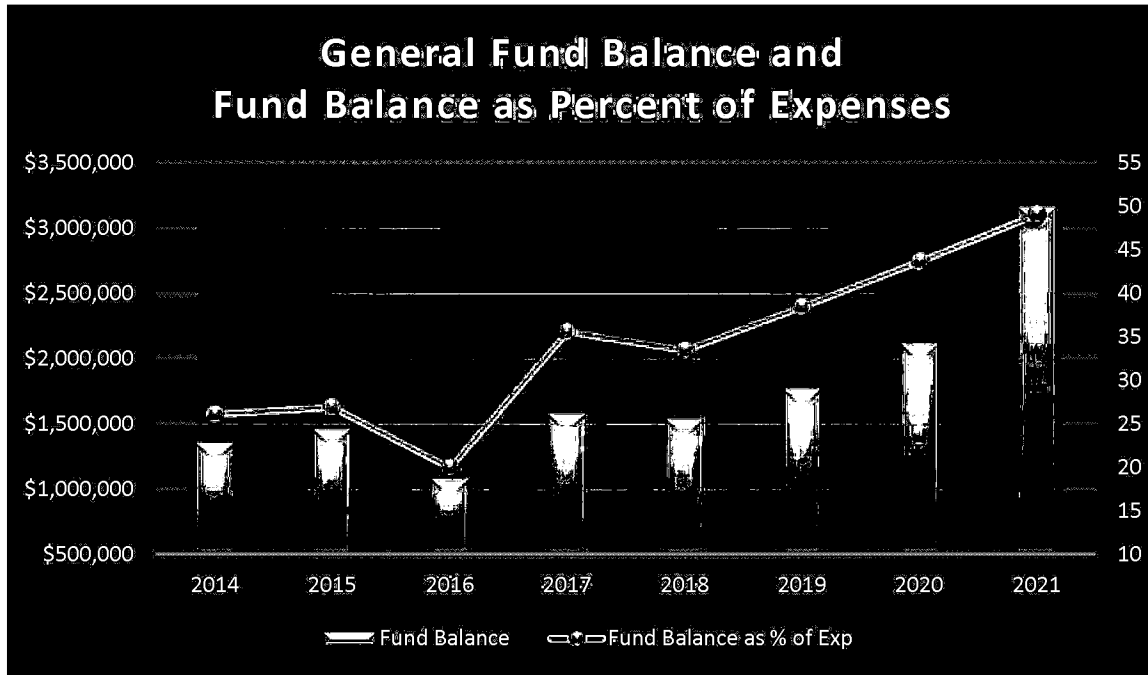
As noted earlier, the City of Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of Center's governmental funds reported combined ending fund balances of \$4,541,721, a decrease of \$320,324 from the prior year. Approximately 55.3% of this total amount, \$2,511,588, constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. The remaining 44.7% of fund balance is *restricted* to indicate that it is not available for spending because it has already been committed and dedicated to 1) pay debt service, 2) for perpetual trust 3) for capital projects or 4) grant projects.

The general fund is the chief operating fund of the City of Center. At the end of the current fiscal year, total general fund balance was \$2,522,079. The fund balance of the City's general fund increased by \$403,467 during the current fiscal year. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 49.1% of total general fund operational expenditures. The City Council established a minimum fund balance policy of 25.0% of annual expenditures.

General Fund Budgetary Highlights



The General Fund accounts for the primary operations of the City and a budget comparison is provided.

A review of the final amended budget compared to actual revenues/expenditures presents a number of variances. Total revenues increased from the budget by \$742,630. Total expenditures decreased from the budget by \$8,715.

Capital Asset and Debt Administration

Capital Assets. The City of Center's investment in capital assets for its governmental and business-type activities amounts to \$40,709,985 (net of accumulated depreciation) at the end of the current fiscal year increasing from last year's amount of \$39,002,104. This investment in capital assets includes land, buildings, improvements, vehicles and equipment. Due to the size of the City, past asset valuations for major infrastructure (streets, bridges, drainage, etc.) are not required to comply with reporting requirements, however beginning in fiscal year 2004, the City began prospectively accumulating values for these major capital assets.

**City of Center's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 73 072	\$ 73 072	\$ 665 250	\$ 665 250	\$ 738 322	\$ 738 322
Buildings	6 304 350	6 524 290	-	-	6 304 350	6 524 290
Improvements other than buildings	3 794 570	3 606 591	-	-	3 794 570	3 606 591
Machinery and equipment	1 085 202	1 232 157	611 215	634 795	1 696 417	1 866 952
Buildings and systems	-	-	13 931 605	13 591 728	13 931 605	13 591 728
Infrastructure	12 564 372	9 204 088	-	-	12 564 372	9 204 088
Construction in progress	1 519 205	2 812 635	161 144	657 498	1 680 349	3 470 133
TOTAL	\$ 25 340 771	\$ 23 452 834	\$ 15 369 214	\$ 15 549 271	\$ 40 709 985	\$ 39 002 105

Long-Term Debt. At the end of the current fiscal year, the City of Center had total bonded debt outstanding of \$14,625,000, a decrease from last year's total bonded debt of \$15,615,000. All is backed by the full faith and credit of the government.

Notes Payable. Notes payable includes a note by the City's Tax Increment Reinvestment Zone Fund to the Center Economic Development Corporation in 2011.

City of Center's Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 8 808 750	\$ 9 507 500	\$ 5 816 250	\$ 6 107 500	\$ 14 625 000	\$ 15 615 000
Compensated absences	123 671	125 502	44 291	39 679	167 962	165 181
Notes payable	265 556	354 549	-	-	265 556	354 549
TOTAL	\$ 9 197 977	\$ 9 987 551	\$ 5 860 541	\$ 6 147 179	\$ 15 058 518	\$ 16 134 730

The City of Center's debt issuance rating by Moody's was upgraded in 2007 from a rating of "Baa2" to a rating of "A2". This pertains to the current debt issuances for general obligation and any other bonded debt. This rating was reaffirmed by Moody's in 2018 and 2021.

As a Home Rule City, the City of Center, Texas is not limited by law in the amount of debt it may issue. However, the City's Debt Management Policy limits total ad valorem supported outstanding debt to 4% of the taxable base. Utility Fund debt service is limited to 20% of Utility Fund expenditures.

Additional information on the City's long-term debt can be found in note 3. D. of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate as of August 2021 for Shelby County, according to Texas Workforce Commission statistics, is 5.1%. The unemployment rates for August 2021, according to the Texas Workforce Commission, are 5.4% for the State of Texas and 6.8% for the Deep East Texas Region.
- The City's total state sales tax receipts, including the 62.5% for governmental purposes and the two Economic Development Corporations, for the current fiscal year, totaled \$3,785,298 an increase of \$267,650 or 7.6% from the previous year \$3,617,648. This primarily reflects a return of oil and gas industry activities in the region.
- Economic trends in the area are stabilizing relative to state and national indices and trends.

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

Requests for Information

This financial report is designed to provide a general overview of the City of Center's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Secretary, P. O. Box 1744, 617 Tenaha Street, City of Center, Texas, 75935-1744.

FINANCIAL STATEMENTS

CITY OF CENTER, TEXAS
STATEMENT OF NET POSITION
September 30, 2021

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and cash equivalents	\$ 1 388 112	\$ 85 622	\$ 1 473 800	\$ 63 094
Investments	3 742 837	1 218 071	4 960 908	3 382 848
Receivables	1 053 102	659 741	1 712 843	411 271
Inventories	10 491	137 741	148 232	-
Due from other funds	25	-	25	-
Restricted Assets:				
Cash and cash equivalents	-	741 167	741 167	-
Investments	-	258 092	258 092	-
Capital assets (net of accumulated depreciation)	25 340 771	15 369 214	40 709 985	289 530
TOTAL ASSETS	<u>31 535 338</u>	<u>18 469 648</u>	<u>50 005 052</u>	<u>4 146 743</u>
DEFERRED OUTFLOWS				
Deferred outflow - Pension	375 541	125 693	501 234	-
Deferred outflow - OPEB	42 994	3 908	46 902	-
Deferred outflow - Subsequent contribution - Pension	325 429	108 921	434 350	-
Deferred outflow - Subsequent contribution - OPEB	5 844	1 570	7 414	-
TOTAL DEFERRED OUTFLOWS	<u>749 808</u>	<u>240 092</u>	<u>989 900</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>32 285 146</u>	<u>18 709 740</u>	<u>50 994 952</u>	<u>4 146 743</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	399 609	410 977	810 586	22 759
Accrued liabilities	65 421	8 610	74 031	-
Due to other funds	-	25	25	-
Accrued interest payable	33 196	21 261	54 457	-
Premium on bond issue	381 449	-	381 449	-
Customer deposits payable	-	199 528	199 528	-
Due within one year	773 468	301 250	1 074 718	-
Noncurrent Liabilities:				
Due in more than one year	8 300 838	5 515 000	13 815 838	-
Accrued compensated absences	123 671	44 291	167 962	-
Pension liabilities	299 209	100 144	399 353	-
OPEB liabilities	194 898	52 358	247 256	-
TOTAL LIABILITIES	<u>10 571 767</u>	<u>6 653 444</u>	<u>17 225 211</u>	<u>22 759</u>
DEFERRED INFLOWS				
Deferred inflows - Pension	1 088 435	364 298	1 452 733	-
Deferred inflows - OPEB	10 131	4 489	14 620	-
Unavailable revenues	488 764	-	488 764	-
TOTAL DEFERRED INFLOWS	<u>1 587 330</u>	<u>368 787</u>	<u>1 956 117</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>12 159 097</u>	<u>7 022 231</u>	<u>19 181 328</u>	<u>22 759</u>
NET POSITION				
Net investment in capital assets	16 036 490	9 552 964	25 589 454	289 530
Restricted for:				
Debt service	183 940	-	183 940	-
Grants	1 450 159	-	1 450 159	-
Capital projects	223 824	999 259	1 223 083	-
Perpetual care	161 719	-	161 719	-
Unrestricted	2 069 917	1 135 286	3 205 203	3 834 454
TOTAL NET POSITION	<u>\$ 20 126 049</u>	<u>\$ 11 687 509</u>	<u>\$ 31 813 558</u>	<u>\$ 4 123 984</u>

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

CITY OF CENTER, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 1 192 309	\$ 127 925	\$ 645 430	\$ -
Public safety	2 622 901	24 639	318 409	-
Community services	1 291 138	288 588	42 195	70 902
Streets and drainage	1 287 671	-	-	15 750
Inspections	57 857	25 892	-	-
Interest on long-term debt	277 732	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	6 729 608	467 044	1 006 034	86 652
Business-Type Activities:				
Water and sewer fund	3 535 266	3 870 608	-	-
Sanitation fund	1 390 028	1 660 293	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	4 925 294	5 530 901	-	-
 TOTAL PRIMARY GOVERNMENT	\$ 11 654 902	\$ 5 997 945	\$ 1 006 034	\$ 86 652
 Component Units:				
Economic Development	\$ 151 811	\$ -	\$ -	\$ -
Economic Development Street Improvement	34 979	-	-	-
Local Government Housing Corp	6 366	-	-	-
TOTAL COMPONENT UNITS	\$ 193 156	\$ -	\$ -	\$ -
 General Revenues:				
Taxes:				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel taxes				
Other taxes and permits				
Fines and fees				
Unrestricted investment earnings				
Other unrestricted revenue				
Transfers				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
 Net position - Beginning				
NET POSITION - ENDING				

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			COMPONENT UNITS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	ECONOMIC DEVELOPMENT CORPORATIONS
\$ (418 954)	\$ -	\$ (418 954)	\$ -
(2 279 853)	-	(2 279 853)	-
(889 453)	-	(889 453)	-
(1 271 921)	-	(1 271 921)	-
(31 965)	-	(31 965)	-
(277 732)	-	(277 732)	-
<u>(5 169 878)</u>	<u>-</u>	<u>(5 169 878)</u>	<u>-</u>
-	335 342	335 342	-
-	270 265	270 265	-
-	605 607	605 607	-
<u>(5 169 878)</u>	<u>605 607</u>	<u>(4 564 271)</u>	<u>-</u>
-	-	-	(151 811)
-	-	-	(34 979)
-	-	-	(6 366)
-	-	-	<u>(193 156)</u>
1 839 751	-	1 839 751	-
2 365 811	-	2 365 811	1 419 487
691 977	-	691 977	-
352 104	-	352 104	-
63 699	-	63 699	-
304 215	-	304 215	-
18 669	5 285	23 954	41 292
134 615	1 344	135 959	-
2 296 067	(634 249)	1 661 818	(1 661 818)
8 066 908	(627 620)	7 439 288	(201 039)
2 897 030	(22 013)	2 875 017	(394 195)
<u>17 229 019</u>	<u>11 709 522</u>	<u>28 938 541</u>	<u>4 518 179</u>
\$ <u>20 126 049</u>	\$ <u>11 687 509</u>	\$ <u>31 813 558</u>	\$ <u>4 123 984</u>

