

**CITY OF CELESTE, TEXAS  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2020**

**City of Celeste, Texas  
Annual Financial Report  
Year Ended December 31, 2020**

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Annual Financial Report  
Year Ended December 31, 2020**

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## **FINANCIAL SECTION**

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**Independent Auditor's Report**

To the City Council  
City of Celeste, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Celeste, Texas, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Celeste, Texas, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of changes in net pension liability and related ratios, schedule of contributions, and schedule of changes in total OPEB liability and related ratios, on pages 8 through 13 and pages 46 through 49, respectively, 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 of Celeste, Texas' basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Scott, Singleton, Fincher and Company, PC*

Scott, Singleton, Fincher and Company, PC

Certified Public Accountants

Greenville, Texas

July 6, 2021

**REQUIRED SUPPLEMENTARY INFORMATION**

## **Management's Discussion and Analysis**

As management for the City of Celeste, we offer readers of the City's financial statements this overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. This discussion should be read in conjunction with the financial statements and related notes. Comparative data is also presented for the government-wide financial statements.

### **FINANCIAL HIGHLIGHTS:**

- Government-wide net position reported in the Statement of Activities is \$2,903,706. Of this amount \$2,028,221 is invested in capital assets, leaving \$875,485 of unrestricted net position.
- Government-wide net position increased by \$124,182 during 2020
- Each of the City's fund financial statements reported changes in equity as follows:

General Fund - \$39,899 increase

Water & Sewer Fund - \$87,657 increase

### **USING THIS ANNUAL REPORT:**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for funding requests and the appropriations from the State. Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the water and sewer system. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.



## **REPORTING THE CITY AS A WHOLE-GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

### **The Statement of Net Position and the Statement of Activities**

Government-wide financial statements provide an analysis of the City's overall financial condition and operations. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position includes all the City's assets and liabilities while the Statement of Activities includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions and 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current year or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and the changes in them. The City's net position (the difference between assets and liabilities) provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, you should consider non-financial factors as well, such as changes in the City's request for services from citizens and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activities:

*Governmental Activities* – Most of the City's services are reported here, including, administration, judicial, public safety, fire protection, sanitation, public works, and parks and recreation services. Property taxes, sales taxes, and franchise taxes finance most of these activities.

*Business-type Activities* – The City charges fees to customers to help it cover the cost of certain services it provides. The City's water and sewer system operations are reported here.

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS:**

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds. The City's administration establishes funds to help it control and manage money for particular purposes. The City's two kinds of funds – governmental and proprietary use different accounting approaches.

*Governmental Funds* – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules found following each of the governmental fund financial statements.

*Proprietary Funds* – The Proprietary/Enterprise fund is used to account for operations that are financed in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis are financed through user charges.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS:**

Net position serves as one useful indicator of a government's financial position. In the case of the City, the combined net position exceeded liabilities by \$2,903,706 at the close of FY 2020.

City of Celeste, Texas  
Comparative Statements of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 862,821	\$ 800,805	\$ 133,412	\$ 144,904	\$ 996,233	\$ 945,709
Capital assets, net	386,415	427,374	1,641,806	1,577,806	2,028,221	2,005,180
<b>Total assets</b>	<b>1,249,236</b>	<b>1,228,179</b>	<b>1,775,218</b>	<b>1,722,710</b>	<b>3,024,454</b>	<b>2,950,889</b>
Deferred outflows of resources:						
Deferred outflows of resources	13,025	10,741	6,129	3,580	19,154	14,321
<b>Total deferred outflows of resources</b>	<b>13,025</b>	<b>10,741</b>	<b>6,129</b>	<b>3,580</b>	<b>19,154</b>	<b>14,321</b>
Liabilities:						
Other liabilities	\$ 67,046	\$ 82,944	\$ 67,072	\$ 101,117	\$ 134,118	\$ 184,061
Long-term debt	-	-	-	-	-	-
<b>Total liabilities</b>	<b>67,046</b>	<b>82,944</b>	<b>67,072</b>	<b>101,117</b>	<b>134,118</b>	<b>184,061</b>
Deferred inflows of resources:						
Deferred inflows of resources	3,933	1,219	1,851	406	5,784	1,625
<b>Total deferred inflows of resources</b>	<b>3,933</b>	<b>1,219</b>	<b>1,851</b>	<b>406</b>	<b>5,784</b>	<b>1,625</b>
Net Position:						
Net investment in capital assets	386,415	427,374	1,641,806	1,577,806	2,028,221	2,005,180
Unrestricted	804,867	727,383	70,618	46,961	875,485	774,344
<b>Total net position</b>	<b>\$ 1,191,282</b>	<b>\$ 1,154,757</b>	<b>\$ 1,712,424</b>	<b>\$ 1,624,767</b>	<b>\$ 2,903,706</b>	<b>\$ 2,779,524</b>