CITY OF CENTER, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2021

	GENERAL	CAPITAL PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 199 316	\$ 9 000	\$ 781 129	\$ 989 445
Investments	2 427 674	214 924	1 100 239	3 742 837
Receivables (Net of Uncollectibles):				
Taxes	306 900	-	-	306 900
Accounts	-	-	283 384	283 384
Court fines receivable	201 115	-	-	201 115
Governmental agencies	176 079	-	-	176 079
Sundry	85 624	-	-	85 624
Due from other funds	76 112	-	500	76 612
Inventories	10 491	-	-	10 491
TOTAL ASSETS	\$ 3 483 311	\$ 223 924	\$ 2 165 252	\$ 5 872 487
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 383 423	\$ -	\$ 13 446	\$ 396 869
Accrued liabilities	64 641	-	751	65 392
Due to other funds	500	100	75 987	76 587
TOTAL LIABILITIES	448 564	100	90 184	538 848
 Deferred Inflows:				
Unavailable revenue	512 668	-	279 250	791 918
TOTAL DEFERRED INFLOWS	512 668	-	279 250	791 918
 Fund Balances:				
Nonspendable	10 491	-	-	10 491
Restricted for:				
Debt service	-	-	183 940	183 940
Grants	-	-	1 450 159	1 450 159
Other purposes	-	223 824	161 719	385 543
Unassigned:				
General fund	2 511 588	-	-	2 511 588
TOTAL FUND BALANCES	2 522 079	223 824	1 795 818	4 541 721
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 3 485 311	\$ 223 924	\$ 2 165 252	
 Amounts Reported for Governmental Activities in the Statement of Net Activities are Different Because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds				25 340 771
An internal service fund is used for equipment acquisition and replacement. The governmental funds' share of the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position				792 886
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds				303 154
Long-term liabilities, including bonds, pensions, and other post-employment benefits, are not due and in the current period and, therefore, are not reported in the funds				(10 852 483)
NET POSITION OF GOVERNMENTAL ACTIVITIES				\$ 20 126 049

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

CITY OF CENTER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	GENERAL	CAPITAL PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
General property taxes	\$ 1 160 607	\$ -	\$ 672 158	\$ 1 832 765
Other local taxes and permits	3 090 951	-	382 640	3 473 591
Fines and fees	281 209	-	23 006	304 215
Charges for services	242 350	-	136 393	378 743
Contributions and grants	359 840	15 750	717 096	1 092 686
Miscellaneous	91 636	-	25 324	116 960
TOTAL REVENUES	5 226 593	15 750	1 956 617	7 198 960
Expenditures:				
General government	1 338 085	-	-	1 338 085
Public safety	2 703 074	-	2 569	2 705 643
Community services	761 513	-	312 665	1 074 178
Streets and drainage	412 487	-	1 486 418	1 898 905
Inspections	58 111	-	-	58 111
Capital outlay	-	1 718 988	-	1 718 988
Debt Service:				
Principal	-	-	867 367	867 367
Interest and fiscal charges	-	-	373 314	373 314
TOTAL EXPENDITURES	5 273 270	1 718 988	3 042 333	10 034 591
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(46 677)	(1 703 238)	(1 085 716)	(2 835 631)
Other Financing Sources (Uses):				
Debt proceeds	-	-	3 413 896	3 413 896
Payment into escrow for debt retirement	-	-	(3 213 000)	(3 213 000)
Interest income	8 016	1 155	9 173	18 344
Transfers in	700 000	248 514	1 896 938	2 845 452
Transfers (out)	(257 872)	-	(291 513)	(549 385)
TOTAL OTHER FINANCING SOURCES (USES)	450 144	249 669	1 815 494	2 515 307
NET CHANGE IN FUND BALANCES	403 467	(1 453 569)	729 778	(320 324)
Fund balances at beginning of year	2 118 612	1 677 393	1 066 040	4 862 045
FUND BALANCES AT END OF YEAR	\$ 2 522 079	\$ 223 824	\$ 1 795 818	\$ 4 541 721

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

CITY OF CENTER, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2021

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net change in fund balances - Total governmental funds	\$	(320 324)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		1 970 655
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		6 986
Internal service net revenues are reported with governmental activities and the expenses not recovered through user charges are allocated to the participating funds.		27 595
The issuance of long-term debt (e.g., bonds, notes, and pension and other post provides current employment benefits) 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 issuance costs, premiums, discounts, and similar items when debt is 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 debts and other related items.		<u>1 212 118</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>2 897 017</u></u>

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

CITY OF CENTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ (5 122)	\$ 90 744	\$ 85 622	\$ 38 344	\$ 26 974
Investments	912 657	305 414	1 218 071	102 412	230 937
Receivables (Net):					
Accounts	412 556	232 860	645 416	-	-
Sundry	14 325	-	14 325	-	-
Inventories	137 741	-	137 741	-	-
TOTAL CURRENT ASSETS	1 472 157	629 018	2 101 175	140 756	257 911
Noncurrent Assets:					
Restricted cash	741 167	-	741 167	-	-
Restricted investments	258 092	-	258 092	-	-
Capital Assets:					
Land	665 250	-	665 250	-	-
Utility systems	33 539 598	-	33 539 598	-	-
Equipment	3 649 482	17 422	3 666 904	954 173	-
Construction in progress	161 144	-	161 144	-	-
Less accumulated depreciation	(22 646 260)	(17 422)	(22 663 682)	(557 187)	-
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	15 369 214	-	15 369 214	396 986	-
TOTAL NONCURRENT ASSETS	16 368 473	-	16 368 473	396 986	-
TOTAL ASSETS	17 840 630	629 018	18 469 648	537 742	257 911
DEFERRED OUTFLOWS					
Deferred outflow - Pension	125 693	-	125 693	-	-
Deferred outflow - Subsequent contributions pensions	108 921	-	108 921	-	-
Deferred outflow - OPEB	3 908	-	3 908	-	-
Deferred outflow - Subsequent contributions OPEB	1 570	-	1 570	-	-
TOTAL DEFERRED OUTFLOWS	240 092	-	240 092	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	18 080 722	629 018	18 709 740	537 742	257 911
LIABILITIES					
Current Liabilities:					
Accounts payable	283 981	126 996	410 977	-	2 740
Accrued expense	8 610	-	8 610	-	29
Due to other funds	25	-	25	-	-
Debt payable - Current	301 250	-	301 250	-	-
Accrued interest payable	21 261	-	21 261	-	-
Customer deposits payable	199 528	-	199 528	-	-
TOTAL CURRENT LIABILITIES	814 655	126 996	941 651	-	2 769
Noncurrent Liabilities:					
Compensated absences	44 291	-	44 291	-	-
Pension liability	100 144	-	100 144	-	-
OPEB liability	52 358	-	52 358	-	-
Long term debt payable	5 515 000	-	5 515 000	-	-
TOTAL NONCURRENT LIABILITIES	5 711 793	-	5 711 793	-	-
TOTAL LIABILITIES	6 526 448	126 996	6 653 444	-	2 769
DEFERRED INFLOWS					
Deferred inflow - Pension	364 298	-	364 298	-	-
Deferred inflow - OPEB	4 489	-	4 489	-	-
TOTAL DEFERRED INFLOWS	368 787	-	368 787	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	6 895 235	126 996	7 022 231	-	-
NET POSITION					
Net investment in capital assets	9 552 964	-	9 552 964	396 986	-
Restricted for capital projects	999 259	-	999 259	-	-
Unrestricted	633 264	502 022	1 135 286	140 756	255 142
TOTAL NET POSITION	\$ 11 185 487	\$ 502 022	\$ 11 687 509	\$ 537 742	\$ 255 142

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

CITY OF CENTER, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended September 30, 2021

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
Operating Revenues:					
Charges for service	\$ 3 773 361	\$ 1 658 738	\$ 5 432 099	\$ 153 371	\$ 215 850
Taps and connections	11 225	-	11 225	-	-
Miscellaneous	86 022	1 555	87 577	-	-
TOTAL OPERATING REVENUES	3 870 608	1 660 293	5 530 901	153 371	215 850
Operating Expenses:					
Nondepartmental	225 853	-	225 853	9 039	159 734
Public works	232 293	-	232 293	-	-
Water production	1 042 236	-	1 042 236	-	-
Water distribution	361 404	-	361 404	-	-
Sewer collection	222 343	-	222 343	-	-
Sewer treatment	589 601	-	589 601	-	-
Sanitation	-	1 390 028	1 390 028	-	-
Depreciation	684 726	-	684 726	190 835	-
TOTAL OPERATING EXPENSES	3 358 456	1 390 028	4 748 484	199 874	159 734
OPERATING INCOME	512 152	270 265	782 417	(46 503)	56 116
Nonoperating Revenues (Expenses):					
Income from investments	5 001	284	5 285	117	208
Other revenue	1 344	-	1 344	17 655	-
Interest expense	(176 810)	-	(176 810)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(170 465)	284	(170 181)	17 772	208
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS	341 687	270 549	612 236	(28 731)	56 324
Operating transfers in (out)	(434 249)	(200 000)	(634 249)	-	-
TOTAL NET OPERATING TRANSFERS	(434 249)	(200 000)	(634 249)	-	-
CHANGE IN NET POSITION	(92 562)	70 549	(22 013)	(28 731)	56 324
Beginning net position	11 278 049	431 473	11 709 522	566 473	198 818
NET POSITION, END OF YEAR	\$ 11 185 487	\$ 502 022	\$ 11 687 509	\$ 537 742	\$ 255 142

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

CITY OF CENTER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2021

	BUSINESS-TYPE ACTIVITIES			INTERNAL SERVICE FUNDS	
	WATER AND SEWER FUND	SANITATION FUND	TOTAL	EQUIPMENT REPLACEMENT FUND	TECHNOLOGY FUND
Cash Flows from Operating Activities:					
Received from customers	\$ 3 866 651	\$ 1 661 370	\$ 5 528 021	\$ 153 371	\$ 215 850
Payments to suppliers	(1 682 254)	(1 394 882)	(3 077 136)	(9 039)	(94 992)
Payments to employees	(1 179 902)	-	(1 179 902)	-	(66 149)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1 004 495</u>	<u>266 488</u>	<u>1 270 983</u>	<u>144 332</u>	<u>54 709</u>
Cash Flows from Noncapital Financing Activities:					
Advances (to) and from other funds	25	-	25	-	-
Operating transfers in (out)	(434 249)	(200 000)	(634 249)	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(434 224)</u>	<u>(200 000)</u>	<u>(634 224)</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(504 669)	-	(504 669)	(108 117)	-
Net sales and purchases of investments	337 718	(15 285)	322 433	(15 646)	(31 209)
Principal paid on debt	(291 250)	-	(291 250)	-	-
Insurance proceeds	-	-	-	17 655	-
Interest paid on debt	(176 810)	-	(176 810)	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(635 011)</u>	<u>(15 285)</u>	<u>(650 296)</u>	<u>(106 108)</u>	<u>(31 209)</u>
Cash Flows from Investing Activities:					
Interest on investments	5 001	284	5 285	117	208
Royalties	1 344	-	1 344	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>6 345</u>	<u>284</u>	<u>6 629</u>	<u>117</u>	<u>208</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(58 395)</u>	<u>51 487</u>	<u>(6 908)</u>	<u>38 341</u>	<u>23 708</u>
Cash at beginning of year	<u>53 273</u>	<u>39 257</u>	<u>92 530</u>	<u>3</u>	<u>3 266</u>
CASH AT END OF YEAR	<u>\$ (5 122)</u>	<u>\$ 90 744</u>	<u>\$ 85 622</u>	<u>\$ 38 344</u>	<u>\$ 26 974</u>

Reconciliation of Operating Income to Net Cash
Provided by Operating Activities

Operating income (loss)	\$ 512 152	\$ 270 265	\$ 782 417	\$ (46 503)	\$ 56 116
Adjustments:					
Depreciation	684 726	-	684 726	190 835	-
Changes in:					
Accounts receivable	(12 235)	1 077	(11 158)	-	-
Inventory	(25 437)	-	(25 437)	-	-
Deferred charges	(77 016)	-	(77 016)	-	-
Accounts payable	(5 137)	(4 854)	(9 991)	-	(1 306)
Accrued expense	(1 248)	-	(1 248)	-	(101)
Accrued compensated absences	4 612	-	4 612	-	-
Pension and OPEB liability	(84 200)	-	(84 200)	-	-
Customer deposits	8 278	-	8 278	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1 004 495</u>	<u>\$ 266 488</u>	<u>\$ 1 270 983</u>	<u>\$ 144 332</u>	<u>\$ 54 709</u>

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

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Center, Texas was incorporated in 1900. The City operates under a Home Rule Charter adopted April 7, 1984 under Section 5, Article XI of the Texas Constitution as a Council-Manager form of government under the provisions of the charter and the V.T.C.A., Local Government Code.

The accounting policies of the City of Center, Texas conform to generally accepted accounting principles as applicable to governments. The City applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies:

A. Reporting Entity:

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

Individual Component Unit Disclosures:

Discretely Presented Component Units:

The City of Center Economic Development Corporation - Established in 1994, the Corporation is a 4A nonprofit industrial development corporation specifically governed by the Development Corporation Act. The purpose of the Corporation is to promote, assist, and enhance economic development. The Corporation is governed by a Board of Directors appointed by the City Council.

Complete financial statements of the Corporation can be obtained from: The City of Center Economic Development Corporation, 617 Tenaha Street, Center, Texas.

The City of Center Street Improvements for Economic Development Corporation - Established in 1996, the Corporation is a 4B nonprofit industrial development corporation specifically governed by the Development Corporation Act. The purpose of the Corporation is to promote, assist and enhance economic development by undertaking projects of street and road and related improvements. The Corporation is governed by a Board of Directors appointed by the City Council.

Complete financial statements of the Corporation can be obtained from: The City of Center Street Improvements for Economic Development Corporation, 617 Tenaha Street, Center, Texas.

The City of Center Local Government Corporation - Established in 2018 to hold and manage the assets of Parker Place Subdivision. The City acquired the remaining subdivision lots in 2018 after reaching a settlement with the owner, and repayment of the Housing Infrastructure Fund (HIF) grant. The City is working to sell the lots to builders.

B. Government-Wide and Fund 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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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.

Property 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following governmental funds:

General Fund - The general fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Fund - The capital project fund is used to account for monies earmarked from bond activities.

Special Revenue Funds - Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs on long-term general obligation debt of governmental funds.

Permanent Fund - This fund is used to account for assets held by the City pursuant to a trust agreement. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

The government reports the following proprietary funds:

Water and Sewer Fund - This fund accounts for the provision of water and sewer services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Sanitation Fund - This fund accounts for the provision of sanitation services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Equipment Replacement Fund - This fund provides each department of the City an internal system to purchase capital assets. All such activities necessary to provide such services are accounted for in this fund.

Technology Fund - This fund provides each department of the City an internal system to acquire technology. All such activities necessary to provide such services are accounted for in this fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 and other charges between the government's water and sewer function 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.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Deposits and Investments:

The government'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.

The City's investment policies are governed by state statutes and city ordinances. Permissible investments include direct obligations of the U. S. Government, certificates of deposit and savings accounts. Collateral is required for demand deposits and certificates of deposits of all amounts not covered by federal deposit insurance.

The Center Economic Development Corporation and the Center Street Improvements for Economic Development are authorized by their governing board to invest in obligations of the U. S. Government, certificates of deposit and savings accounts.

Investments for the government, as well as for its component units, are reported at fair value. Collateral is required for demand deposits and certificates of deposits of all amounts not covered by federal deposit insurance.

2. Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (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". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of the allowance for uncollectibles. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Property taxes are levied on October 1, attach as an enforceable lien on property on January 1, and become delinquent on June 30 of every fiscal year.

3. Inventories and Prepaid Items:

All inventories are valued at cost using the first-in/first out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets:

Restricted assets include cash and investments for the proprietary funds that are legally restricted as to their use. The primary restricted assets are related to debt retirement, renewal and replacement, and construction activity of the Water and Sewer enterprise fund.

CITY OF CENTER, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Capital Assets:

All purchased capital assets are valued at cost where historical records are available and estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received or placed into service. Assets contributed by the general government to proprietary funds are valued at the lesser of their fair market value at the date of the transfer or original cost.

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.

For implementation of GASB 34 requirements for capital assets the City established the following categories and thresholds:

Land/land improvement		Any Amount
Buildings/building improvements	\$	25 000
Facilities and other improvements	\$	25 000
Infrastructure	\$	25 000
Personal property	\$	5 000
Leasehold improvements	\$	25 000

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Depreciation is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Structures and water and sewer systems	10 to 50 years
Infrastructure	10 to 30 years
Transportation and other equipment	3 to 20 years

6. Compensated Absences:

The City accounts for expenditures related to sick pay when such payments are made to employees as amounts do not vest. The City accounts for all material liabilities and expenditures related to vacation pay during the fiscal year in which such benefits accrue. Employees are required to take vacation time if at all possible, and vacation time will not be allowed to be accrued more than 160 hours on an anniversary date. Sick leave can be accumulated up to 320 hours.

The City has determined that the current portion of the accrued expense for compensated absences cannot be reasonably estimated. Therefore, the total accrued expense for compensated absences is recorded as long-term debt in the financial statements.

7. Long-Term Obligations:

In the government-wide financial statements and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

8. Fund Equity:

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance - Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Assigned Fund Balance - Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned Fund Balance - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

9. 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 or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow or resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

10. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Subsequent Events:

Management has evaluated subsequent events through June 27, 2022, the date the financial statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting:

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

- (1) The City Manager submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) The budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized by the City Council to transfer budgeted amounts within departments of any fund; however, any revisions that alter the total expenditures of any fund are approved by the City Council.
- (5) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- (6) The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

B. City Fund Balance Policy:

The City of Center recognizes the importance of maintaining an appropriate level of Unassigned Fund Balance. After evaluating the City's operating characteristics, diversity of tax base, reliability of non-property tax revenue sources, working capital needs, impact on bond rating, State and local economic outlooks, emergency and disaster risk, and other contingent issues, the City establishes the following goals regarding the Unassigned Fund Balance of the General Fund for the City of Center, Texas.

Fund balance will be calculated by taking the total General Fund expenditure budget and deducting Airport departments. The rationale is this department receive a commensurate amount of funding from its own operations. The City now receives as much revenue from airport fuel sales to make the Center Municipal Airport self-sustaining.

CITY OF CENTER, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The goal for this policy is that the City would retain in reserves a minimum of 20% and 25% optimally. This equates to 45 to 90 days of operating reserves which would allow the City to continue providing services without receiving additional funding.

Once the City achieves its goal of an appropriate level of Unassigned Fund Balance, any excess funds may be utilized for other municipal fiscal purposes, including without limitation, additional capital improvement needs or tax rate stabilization or reduction purposes. For example, by applying excess fund balances towards payment of capital improvement expenses, the City will reduce the need to incur long-term debt and will avoid creating an operating fund gap for subsequent fiscal years.

This policy has been adopted by the City to recognize the financial importance of a stable and sufficient level of the Unassigned Fund Balance. However, the City, reserves the right to appropriate funds from the Unassigned Fund Balance for emergencies and other unanticipated requirements the City believes to be in the best interest of the City.

FUND BALANCE ANALYSIS

		2021				
Beginning fund balance	\$	2 118 612				
Total general fund revenues and transfers		5 934 609				
Total general fund expenditures and transfers		<u>(5 531 142)</u>				
ENDING GENERAL FUND BALANCE	\$	<u>2 522 079</u>				
Airport expense	\$	142 564				
General fund expenditures		5 273 270				
ADJUSTED GENERAL FUND EXPENDITURES	\$	<u>5 130 706</u>				
Required Fund Balance	\$	<table style="display: inline-table; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">20%</td> <td style="border-left: 1px solid black; padding-left: 5px;">1 026 141</td> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black;">25%</td> <td style="border-left: 1px solid black; padding-left: 5px;">1 282 677</td> </tr> </table>	20%	1 026 141	25%	1 282 677
20%	1 026 141					
25%	1 282 677					

Actual Fund Balance calculation represents 47.83% of adjusted General Fund Expenditures and 49.16% of non-adjusted General Fund Expenditures.

Tax Abatements

During the year ended September 30, the City abated property from local property taxes to create an economic development incentive. The results of the abated property was a reduction in property tax income of \$26,096 for the year.

YEAR	VALUE OF ABATED PROPERTY
2021	\$ 4 214 190
2022	2 550 860
2023	1 257 706

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and investments as of September 30, consists of the following:

Primary Government:		
Unrestricted cash and investments	\$	6 434 642
Restricted cash and investments		999 259
Component Units:		
Cash and cash equivalents		3 445 942
TOTAL CASH AND INVESTMENTS	\$	<u>10 879 843</u>
Primary Government:		
Deposits with financial institutions	\$	1 134 287
Investments in LOGIC		6 018 095
Investment in government bonds		273 450
Component Units:		
Deposits with financial institutions		63 094
Investments in LOGIC		2 486 497
Investment in government bonds		904 420
TOTAL CASH AND INVESTMENTS	\$	<u>10 879 843</u>

CITY OF CENTER, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

At September 30, the total deposits (as shown on the records of the bank) for the primary government and the component units amounted to \$2,214,901 and \$63,094, respectively. Deposits were with the contracted depository bank, Farmers State Bank, in a combination of interest and non-interest bearing accounts and interest bearing Certificates of Deposits. The deposits were fully secured at the balance sheet date by federal depository coverage and by pledged U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of deposits.

Investments - The State Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. It requires the City to adopt, implement, and publicize an investment policy. The investment policy must address requirements outlined by the Act. Management of the City believes it is in compliance with those requirements and local policies. The City's temporary investments consist of balances held by the Local Government Investment Cooperative (LOGIC).

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

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITIES (DAYS)	RATING
LOGIC Pool	\$ 8 504 592	40	AAAm
Government Bonds	1 177 870	196	A3-AA
	\$ 9 682 462		

Interest rate risk is the risk that changes in market interest rates and will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value. The City concentrates its investments on short-term investments in order to limit market risk caused by changes in interest rates. The maximum allowed maturity of any investment by the City is three years.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. The City's depository fully collateralizes the City's deposits as outlined above.

B. Receivables

The City contracts with the Texas Department of Agriculture for various economic development programs. In accordance with certain terms of the contracts, funds have been loaned to specific entities at no interest. The City is liable to the State for repayment and the entity is liable to the City for repayment. The repayment of loans is accounted for as miscellaneous revenue and expenditures. The contracts are managed in a special revenue fund. At September 30, the City has two active loans. The following is a summary of transactions for the year ended September 30.

	LOANS RECEIVABLE	LOANS PAYABLE
Balance at October 1, 2020	\$ 28 301	\$ 28 301
Loan payments received	-	(19 365)
Loans paid	(19 365)	-
Balance at September 30, 2021	\$ 8 936	\$ 8 936

The loans are comprised of the following individual issues:

1998 Texas Capital Fund, \$357,500, due in 240 monthly payments of \$1,490	\$ 8 936
TOTAL	\$ 8 936

Future requirements are as follows:

YEAR	PAYABLE/ RECEIVABLE
2022	\$ 8 936
	\$ 8 936

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Capital Assets

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

	BEGINNING BALANCE	INCREASES	DECREASES	TRANSFER	ENDING BALANCE
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Construction in progress	\$ 2 812 635	\$ 3 128 186	\$ -	\$ (4 421 616)	\$ 1 519 205
Land	73 072	-	-	-	73 072
TOTAL ASSETS NOT BEING DEPRECIATED	2 885 707	3 128 186	-	(4 421 616)	1 592 277
Capital Assets, Being Depreciated:					
Buildings	9 315 196	-	-	-	9 315 196
Improvements other than buildings	5 175 307	72 818	-	254 648	5 502 773
Vehicles and equipment	2 462 377	37 603	-	-	2 499 980
Infrastructure	16 473 579	14 360	-	4 166 968	20 654 907
TOTAL ASSETS BEING DEPRECIATED	33 426 459	124 781	-	4 421 616	37 972 856
Less Accumulated Depreciation For:					
Buildings	2 790 906	219 940	-	-	3 010 846
Improvements other than buildings	1 568 716	139 487	-	-	1 708 203
Vehicles and equipment	1 709 924	101 840	-	-	1 811 764
Infrastructure	7 269 490	821 045	-	-	8 090 535
TOTAL ACCUMULATED DEPRECIATION	13 339 035	1 282 312	-	-	14 621 347
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	20 087 424	(1 157 531)	-	4 421 616	23 351 509
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 22 973 131	\$ 1 970 655	\$ -	\$ -	\$ 24 943 786
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 665 250	\$ -	\$ -	\$ -	\$ 665 250
Construction in progress	657 498	418 406	-	(914 760)	161 144
TOTAL ASSETS NOT BEING DEPRECIATED	1 322 748	418 406	-	(914 760)	826 394
Capital Assets, Being Depreciated:					
Buildings and systems	32 624 838	-	-	914 760	33 539 598
Vehicles and equipment	3 580 641	86 263	-	-	3 666 904
TOTAL ASSETS BEING DEPRECIATED	36 205 479	86 263	-	914 760	37 206 205
214 Less Accumulated Depreciation For:					
Buildings and systems	19 033 110	574 883	-	-	19 607 993
Vehicles and equipment	2 950 028	105 661	-	-	3 055 689
TOTAL ACCUMULATED DEPRECIATION	21 983 138	680 544	-	-	22 663 682
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	14 222 341	(594 281)	-	914 760	14 542 820
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 15 545 089	\$ (175 875)	\$ -	\$ -	\$ 15 369 214
Internal Service Fund:					
Capital Assets, Being Depreciated:					
Vehicles and equipment	\$ 846 054	\$ 108 119	\$ -	\$ -	\$ 954 173
TOTAL ASSETS NOT BEING DEPRECIATED	846 054	108 119	-	-	954 173
Less Accumulated Depreciation For:					
Vehicles and equipment	366 352	190 835	-	-	557 187
TOTAL ACCUMULATED DEPRECIATION	366 352	190 835	-	-	557 187
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	479 702	(82 716)	-	-	396 986
INTERNAL SERVICE FUND CAPITAL ASSETS, NET	\$ 479 702	\$ (82 716)	\$ -	\$ -	\$ 396 986
Component Units:					
Capital Assets, Not Being Depreciated:					
Land	\$ 289 530	\$ -	\$ -	\$ -	\$ 289 530
COMPONENT UNITS CAPITAL ASSETS, NET	\$ 289 530	\$ -	\$ -	\$ -	\$ 289 530

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

Governmental Activities:	
General government	\$ 18 369
Public safety	145 639
Community services	380 037
Street and drainage	738 267
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 1 282 312
Business-Type Activities:	
Water	\$ 430 116
Sewer	250 428
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	\$ 680 544

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 9 507 500	\$ 3 080 000	\$ (3 778 750)	\$ 8 808 750	\$ 683 750
Note payable	354 549	-	(88 993)	265 556	89 718
Compensated absences	125 502	-	(1 823)	123 679	-
Pension liability	540 289	-	(241 080)	299 209	-
OPEB liability	162 310	32 588	-	194 898	-
GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	\$ 10 690 150	\$ 3 112 588	\$ (4 110 646)	\$ 9 692 092	\$ 773 468
Business-Type Activities:					
General obligation bonds	\$ 6 107 500	\$ -	\$ (291 250)	\$ 5 816 250	\$ 301 250
Compensated absences	39 679	4 612	-	44 291	-
Pension liability	187 541	-	(87 397)	100 144	-
OPEB liability	49 161	3 197	-	52 358	-
BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	\$ 6 383 881	\$ 7 809	\$ (378 647)	\$ 6 013 043	\$ 301 250

Bonds payable at September 30 are comprised of the following individual issues:

General Obligation Debt:

\$1,500,000, 2007 Combination Tax and Waterworks and Sewer System Revenue Certificate of Obligation Bonds due in annual installments of \$80,000 to \$140,000 through February 2022; interest at 4.0 to 5.5 percent (Liability recorded in governmental activities)	\$ 140 000
\$3,941,314, 2011 Combination Tax and Revenue Certificate of Obligation, due in annual installments of \$95,000 to \$505,000 through August 15, 2030, interest at 2.0 to 4.0 percent (Liability recorded in governmental activities)	214 760
\$168,686, 2011 Combination Tax and Revenue Capital Appreciation Bonds, due in annual installments of \$116,448 to \$104,978 through August 15, 2023, interest at 3.10 to 3.50 percent (Liability recorded in governmental activities)	95 240
\$2,070,000, 2014 Combination Tax and Water and Sewer Revenue Certificate of Obligation, due in annual installments of \$10,000 to \$125,000 through August 15, 2035, interest at 0.0 to 3.05 percent (Liability recorded in business-type activities)	1 490 000
\$1,760,000, 2014 General Obligation Refunding Bond, due in annual installments of \$65,000 to \$225,000 through August 15, 2023, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	445 000
\$3,960,000, 2016 Combination Tax and Water and Sewer Revenue Certificate of Obligation, due in annual installments of \$130,000 to \$265,000 through August 15, 2036, interest at 2.49 percent (Liability recorded in governmental activities and business-type activities)	3 155 000
\$4,130,000, 2019 Tax & WW & SS Revenue Certificate of Obligation, due in annual installments of \$85,000 to \$405,000 through August 15, 2039, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	4 045 000
\$2,090,000, 2019 Tax & WW & SS Revenue Certificate of Obligation, due in annual installments of \$60,000 to \$140,000 through August 15, 2039, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	1 960 000
\$3,080,000, 2021 General Obligation Refunding bonds, due in annual installments of \$15,000 to \$460,000 through August 15, 2030, with interest of 2.0% to 2.5% (Liability recorded in governmental activities)	3 080 000
	<u>\$ 14 625 000</u>

During the year, the City issued the 2021 General Obligation Refunding Bonds resulting in a savings of \$460,893 in future debt services and an economic gain of \$442,280. The proceeds were used to partially defease the 2011 bond with a payment to escrow for future bond service of \$3,080,000. This debt has been removed from the books of the City.

The annual debt service requirements to maturity for all bonds and certificates of obligation are as follows:

YEAR ENDING SEPTEMBER	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2022	\$ 683 750	\$ 226 416	\$ 301 250	\$ 169 380
2023	555 000	211 441	310 000	161 226
2024	575 000	194 866	315 000	154 745
2025	587 500	179 941	327 500	142 497
2026	603 750	165 654	336 250	131 600
Thereafter	5 803 750	1 015 172	4 226 250	762 758
TOTAL	\$ 8 808 750	\$ 1 993 490	\$ 5 816 250	\$ 1 522 206

Notes Payable:

\$450,000 loan from the City of Center Economic Development Corporation to be paid in annual installments through 2029, with an interest rate of 3%	\$ 198 118
\$265,117 note to be paid in annual installments of \$62,955 to \$69,679 through November 2021, with interest of 3.45%	67 438
	<u>\$ 265 556</u>

CITY OF CENTER, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

YEAR ENDING SEPTEMBER	GOVERNMENTAL ACTIVITIES	
	PRINCIPAL	INTEREST
2022	\$ 89 718	\$ 8 341
2023	22 948	5 275
2024	23 636	4 587
2025	24 356	3 876
2026	25 076	3 147
Thereafter	79 822	4 837
TOTAL	\$ 265 556	\$ 30 063

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

NOTE 4 - OTHER INFORMATION

A. Pension Plan

Plan Description

The City of Center participates as one of the 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.tmr.com.

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

Benefits Provided

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

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

Employees Covered by Benefit Terms:

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

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	20
Active employees	73
	137

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 Center were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Center were 12.40% and 12.07% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$434,350, and were equal to the required contribution.

CITY OF CENTER, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2021

NOTE 4 - OTHER INFORMATION - CONTINUED

Net Pension Liability

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

Actuarial Assumptions:

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

Inflation	2.5% per year
Overall payroll growth	3.50 to 10.5% per year (including inflation)
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2020, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2019 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
TOTAL	<u>100.0%</u>	

Discount Rate

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

CITY OF CENTER, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 4 - OTHER INFORMATION - CONTINUED

Changes in the Net Pension Liability

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (A)	PLAN FIDUCIARY NET POSITION (B)	NET PENSION LIABILITY (A) - (B)
Balance at December 31, 2019	\$ 14 199 761	\$ 13 471 931	\$ 727 830
Changes for the Year:			
Service cost	547 357	-	547 357
Interest	956 535	-	956 535
Change of benefit terms	-	-	-
Difference between expected and actual experience	(180 403)	-	(180 403)
Changes of assumptions	-	-	-
Contributions - Employer	-	406 177	(406 177)
Contributions - Employee	-	229 294	(229 294)
Net investment income	-	1 023 371	(1 023 371)
Benefit payments, including refunds of employee	(605 096)	(605 096)	-
Administrative expense	-	(6 617)	6 617
Other changes	-	(259)	259
NET CHANGES	718 393	1 046 870	(328 477)
Balance at December 31, 2020	\$ 14 918 154	\$ 14 518 801	\$ 399 353

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:

	1% DECREASE IN DISCOUNT RATE (5.75%)	DISCOUNT RATE (6.75%)	1% INCREASE IN DISCOUNT RATE (7.75%)
Net pension liability	\$ 2 719 891	\$ 399 353	\$ (1 069 838)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the City recognized pension expense of \$209,728.

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

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual economic experience	\$ -	\$ 610 044
Changes in actuarial assumptions	40 856	-
Difference between projected and actual investment earnings	460 378	842 689
Contributions subsequent to the measurement date	434 350	-
TOTAL	\$ 935 584	\$ 1 452 733

\$434,350 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

YEAR ENDED DECEMBER 31,	PENSION EXPENSE AMOUNT
2021	\$ (461 484)
2022	(154 824)
2023	(288 858)
2024	(46 333)
2025	-
Thereafter	-
TOTAL	\$ (951 499)

CITY OF CENTER, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2021

NOTE 4 - OTHER INFORMATION - CONTINUED

B. Other Postemployment Benefit (OPEB)

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The City of Center 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.

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

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered and other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

Employees Covered by Benefit Terms

Membership:

Number of:		
Inactive employees currently receiving benefits		32
Inactive employees entitled to but not yet receiving benefits		5
Active employees		73
TOTAL		110

Covered Payroll

\$ 3 509 894

Contributions

PLAN/ CALENDAR YEAR	TOTAL SDBF CONTRIBUTION (RATE)	RETIREE PORTION OF SDBF CONTRIBUTION (RATE)
2019	0.18%	0.05%
2020	0.18%	0.05%
2021	0.23%	0.00%

The City's contributions to the SDBF for the year ended September 30, 2021 were \$24,148, and were equal to the required contribution.

Summary of Actuarial Assumptions

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	2.00%
Retirees' share of benefit-related costs	\$-0-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - Service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - Disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

Note: The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF CENTER, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 September 30, 2021

NOTE 4 - OTHER INFORMATION - CONTINUED

Changes in OPEB Liability

Total OPEB liability - Beginning of year	\$ 211 471
Changes for the Year:	
Service cost	10 154
Interest on total OPEB liability	5 933
Changes of benefit terms	-
Differences	(10 762)
Changes in assumptions or other inputs	32 098
Benefit payments	(1 638)
NET CHANGES	<u>35 785</u>
TOTAL OPEB LIABILITY - END OF YEAR	<u>\$ 247 256</u>

Total OPEB Liability as a Percentage of Covered Payroll 7.04%

Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.00%) or 1-percentage point higher (3.00%) than the current rate.

	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB Liability	\$ 299 566	\$ 247 256	\$ 205 733

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$24,148.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ -	\$ 14 620
Changes in actuarial assumptions	46 902	-
Difference between projected and actual earnings	-	-
Subsequent contributions	7 414	-
TOTAL	<u>\$ 54 316</u>	<u>\$ 14 620</u>

\$7,414 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

YEAR ENDED AUGUST 31,	AMORTIZATION
2022	\$ 8 061
2023	8 061
2024	6 353
2025	7 352
2026	2 455
Thereafter	-
TOTAL	<u>\$ 32 282</u>

C. 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. These risks are covered by commercial insurance purchased from independent third parties. The City provides employee health and accident insurance coverage with commercial insurance purchased from independent third parties. Coverages have not significantly decreased and settlements have not exceeded insurance coverage for each of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Revenues:				
General Property Taxes:				
Current taxes	\$ 1 062 300	\$ 1 085 000	\$ 1 103 349	\$ 18 349
Delinquent taxes	32 000	32 500	29 401	(3 099)
Penalties, interest and cost	27 000	25 000	27 857	2 857
TOTAL GENERAL PROPERTY TAXES	<u>1 121 300</u>	<u>1 142 500</u>	<u>1 160 607</u>	<u>18 107</u>
Other Local Taxes and Permits:				
City sales taxes	2 061 000	2 343 800	2 365 811	22 011
Franchise taxes	676 400	681 500	691 977	10 477
Mixed drink taxes	4 000	3 600	2 620	(980)
License and permit fees	15 800	18 800	30 543	11 743
TOTAL OTHER LOCAL TAXES AND PERMITS	<u>2 757 200</u>	<u>3 047 700</u>	<u>3 090 951</u>	<u>43 251</u>
Fines and Fees:				
Municipal court fines	190 000	195 000	248 071	53 071
Court cost fees	35 200	38 500	33 093	(5 407)
Fines and fees	100	-	45	45
TOTAL FINES AND FEES	<u>225 300</u>	<u>233 500</u>	<u>281 209</u>	<u>47 709</u>
Charges For Service:				
Administration	90 000	90 000	90 000	-
Airport fuel	53 000	48 500	65 460	16 960
Airport hangar lease	27 600	27 000	27 624	624
Civic Center	52 000	39 600	47 215	7 615
Solid waste	-	-	716	716
Land lease	3 600	3 600	-	(3 600)
Building rental	12 000	8 000	11 335	3 335
TOTAL CHARGES FOR SERVICES	<u>238 200</u>	<u>216 700</u>	<u>242 350</u>	<u>25 650</u>
Contributions and Grants:				
Grant and donations	6 600	401 375	359 840	(41 535)
TOTAL CONTRIBUTIONS AND GRANTS	<u>6 600</u>	<u>401 375</u>	<u>359 840</u>	<u>(41 535)</u>
Miscellaneous Revenue:				
Miscellaneous receipts	4 100	83 400	91 636	8 236
TOTAL MISCELLANEOUS REVENUE	<u>4 100</u>	<u>83 400</u>	<u>91 636</u>	<u>8 236</u>
TOTAL REVENUES	<u>4 352 700</u>	<u>5 125 175</u>	<u>5 226 593</u>	<u>101 418</u>
Expenditures:				
General Government:				
City Hall:				
Payroll	736 000	735 000	728 195	6 805
Supplies	17 400	28 400	31 876	(3 476)
Contractual services	53 950	52 950	50 799	2 151
Utilities	18 700	23 800	23 827	(27)
Sundry charges	26 050	40 000	49 282	(9 282)
Maintenance	6 600	12 200	16 659	(4 459)
TOTAL CITY HALL	<u>858 700</u>	<u>892 350</u>	<u>900 638</u>	<u>(8 288)</u>
Nondepartmental:				
Payroll	2 700	2 700	8 374	(5 674)
Supplies	3 500	2 300	10 620	(8 320)
Contractual services	231 000	243 155	201 825	41 330
Utilities	-	3 000	1 679	1 321
Sundry charges	85 500	74 800	101 246	(26 446)
Capital outlay	-	1 000	1 480	(480)
TOTAL NONDEPARTMENTAL	<u>322 700</u>	<u>326 955</u>	<u>325 224</u>	<u>1 731</u>
Municipal Court:				
Payroll	53 800	51 100	50 937	163
Supplies	1 300	1 000	1 481	(481)
Contractual services	58 800	58 300	58 540	(240)
Utilities	1 000	1 000	-	1 000
Sundry charges	1 900	1 300	1 265	35
Maintenance	300	-	-	-
TOTAL MUNICIPAL COURT	<u>117 100</u>	<u>112 700</u>	<u>112 223</u>	<u>477</u>
TOTAL GENERAL GOVERNMENT	<u>1 298 500</u>	<u>1 332 005</u>	<u>1 338 085</u>	<u>(6 080)</u>

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - CONTINUED
Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Public Safety:				
Police Department:				
Payroll	1 708 100	1 816 200	1 749 877	66 323
Supplies	49 000	54 900	57 493	(2 593)
Contractual services	153 500	146 600	145 901	699
Utilities	58 700	51 500	47 547	3 953
Sundry charges	17 000	15 850	14 889	961
Maintenance	124 800	136 300	137 678	(1 378)
Capital outlay	2 000	5 700	5 560	140
TOTAL POLICE DEPARTMENT	<u>2 113 100</u>	<u>2 227 050</u>	<u>2 158 945</u>	<u>68 105</u>
Fire Department:				
Payroll	421 500	436 800	431 758	5 042
Supplies	13 600	12 600	5 852	6 748
Contractual services	24 700	25 700	24 123	1 577
Utilities	10 000	8 700	8 410	290
Sundry charges	8 800	14 100	5 533	8 567
Maintenance	37 500	26 500	16 604	9 896
Capital outlay	5 000	56 100	31 335	24 765
TOTAL FIRE DEPARTMENT	<u>521 100</u>	<u>580 500</u>	<u>523 615</u>	<u>56 885</u>
Animal Control Department:				
Supplies	6 000	4 600	2 969	1 631
Contractual services	16 000	17 000	16 247	753
Utilities	1 800	1 600	1 298	302
Sundry charges	2 500	2 500	-	2 500
Maintenance	1 000	-	-	-
TOTAL ANIMAL CONTROL DEPARTMENT	<u>27 300</u>	<u>25 700</u>	<u>20 514</u>	<u>5 186</u>
TOTAL PUBLIC SAFETY	<u>2 661 500</u>	<u>2 833 250</u>	<u>2 703 074</u>	<u>130 176</u>
Community Services:				
Airport Department:				
Payroll	24 300	20 500	20 348	152
Supplies	1 800	1 400	23 472	(22 072)
Contractual services	10 200	6 900	8 930	(2 030)
Utilities	16 000	14 400	15 119	(719)
Sundry charges	31 700	31 500	47 965	(16 465)
Maintenance	6 300	6 050	6 595	(545)
Capital outlay	10 000	10 000	20 135	(10 135)
TOTAL AIRPORT DEPARTMENT	<u>100 300</u>	<u>90 750</u>	<u>142 564</u>	<u>(51 814)</u>
Cemetery Department:				
Supplies	-	-	12	(12)
Contractual services	22 800	22 800	28 090	(5 290)
Maintenance	500	-	-	-
TOTAL CEMETERY DEPARTMENT	<u>23 300</u>	<u>22 800</u>	<u>28 102</u>	<u>(5 302)</u>
Parks Department:				
Payroll	127 600	136 300	125 007	11 293
Supplies	10 200	13 500	14 131	(631)
Contractual services	58 000	51 100	69 324	(18 224)
Utilities	11 500	12 500	13 176	(676)
Sundry charges	800	400	939	(539)
Maintenance	25 400	20 000	45 731	(25 731)
Capital outlay	-	59 000	64 573	(5 573)
TOTAL PARKS DEPARTMENT	<u>233 500</u>	<u>292 800</u>	<u>332 881</u>	<u>(40 081)</u>
Civic Center Department:				
Payroll	86 600	83 600	86 489	(2 889)
Supplies	8 800	4 100	4 210	(110)
Contractual services	24 200	21 300	24 979	(3 679)
Utilities	31 600	27 800	25 125	2 675
Sundry charges	6 500	3 300	2 647	653
Maintenance	24 000	18 200	22 524	(4 324)
Capital outlay	6 000	4 000	3 998	2
TOTAL CIVIC CENTER DEPARTMENT	<u>187 700</u>	<u>162 300</u>	<u>169 972</u>	<u>(7 672)</u>

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - CONTINUED
Year Ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Community Facilities Department:				
Supplies	600	-	454	(454)
Contractual services	63 700	63 300	72 511	(9 211)
Utilities	15 900	14 600	14 511	89
Sundry charges	1 200	-	-	-
Maintenance	6 600	6 400	518	5 882
TOTAL COMMUNITY FACILITIES DEPARTMENT	<u>88 000</u>	<u>84 300</u>	<u>87 994</u>	<u>(3 694)</u>
TOTAL COMMUNITY SERVICES	<u>632 800</u>	<u>652 950</u>	<u>761 513</u>	<u>(108 563)</u>
Streets and Drainage:				
Streets Department:				
Payroll	219 500	203 900	201 716	2 184
Supplies	16 000	13 150	17 489	(4 339)
Contractual services	22 700	23 400	32 382	(8 982)
Utilities	83 600	84 600	84 773	(173)
Sundry charges	1 500	300	579	(279)
Maintenance	68 500	73 000	75 548	(2 548)
Capital outlay	1 300	1 300	-	1 300
TOTAL STREETS DEPARTMENT	<u>413 100</u>	<u>399 650</u>	<u>412 487</u>	<u>(12 837)</u>
TOTAL STREETS AND DRAINAGE	<u>413 100</u>	<u>399 650</u>	<u>412 487</u>	<u>(12 837)</u>
Inspection Services:				
Inspection Department:				
Payroll	32 700	25 100	33 475	(8 375)
Supplies	800	-	729	(729)
Contractual services	27 200	19 400	22 510	(3 110)
Utilities	1 200	1 200	-	1 200
Sundry charges	2 800	-	120	(120)
Maintenance	2 000	1 000	1 277	(277)
TOTAL INSPECTION DEPARTMENT	<u>66 700</u>	<u>46 700</u>	<u>58 111</u>	<u>(11 411)</u>
TOTAL INSPECTION SERVICES	<u>66 700</u>	<u>46 700</u>	<u>58 111</u>	<u>(11 411)</u>
TOTAL EXPENDITURES	<u>5 072 600</u>	<u>5 264 555</u>	<u>5 273 270</u>	<u>(8 715)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(719 900)</u>	<u>(139 380)</u>	<u>(46 677)</u>	<u>92 703</u>
Other Financing Sources (Uses):				
Interest income	20 000	5 000	8 016	3 016
Operating transfers in	700 000	700 000	700 000	-
Operating transfers (out)	-	(10 300)	(257 872)	(247 572)
TOTAL OTHER FINANCING SOURCES (USES)	<u>720 000</u>	<u>694 700</u>	<u>450 144</u>	<u>(244 556)</u>
CHANGE IN FUND BALANCE	100	555 320	403 467	(151 853)
Fund balance at beginning of year	2 118 612	2 118 612	2 118 612	-
FUND BALANCE AT END OF YEAR	<u>\$ 2 118 712</u>	<u>\$ 2 673 932</u>	<u>\$ 2 522 079</u>	<u>\$ (151 853)</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS*

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service cost	\$ 547 357	\$ 537 720	\$ 523 585	\$ 522 065	\$ 516 676	\$ 463 237	\$ 443 966
Interest (on the total pension liability)	956 535	902 764	873 880	879 442	867 048	860 379	804 999
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(180 403)	(149 486)	(428 137)	(915 461)	(587 907)	(191 770)	21 180
Change of assumptions	-	71 120	-	-	-	(39 880)	-
Benefit payments, including refunds of employee contributions	(605 096)	(535 555)	(561 408)	(577 012)	(652 767)	(476 550)	(500 735)
NET CHANGE IN TOTAL PENSION LIABILITY	718 393	826 563	407 920	(90 966)	143 050	615 416	769 410
Total pension liability - Beginning	14 199 761	13 373 198	12 965 278	13 056 244	12 913 194	12 297 778	11 528 368
TOTAL PENSION LIABILITY - ENDING	14 918 154	14 199 761	13 373 198	12 965 278	13 056 244	12 913 194	12 297 778
Plan Fiduciary Net Position:							
Contributions - Employer	406 177	426 162	471 010	514 644	503 737	439 335	424 581
Contributions - Employee	229 294	226 734	217 772	216 496	212 499	199 181	197 742
Net investment income	1 023 371	1 790 717	(353 900)	1 420 322	645 178	13 834	500 976
Benefit payments, including refunds of employee contributions	(605 096)	(535 555)	(561 408)	(577 012)	(652 767)	(476 550)	(500 735)
Administrative	(6 617)	(10 111)	(6 836)	(7 356)	(7 282)	(8 424)	(5 230)
Other	(259)	(302)	(357)	(373)	(392)	(416)	(430)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1 046 870	1 897 645	(233 719)	1 566 721	700 973	166 960	616 904
Plan fiduciary net position - Beginning	13 471 931	11 574 286	11 808 005	10 241 284	9 540 311	9 373 351	8 756 447
PLAN FIDUCIARY NET POSITION - ENDING	14 518 801	13 471 931	11 574 286	11 808 005	10 241 284	9 540 311	9 373 351
NET PENSION LIABILITY - ENDING	\$ 399 353	\$ 727 830	\$ 1 798 912	\$ 1 157 273	\$ 2 814 960	\$ 3 372 883	\$ 2 924 427
Plan fiduciary net position as a percentage of total pension liability	97.32%	94.87%	86.55%	91.07%	78.44%	73.88%	76.22%
Covered employee payroll	\$ 3 275 628	\$ 3 195 006	\$ 3 111 024	\$ 3 092 802	\$ 3 035 696	\$ 2 845 439	2 824 891
Net pension liability as a percentage of covered employee payroll	12.19%	22.78%	57.82%	37.42%	92.73%	118.54%	103.52%

SCHEDULE OF CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015
Actuarially determine contribution							
Contributions in relation to the actuarially determined contribution	\$ 434 350	\$ 418 708	\$ 405 655	\$ 495 007	\$ 462 058	\$ 446 765	\$ 390 666
CONTRIBUTION DEFICIENCY (EXCESS)	(434 350)	(418 708)	(405 655)	(495 007)	(462 058)	(446 765)	(390 666)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3 509 894	\$ 3 275 628	\$ 3 195 006	\$ 3 111 024	\$ 3 092 802	\$ 3 035 696	2 845 439
Contributions as a percentage of covered employee payroll	12.38%	12.78%	12.70%	15.91%	14.94%	14.72%	13.73%

Other Information

*This schedule is required to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides information only for those years for which information is available.

Details of the plan are included in the notes.

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF THE CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
AND SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS*

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2020	2019	2018	2017
Total OPEB Liability:				
Service cost	\$ 10 154	\$ 7 029	\$ 8 089	\$ 6 804
Interest on total OPEB liability	5 933	6 407	5 942	5 816
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(10 762)	(3 809)	(6 260)	-
Change of assumptions	32 098	33 293	(12 649)	14 252
Benefit payments, including refunds of employee contributions	(1 638)	(1 278)	(1 556)	(2 165)
NET CHANGE IN TOTAL OPEB LIABILITY	35 785	41 642	(6 434)	24 707
Total OPEB liability, beginning	211 471	169 829	176 263	151 556
TOTAL PENSION LIABILITY, ENDING (a)	247 256	211 471	169 829	176 263
Plan Fiduciary Net Position:				
Contributions - Employer	-	-	-	-
Contributions - Employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-
Administrative expense	-	-	-	-
Other	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-
FIDUCIARY NET POSITION, ENDING (b)	-	-	-	-
NET OPEB LIABILITY ENDING (a) - (b)	\$ 247 256	\$ 211 471	\$ 169 829	\$ 176 263
Plan fiduciary net position as a % of total OPEB liability	00.00%	00.00%	00.00%	00.00%
Covered employee payroll	\$ 3 275 628	\$ 3 195 006	\$ 3 111 024	\$ 3 092 802
Net OPEB liability as a % of covered employee payroll	7.55%	6.62%	5.46%	5.70%

SCHEDULE OF CONTRIBUTIONS

	2021	2020	2019	2018
Actuarially determined contribution	\$ 7 414	\$ 5 167	\$ 4 902	\$ 1 723
Contributions in relation to the actuarially determined contribution	(7 414)	(5 167)	(4 902)	(1 723)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3 509 894	\$ 3 275 628	\$ 3 195 006	\$ 3 111 024
Contributions as a percentage of covered employee payroll	0.21%	0.16%	0.15%	0.06%

Other Information:

* This schedule is illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Details of the plan are included in the notes.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Texas Capital Fund - Grant Repayment Funds - To account revenues and expenditures related to Texas Department of Agriculture loans.

Court Technology, Security, Jury and Truancy Funds - To account for certain fees assessed on fines.

Hotel - Motel Fund - To account for hotel-motel taxes and related expenditures.

Civic Center Fund - To account for the construction of the civic center for activity related to civic center capital asset improvements.

Tax Increment Financing Fund - To account for activities related to the tax increment finance district.

Industrial Development Fund - To account for activity related to industrial development initiatives.

Police Department Forfeiture Fund - To account for forfeited funds remitted to the police department.

Logic Park Fund - To account for the construction of park facilities.

Recreation Fund - To account for recreational activities for the citizens of Center.

Home Grant - To account for revenues and expenditures applicable to Home Grants.

Airport Construction Fund - To account for construction and activity related to airport capital asset improvements.

American Rescue Plan - To account for federal COVID recovery grant funds.

Street Improvement Fund - To account for contributions of the Street Economic Development Corporation for city street improvements.

Debt Service Fund

Debt Service Fund - To account for the accumulation of monies for the payment of general obligation debt.

Permanent Funds

Cemetery Endowment Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the Fairview cemetery.

Animal Welfare Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain Animal Welfare.

CITY OF CENTER, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2021

			PERMANENT FUND		
	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	CEMETERY ENDOWMENT FUND	ANIMAL WELFARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ -	\$ 782 581	\$ (1 988)	\$ 536	\$ 781 129
Investments	183 940	753 128	120 858	42 313	1 100 239
Receivables	-	283 384	-	-	283 384
Due from other funds	-	500	-	-	500
TOTAL ASSETS	\$ 183 940	\$ 1 819 593	\$ 118 870	\$ 42 849	\$ 2 165 252
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 13 446	\$ -	\$ -	\$ 13 446
Due to other funds	-	75 987	-	-	75 987
Accrued expenses	-	751	-	-	751
TOTAL LIABILITIES	-	90 184	-	-	90 184
Deferred Inflows:					
Unavailable revenue	-	279 250	-	-	279 250
TOTAL DEFERRED INFLOWS	-	279 250	-	-	279 250
TOTAL LIABILITIES AND DEFERRED INFLOWS	-	369 434	-	-	369 434
Fund Balances:					
Restricted for grants	-	1 450 159	-	-	1 450 159
Restricted for debt service	183 940	-	-	-	183 940
Other restrictions	-	-	118 870	42 849	161 719
TOTAL FUND BALANCES	183 940	1 450 159	118 870	42 849	1 795 818
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 183 940	\$ 1 819 593	\$ 118 870	\$ 42 849	\$ 2 165 252

See independent auditors' report.

CITY OF CENTER, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2021

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	PERMANENT FUND		TOTAL NONMAJOR GOVERNMENTAL FUNDS
			CEMETERY ENDOWMENT FUND	ANIMAL WELFARE FUND	
Revenues:					
Taxes	\$ 672 158	\$ 382 640	\$ -	\$ -	\$ 1 054 798
Grants and contributions	-	717 096	-	-	717 096
Fines and fees	-	23 006	-	-	23 006
Charges for services	-	136 393	-	-	136 393
Other	-	25 324	-	-	25 324
TOTAL REVENUES	<u>672 158</u>	<u>1 284 459</u>	<u>-</u>	<u>-</u>	<u>1 956 617</u>
Expenditures:					
Public safety	-	2 569	-	-	2 569
Community services	-	303 605	9 060	-	312 665
Street and drainage	-	1 486 418	-	-	1 486 418
Debt Service:					
Principal	846 366	21 001	-	-	867 367
Interest and fiscal charges	366 092	7 222	-	-	373 314
TOTAL EXPENDITURES	<u>1 212 458</u>	<u>1 820 815</u>	<u>9 060</u>	<u>-</u>	<u>3 042 333</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(540 300)</u>	<u>(535 356)</u>	<u>(9 060)</u>	<u>-</u>	<u>(1 085 716)</u>
Other Financing Sources (Uses):					
Debt proceeds	3 413 896	-	-	-	3 413 896
Payment into escrow for retirement of debt	(3 213 000)	-	-	-	(3 213 000)
Interest	7 433	1 322	121	297	9 173
Operating transfers in	378 424	1 518 514	-	-	1 896 938
Operating transfers (out)	(9 513)	(282 000)	-	-	(291 513)
TOTAL OTHER FINANCING SOURCES (USES)	<u>577 240</u>	<u>1 237 836</u>	<u>121</u>	<u>297</u>	<u>1 815 494</u>
NET CHANGE IN FUND BALANCE	36 940	701 480	(8 939)	297	729 778
Fund balance at beginning of year	<u>147 000</u>	<u>748 679</u>	<u>127 809</u>	<u>42 552</u>	<u>1 066 040</u>
FUND BALANCES AT END OF YEAR	<u>\$ 183 940</u>	<u>\$ 1 450 159</u>	<u>\$ 118 870</u>	<u>\$ 42 849</u>	<u>\$ 1 795 818</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2021

	TEXAS CAPITAL FUND	GRANT REPAYMENT FUND	CIVIC CENTER FUND	HOTEL/ MOTEL FUND	COURT TECHNOLOGY FUND	COURT SECURITY FUND				
ASSETS										
Cash and cash equivalents	\$	4 874	\$	79 307	\$	7 307	\$	2 615	\$	3 801
Investments		-		-		442 744		20 454		21 157
Receivables		-		-		4 134		-		-
Due from other funds		-		-		-		-		-
TOTAL ASSETS	\$	4 874	\$	79 307	\$	454 185	\$	23 069	\$	24 958
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE										
Liabilities:										
Accounts payable	\$	-	\$	-	\$	-	\$	-	\$	-
Due to other funds		1 010		73 939		-		-		-
Accrued expenses		-		-		-		-		-
TOTAL LIABILITIES		1 010		73 939		-		-		-
Deferred Inflows:										
Unavailable revenue		-		-		-		-		-
TOTAL DEFERRED INFLOWS		-		-		-		-		-
TOTAL LIABILITIES AND DEFERRED INFLOWS		1 010		73 939		-		-		-
Fund Balance:										
Restricted		3 864		5 368		454 185		23 069		24 958
TOTAL FUND BALANCE		3 864		5 368		454 185		23 069		24 958
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$	4 874	\$	79 307	\$	454 185	\$	23 069	\$	24 958

See independent auditors' report.

POLICE DEPARTMENT FORFEITURE FUND	AIRPORT CONSTRUCTION FUND	HOME GRANT	TAX INCREMENT FINANCING FUND	INDUSTRIAL DEVELOPMENT FUND	LOGIC PARK FUND	RECREATION FUND
\$ 1 199	\$ 26 653	\$ 1 343	\$ 2 000	\$ 8 069	\$ (5 375)	\$ 2 034
15 421	-	-	107 170	-	146 182	-
-	-	-	-	-	279 250	-
-	500	-	-	-	-	-
<u>\$ 16 620</u>	<u>\$ 27 153</u>	<u>\$ 1 343</u>	<u>\$ 109 170</u>	<u>\$ 8 069</u>	<u>\$ 420 057</u>	<u>\$ 2 034</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5 625	\$ 7 821
-	-	1 038	-	-	-	-
-	-	-	-	-	-	751
<u>-</u>	<u>-</u>	<u>1 038</u>	<u>-</u>	<u>-</u>	<u>5 625</u>	<u>8 572</u>
-	-	-	-	-	279 250	-
-	-	-	-	-	279 250	-
-	-	1 038	-	-	284 875	8 572
16 620	27 153	305	109 170	8 069	135 182	(6 538)
<u>16 620</u>	<u>27 153</u>	<u>305</u>	<u>109 170</u>	<u>8 069</u>	<u>135 182</u>	<u>(6 538)</u>
<u>\$ 16 620</u>	<u>\$ 27 153</u>	<u>\$ 1 343</u>	<u>\$ 109 170</u>	<u>\$ 8 069</u>	<u>\$ 420 057</u>	<u>\$ 2 034</u>

CITY OF CENTER, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2021

	<u>JURY</u>	<u>TRUANCY</u>	<u>AMERICAN</u>	<u>STREET</u>	<u>TOTAL</u>
	<u>FUND</u>	<u>FUND</u>	<u>RESCUE</u>	<u>IMPROVEMENT</u>	<u>NONMAJOR</u>
			<u>PLAN</u>	<u>FUND</u>	<u>SPECIAL</u>
			<u>GRANT</u>		<u>REVENUE</u>
					<u>FUNDS</u>
ASSETS					
Cash and cash equivalents	\$ 149	\$ 7 459	\$ 641 146	\$ -	\$ 782 581
Investments	-	-	-	-	753 128
Receivables	-	-	-	-	283 384
Due from other funds	-	-	-	-	500
TOTAL ASSETS	<u>\$ 149</u>	<u>\$ 7 459</u>	<u>\$ 641 146</u>	<u>\$ -</u>	<u>\$ 1 819 593</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 13 446
Due to other funds	-	-	-	-	75 987
Accrued expenses	-	-	-	-	751
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90 184</u>
Deferred Inflows:					
Unavailable revenue	-	-	-	-	279 250
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279 250</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369 434</u>
Fund Balance:					
Restricted	149	7 459	641 146	-	1 450 159
TOTAL FUND BALANCE	<u>149</u>	<u>7 459</u>	<u>641 146</u>	<u>-</u>	<u>1 450 159</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 149</u>	<u>\$ 7 459</u>	<u>\$ 641 146</u>	<u>\$ -</u>	<u>\$ 1 819 593</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2021

	TEXAS CAPITAL FUND GRANT REPAYMENT FUND	CIVIC CENTER FUND	HOTEL/ MOTEL FUND	COURT TECHNOLOGY FUND	COURT SECURITY FUND
Revenues:					
Taxes	\$ -	\$ 2 058	\$ 352 104	\$ -	\$ -
Grants and contributions	-	-	-	-	-
Fines and fees	-	-	-	6 450	8 948
Charges for services	-	-	-	-	-
Other	24 125	-	-	-	-
TOTAL REVENUES	<u>24 125</u>	<u>2 058</u>	<u>352 104</u>	<u>6 450</u>	<u>8 948</u>
Expenditures:					
Public safety	-	-	-	1 343	176
Community services	23 824	-	53 224	-	-
Streets and drainage	-	-	-	-	-
Debt service	-	-	-	-	-
TOTAL EXPENDITURES	<u>23 824</u>	<u>-</u>	<u>53 224</u>	<u>1 343</u>	<u>176</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>301</u>	<u>2 058</u>	<u>298 880</u>	<u>5 107</u>	<u>8 772</u>
Other Financing Sources (Uses):					
Interest	-	-	940	19	18
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	(227 000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(226 060)</u>	<u>19</u>	<u>18</u>
NET CHANGE IN FUND BALANCE	301	2 058	72 820	5 126	8 790
Fund balance, beginning of year	<u>3 563</u>	<u>3 310</u>	<u>381 365</u>	<u>17 943</u>	<u>16 168</u>
FUND BALANCE, END OF YEAR	<u>\$ 3 864</u>	<u>\$ 5 368</u>	<u>\$ 454 185</u>	<u>\$ 23 069</u>	<u>\$ 24 958</u>

See independent auditors' report.

POLICE DEPARTMENT FORFEITURE FUND	AIRPORT CONSTRUCTION FUND	HOME GRANT	TAX INCREMENT FINANCING FUND	INDUSTRIAL DEVELOPMENT FUND	LOGIC PARK FUND	RECREATION FUND
\$ -	\$ -	\$ -	\$ 28 478	\$ -	\$ -	\$ -
-	15 669	-	-	-	59 000	1 281
-	-	-	-	-	-	-
-	-	-	-	-	-	136 393
<u>1 199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1 199</u>	<u>15 669</u>	<u>-</u>	<u>28 478</u>	<u>-</u>	<u>59 000</u>	<u>137 674</u>
1 050	-	-	-	-	-	-
-	-	-	-	-	83 037	143 520
-	-	-	-	-	-	-
-	-	-	28 223	-	-	-
<u>1 050</u>	<u>-</u>	<u>-</u>	<u>28 223</u>	<u>-</u>	<u>83 037</u>	<u>143 520</u>
<u>149</u>	<u>15 669</u>	<u>-</u>	<u>255</u>	<u>-</u>	<u>(24 037)</u>	<u>(5 846)</u>
20	-	-	89	8	228	-
-	-	-	25 096	-	-	7 000
-	-	-	-	-	(55 000)	-
<u>20</u>	<u>-</u>	<u>-</u>	<u>25 185</u>	<u>8</u>	<u>(54 772)</u>	<u>7 000</u>
169	15 669	-	25 440	8	(78 809)	1 154
<u>16 451</u>	<u>11 484</u>	<u>305</u>	<u>83 730</u>	<u>8 061</u>	<u>213 991</u>	<u>(7 692)</u>
\$ <u>16 620</u>	\$ <u>27 153</u>	\$ <u>305</u>	\$ <u>109 170</u>	\$ <u>8 069</u>	\$ <u>135 182</u>	\$ <u>(6 538)</u>

CITY OF CENTER, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED
 For the Year Ended September 30, 2021

	JURY FUND	TRUANCY FUND	AMERICAN RESCUE PLAN GRANT	STREET IMPROVEMENT FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 382 640
Grants and contributions	-	-	641 146	-	717 096
Fines and fees	149	7 459	-	-	23 006
Charges for services	-	-	-	-	136 393
Other	-	-	-	-	25 324
TOTAL REVENUES	<u>149</u>	<u>7 459</u>	<u>641 146</u>	<u>-</u>	<u>1 284 459</u>
Expenditures:					
Public safety	-	-	-	-	2 569
Community services	-	-	-	-	303 605
Streets and drainage	-	-	-	1 486 418	1 486 418
Debt service	-	-	-	-	28 223
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 486 418</u>	<u>1 820 815</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>149</u>	<u>7 459</u>	<u>641 146</u>	<u>(1 486 418)</u>	<u>(536 356)</u>
Other Financing Sources (Uses):					
Interest	-	-	-	-	1 322
Operating transfers in	-	-	-	1 486 418	1 518 514
Operating transfers (out)	-	-	-	-	(282 000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 486 418</u>	<u>1 237 836</u>
NET CHANGE IN FUND BALANCE	149	7 459	641 146	-	701 480
Fund balance, beginning of year	-	-	-	-	748 679
FUND BALANCE, END OF YEAR	<u>\$ 149</u>	<u>\$ 7 459</u>	<u>\$ 641 146</u>	<u>\$ -</u>	<u>\$ 1 450 159</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF REVENUES - PROPRIETARY FUNDS
Year Ended September 30, 2021

	BUSINESS TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
	Operating Revenues:		
Charges for Service:			
Water charges	\$ 2 784 982	\$ -	\$ 2 784 982
Sewer charges	988 379	-	988 379
Sanitation charges	-	1 658 738	1 658 738
TOTAL	3 773 361	1 658 738	5 432 099
Taps and Connections:			
Water taps and connections	10 025	-	10 025
Sewer taps and connections	1 200	-	1 200
TOTAL	11 225	-	11 225
Miscellaneous Revenue:			
Administrative fees	5 770	-	5 770
Penalties	49 841	-	49 841
Reconnection fees	22 875	-	22 875
Miscellaneous receipts	7 536	1 555	9 091
TOTAL	86 022	1 555	87 577
TOTAL OPERATING REVENUES	\$ 3 870 608	\$ 1 660 293	\$ 5 530 901
Nonoperating Revenues:			
Other revenue	\$ 1 344	\$ -	\$ 1 344
Income from investments	5 001	284	5 285
TOTAL NONOPERATING REVENUES	\$ 6 345	\$ 284	\$ 6 629

See independent auditors' report.

CITY OF CENTER, TEXAS
SCHEDULE OF EXPENSES - PROPRIETARY FUNDS
Year Ended September 30, 2021

	BUSINESS TYPE ACTIVITIES		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Operating Expenses:			
Nondepartmental:			
Supplies	\$ 15 831	\$ -	\$ 15 831
Contractual services	26 536	-	26 536
Sundry charges	14 391	-	14 391
Utilities	115 842	-	115 842
Capital outlay	53 253	-	53 253
TOTAL	<u>225 853</u>	<u>-</u>	<u>225 853</u>
Public Works:			
Payroll	142 944	-	142 944
Supplies	6 669	-	6 669
Contractual services	42 224	-	42 224
Utilities	11 818	-	11 818
Sundry charges	2 561	-	2 561
Maintenance	26 077	-	26 077
TOTAL	<u>232 293</u>	<u>-</u>	<u>232 293</u>
Water Production:			
Payroll	308 576	-	308 576
Supplies	237 389	-	237 389
Contractual services	171 062	-	171 062
Utilities	210 361	-	210 361
Sundry charges	12 803	-	12 803
Maintenance	102 045	-	102 045
TOTAL	<u>1 042 236</u>	<u>-</u>	<u>1 042 236</u>
Water Distribution:			
Payroll	215 361	-	215 361
Supplies	14 110	-	14 110
Contractual services	15 119	-	15 119
Utilities	1 678	-	1 678
Sundry charges	1 406	-	1 406
Maintenance	113 730	-	113 730
TOTAL	<u>361 404</u>	<u>-</u>	<u>361 404</u>
Sewer Collection:			
Payroll	150 257	-	150 257
Supplies	4 922	-	4 922
Contractual services	11 680	-	11 680
Utilities	32 248	-	32 248
Sundry charges	318	-	318
Maintenance	22 918	-	22 918
TOTAL	<u>222 343</u>	<u>-</u>	<u>222 343</u>
Sewer Treatment:			
Payroll	204 912	-	204 912
Supplies	75 489	-	75 489
Contractual services	169 758	-	169 758
Utilities	76 797	-	76 797
Sundry charges	21 519	-	21 519
Maintenance	41 126	-	41 126
TOTAL	<u>589 601</u>	<u>-</u>	<u>589 601</u>
Sanitation:			
Contractual services	-	1 379 008	1 379 008
Maintenance	-	2 202	2 202
Sundry charges	-	8 818	8 818
TOTAL	<u>-</u>	<u>1 390 028</u>	<u>1 390 028</u>
Depreciation:			
Depreciation	684 726	-	684 726
TOTAL OPERATING EXPENSES	<u>\$ 3 358 456</u>	<u>\$ 1 390 028</u>	<u>\$ 4 748 484</u>
Nonoperating Expense:			
Interest expense	\$ 176 810	\$ -	\$ 176 810
TOTAL NONOPERATING EXPENSE	<u>\$ 176 810</u>	<u>\$ -</u>	<u>\$ 176 810</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
 COMBINED COMPONENT UNITS
 STATEMENT OF NET POSITION
 Year Ended September 30, 2021

	ECONOMIC DEVELOPMENT CORPORATION	STREET IMPROVEMENT ECONOMIC DEVELOPMENT CORPORATION	LOCAL GOVERNMENT HOUSING CORPORATION	TOTAL COMPONENT UNITS
ASSETS				
Cash	\$ 3 545	\$ 34 134	\$ 25 415	\$ 63 094
Investments	2 322 625	1 060 223	-	3 382 848
Due from state	35 216	70 431	-	105 647
Notes receivable	298 118	-	-	298 118
Accrued interest receivable	5 785	1 721	-	7 506
Land	289 530	-	-	289 530
TOTAL ASSETS	<u>2 954 819</u>	<u>1 166 509</u>	<u>25 415</u>	<u>4 146 743</u>
LIABILITIES				
Accounts payable	-	22 759	-	22 759
TOTAL LIABILITIES	<u>-</u>	<u>22 759</u>	<u>-</u>	<u>22 759</u>
NET POSITION				
Investment in capital assets, net	289 530	-	-	289 530
Unrestricted	2 665 289	1 143 750	25 415	3 834 454
TOTAL NET POSITION	<u>\$ 2 954 819</u>	<u>\$ 1 143 750</u>	<u>\$ 25 415</u>	<u>\$ 4 123 984</u>

See independent auditors' report.

CITY OF CENTER, TEXAS
 COMBINED COMPONENT UNITS
 STATEMENT OF ACTIVITIES
 Year Ended September 30, 2021

	ECONOMIC DEVELOPMENT CORPORATION	STREET IMPROVEMENT ECONOMIC DEVELOPMENT CORPORATION	LOCAL GOVERNMENT HOUSING CORPORATION	TOTAL COMPONENT UNITS
Revenues:				
Sales tax	\$ 473 163	\$ 946 324	\$ -	\$ 1 419 487
Interest income	18 000	8 424	10	26 434
TOTAL REVENUES	<u>491 163</u>	<u>954 748</u>	<u>10</u>	<u>1 445 921</u>
Expenditures:				
Administration	60 000	30 000	-	90 000
Contractual	19 106	4 979	6 366	30 451
Sundry	5 037	-	-	5 037
Incentives and projects	67 563	-	-	67 563
Supplies	105	-	-	105
TOTAL EXPENDITURES	<u>151 811</u>	<u>34 979</u>	<u>6 366</u>	<u>193 156</u>
NET OPERATING INCOME (LOSS)	<u>339 352</u>	<u>919 769</u>	<u>(6 356)</u>	<u>1 252 765</u>
Other Financing Sources (Uses):				
Interest income	9 114	-	-	9 114
TIF loan interest income	5 744	-	-	5 744
Transfer (to) from City	(25 000)	(1 636 818)	-	(1 661 818)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10 142)</u>	<u>(1 636 818)</u>	<u>-</u>	<u>(1 646 960)</u>
CHANGE IN NET POSITION	329 210	(717 049)	(6 356)	(394 195)
Fund Balance/Net Position:				
Beginning of year	<u>2 625 609</u>	<u>1 860 799</u>	<u>31 771</u>	<u>4 518 179</u>
END OF YEAR	<u>\$ 2 954 819</u>	<u>\$ 1 143 750</u>	<u>\$ 25 415</u>	<u>\$ 4 123 984</u>

See independent auditors' report.

STATISTICAL SECTION

CITY OF CENTER, TEXAS
INSURANCE COVERAGE
September 30, 2021
"UNAUDITED"

INSURER	RISK COVERED	PERIOD COVERED	AMOUNT OF INSURANCE
Texas Municipal League	Law Enforcement Liability	* 10/01/20 to 10/01/21	\$ 1 000 000
Texas Municipal League	Public Officials (Excess Coverage)	* 10/01/20 to 10/01/21	\$ 100 000
Deep East Texas Self Insurance Fund	Worker's Compensation	* 10/01/20 to 10/01/21	Statutory
Texas Municipal League	Real and Personal Property	* 10/01/20 to 10/01/21	\$ 18 139 672
Texas Municipal League	General Liability	* 10/01/20 to 10/01/21	\$ 1 000 000
Texas Municipal League	Airport Liability	* 10/01/20 to 10/01/21	\$ 1 000 000
Texas Municipal League	Mobile Equipment	* 10/01/20 to 10/01/21	\$ 277 482
Texas Municipal League	Automobile Liability	* 10/01/20 to 10/01/21	\$ 1 000 000
Texas Municipal League	Auto Physical Damage	* 10/01/20 to 10/01/21	\$ Actual Cash Value
Texas Municipal League	Public Employee Dishonesty	* 10/01/20 to 10/01/21	\$ 25 000
Texas Municipal League	Errors and Omissions Liability	* 10/01/20 to 10/01/21	\$ 1 000 000
Texas Municipal League	Sudden Events Involving Pollution	* 10/01/20 to 10/01/21	\$ 1 000 000

* Renewed at 10/01/2021

CITY OF CENTER, TEXAS
WATER AND SEWER RATES AND SYSTEM CONNECTIONS
September 30, 2021
"UNAUDITED"

The following schedule of rates was in effect for year ended September 30:

Water Rates:

A. Monthly Minimum Charge:

Meter Size	Residential	Commercial	Small Industrial/ Manufacturer 200,000 Gallons Incl.	Wholesale 50,000 Gallons Incl.	Large Industrial Manufacturer 5,000,000 Gallons Incl.	Industrial/Manufacturer Supplemental Meter Charges at Same Facility
5/8	\$12.50	\$13.25				
3/4	\$12.50	\$13.25				
1	\$17.60	\$19.50				
1.5	\$26.00	\$28.75				
2	\$35.00	\$38.25	\$ 895	\$ 290	\$13 650	\$ 55
3	\$53.00	\$57.25	\$1 000	\$ 390	\$14 000	\$ 155
4	\$70.75	\$76.50	\$1 155	\$ 550	\$14 400	\$ 345
6	\$106.00	\$114.25	\$1 500	\$ 860	\$15 000	\$ 650
8			\$1 950	\$1 400	\$15 850	\$1 120
10			\$2 600	\$1 975	\$17 100	\$1 800
Sprinklers	\$20.00	\$20.00				

B. Unit Cost Per 1,000 Gallons:

Residential and sprinklers	\$ 4.00
Commercial	\$ 4.00
Small industrial/manufacturer	\$ 3.45
Wholesale	\$ 3.45
Large industrial/manufacturer	\$ 2.20
Over 1.75M/day or 30M/month	\$ 2.65
Over 2M/day or 40M/month	\$ 3.50
Bulk water	\$ 4.00

C. Outside City Limits:

Rates are double the rates expressed in A and B above.

Sewer Rates:

Residential:

Inside City Limits:

Minimum

\$15.00 plus 1/2 of Water

Maximum

\$45.00

Commercial:

Minimum

\$16.50 plus 1/2 of Water

Maximum

None

Industrial:

Minimum

\$17.00 plus 55% of Water

Maximum

None

Fixed Rates (Tyson office account)

\$285 per month

Outside City Limits:

The rate for services furnished outside the City limits shall be double the rate for the same service supplied inside the City limits.

Sewer Disposal

\$0.06 per gallon

Garbage Rates:

Residential	\$23.25
Commercial Small	\$27.75
Commercial Large	\$38.25

CITY OF CENTER, TEXAS
 WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED
 September 30, 2021
 "UNAUDITED"

Commercial Dumpster Rates:

p/u per week Size	1X	2X	3X	4X	5X	6X	Extra Collections
2 Yard	99.00	170.00	231.75	304.00	387.50		41.25
3 Yard	109.25	192.75	273.00	358.50	443.00		43.50
4 Yard	123.75	208.25	288.50	393.50	484.25		45.50
6 Yard	151.50	222.50	324.50	412.00	505.75		47.50
8 Yard	185.50	331.75	468.75	680.00	748.00	867.50	49.50

Industrial, Compactor or Special Services:

Special services other than hand pickup and dumpster services shall be billed at the current billing rates of the contract provider.

Utility Tap Fees:

1. Water

Meter Size	Inside City Limits Fee	Outside City Limits Fee
¾ inch	\$800.00 + Street Cut Repairs	\$1,600.00 + Street Cut Repairs
1 inch	\$925.00 + Street Cut Repairs	\$1,850.00 + Street Cut Repairs
1 ½ inch	\$1,150.00 + Street Cut Repairs	\$2,300.00 + Street Cut Repairs
2 inch	\$1,300.00 + Street Cut Repairs	\$2,650.00 + Street Cut Repairs
Any Larger Size	Cost of Meter, Materials, Labor and Street Cut Repairs	Cost of Meter, Materials, Labor and Street Cut Repairs

2. Sewer

Service Size	Inside City Limits Fee	Outside City Limits Fee
4 inch	\$400.00 + Street Cut Repairs	\$800.00 + Street Cut Repairs
6 inch	\$550.00 + Street Cut Repairs	\$1,100.00 + Street Cut Repairs

Utility Deposits:

Type Service			Deposit
Water	-	\$	125.00
Water, Sewer and Garbage Collection	-	\$	125.00
Commercial/Industrial Water, Sewer and Garbage Collection	-	\$	200.00
Garbage Collection Only	-	\$	40.00
Risk Account Additional Deposit	-	\$	125.00

Utility Account Fees:

Administrative Fee	-	\$	20.00
Broken Lock Fee	-	\$	30.00
Curb Stop Replacement Fee	-	\$	75.00
Payment Agreement Fee	-	\$	25.00
Utility Reconnect Fee	-	\$	75.00
Meter Removal/Reconnect Fee	-	\$	100.00
Cut-Off Valve Installation Fee	-	\$	35.00
Return Check Fee	-	\$	35.00
Meter Set Fee - 2 inch meter and below	-	\$	385.00
Meter Tampering Fee	-	\$	55.00
Dumpster Lock Fee	-	\$	6.00

Permits:

PERMIT TYPE		
Garage Sale Permit		\$2
House Moving Permit		\$100
Itinerant Salesperson Business Annual Fee		\$50
Additional Fee Per Sales Person		\$15
Wrecker Permit - Annual Fee		\$10
Taxi Permit - Annual Fee		\$50
Construction Permits and Fees		
Electrical Permit/One Inspection		\$35
Each Additional Inspection (foundation, rough-in, final)		\$35
Plumbing Permit/One Inspection		\$35
Emergency Plumbing Inspection		\$200
Each Additional Inspection (foundation, rough-in, final)		\$35
Gas Inspection Fee		\$35
Building Permit and Inspections:		
Residential Construction		\$0.30 per sf for 1 st 1,000 sf
		\$0.20 per sf for 1,001 to 2,500 sf
		\$0.15 per sf for 2,501 sf +
Commercial/Industrial Construction		\$5 per \$1,000 for 1 st \$100K
		\$3 per \$1,000 for \$100K - \$250K
		\$2 per \$1,000 for \$250K and above
Minimum Permit Fee		\$35
Demolition (Any Structure/Building)		\$50
Piers, Etc. at Lake Pinkston		\$50
Zoning Fees		
Zoning Request		\$150
Zoning Variance		\$300
Specific Use Request		\$150
Copy of Ordinance and Map		\$15

Airport Fees:

TYPE FEE		
Hangar/Building Leases		
Private T-Hangers		\$175
City-Owned Hangers		\$2,600
Additional Fees May Apply for Services in Hangers		
Ground Leases		\$0.13/SF
Fuel Flowage Fee		\$0.15/gallon

Police and Municipal Court:

Police/Accident Reports		\$6/report
Fingerprinting		\$5

Recreation Program Fees:

(Park/5K Permit/Set Up Fee - \$25) (Race Equipment Rental - \$200 per race, plus supply cost) (Late Registration Fee - \$15 per participant) (Payment Plan Fee - \$5 per participant)

Recreation Program Registration		
Baseball		
4 Year Old		\$70
5-12 Year Old		\$90
13-14 Year Old		\$110
Softball		\$80
Football		
Flag Football		\$80
Tackle Football		\$105
Soccer		\$70
Basketball		\$60

CITY OF CENTER, TEXAS
WATER AND SEWER RATES AND SYSTEM CONNECTIONS - CONTINUED
September 30, 2021
"UNAUDITED"

Miscellaneous:

Animal Control		
Reclaimed Animal Charge		\$10/Day
Carnival/Festival Permit		\$500
Downtown Electric Use Fee		\$50/Day
Temporary Road Closure (e.g. Parade, road 5K's requiring TxDOT closure)		\$100
Record Request Charges		
Copies		\$0.10/page
Computer Printouts		\$0.25/page
Other Charges		Per Texas State Library Fee Schedule

At September 30, 2021, the records of the City indicated the following system connections:

Water System	2 448
Sewer System	2 072
Garbage System	2 100

COMPLIANCE SECTION

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

Honorable Mayor and City Council
City of Center, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Center, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Center, Texas' basic financial statements, and have issued our report thereon dated June 27, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify the significant deficiencies noted in findings 2021-01 and 2021-02.

Compliance and Other Matters

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

Purpose of this Report

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

Lufkin, Texas
June 27, 2022


CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CENTER, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

A. Summary of the Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant Deficiency(s) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

B. Financial Statement Findings

Finding 2021-01:

Condition - Investments were not adequately secured with a custodial agreement.

Cause - The City does not have a custodial agreement for bond investments.

Effect - The City's bond investments have more risk of misappropriation.

Recommendation - The City should secure a custodial agreement or discontinue the investment in bonds.

Response - The City is no longer purchasing bonds.

Finding2021-02:

Condition - Parks department does not have adequate controls or segregation of duties regarding activities with sports leagues.

Cause - The City does not have adequate personnel for the separation of duties.

Effect - The City has a risk of misappropriation or abuse of assets.

Recommendation - The City should establish agreements with the leagues to manage the sports programs.

Response - The City is working with the leagues to resolve this issue.

CITY OF CENTER, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2021

Findings/Recommendation	Current Status	Management's Explanation if Not Implemented
There were no prior audit findings.		

CITY OF CENTER, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2021

Finding 2021-01 The City has decided to no longer invest in bonds, and will allow the existing investments to mature.

Finding 2021-02 The City will work with the individual sports leagues to segregate the duties and move responsibility for some task to the leagues.