**City of Celeste, Texas**  
**Comparative Statements of Activities**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Program revenues:</b>						
Charges for services	\$ 187,757	\$ 187,431	\$ 289,511	\$ 362,589	\$ 477,268	\$ 550,020
Capital grants/contributions	-	-	153,546	121,418	153,546	121,418
<b>General revenues:</b>						
Ad valorem taxes	188,701	176,282			188,701	176,282
Sales taxes	85,237	77,930			85,237	77,930
Franchise taxes and fees	40,453	44,442			40,453	44,442
Other	24,098	28,181	297	949	24,395	29,130
<b>Total revenues</b>	<b>526,246</b>	<b>514,266</b>	<b>443,354</b>	<b>484,956</b>	<b>969,600</b>	<b>999,222</b>
<b>Expenses:</b>						
Administration	109,737	111,201			109,737	111,201
Judicial	4,537	8,486			4,537	8,486
Public Safety	112,686	125,182			112,686	125,182
Sanitation	75,380	73,867			75,380	73,867
Public Works	171,367	144,068			171,367	144,068
Parks and Recreation	16,401	14,882			16,401	14,882
Water and Sewer services			355,309	405,012	355,309	405,012
<b>Total Expenses</b>	<b>490,109</b>	<b>477,686</b>	<b>355,309</b>	<b>405,012</b>	<b>845,418</b>	<b>882,698</b>
Excess (deficiency) before transfers	36,137	36,580	88,045	79,944	124,182	116,524
Capital contribution	-	-	-	-	-	-
Transfers	388	(12,411)	(388)	12,411	-	-
<b>Change in Net Position</b>	<b>36,525</b>	<b>24,169</b>	<b>87,657</b>	<b>92,355</b>	<b>124,182</b>	<b>116,524</b>
Net position, beginning of year	1,154,757	1,130,588	1,624,767	1,532,412	2,779,524	2,663,000
Prior period adjustment	-	-	-	-	-	-
<b>Net position, end of year</b>	<b>\$ 1,191,282</b>	<b>\$ 1,154,757</b>	<b>\$ 1,712,424</b>	<b>\$ 1,624,767</b>	<b>\$ 2,903,706</b>	<b>\$ 2,779,524</b>

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS:**

The combined net position of the City's activities increased from \$2,779,524 to \$2,903,706 or \$124,182 during 2020. Unrestricted net position or the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$875,485.

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

As the City completed the year, its governmental fund \$771,280 and proprietary fund \$1,712,424 reported combined fund balance and net position of \$2,483,704, a \$127,556 increase from last year.

**GENERAL FUND BUDGETARY HIGHLIGHTS:**

There were no changes reported between the original budget and the final budget. Details of the budget are presented in the budgetary comparison schedule presented as required supplementary information.

**CAPITAL ASSETS AND DEBT ADMINISTRATION:**

*Capital Assets* – the City's investment in capital assets reported in governmental activities and business-type activities was \$386,415 and \$1,641,806, respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, equipment and vehicles. The change in the City's net investment in capital assets for the current fiscal year was a decrease of \$40,959 and an increase of \$64,000 in each of the respective activities. Additional information on the City's capital assets can be found in note 5 of the basic financial statements.

During 2020, the City did not have any outstanding debt.

**BUDGETARY HIGHLIGHTS & ECONOMIC FACTORS:**

Net property taxable valuation for the City increased from \$28,515,109 in 2019 to \$32,516,478 in 2020. The following is a review of the history of Celeste's assessed value over the past several years:

2010	17,255,651
2011	17,361,630
2012	17,463,495
2013	17,336,871
2014	18,322,300
2015	18,867,895
2016	20,406,918
2017	21,056,909
2018	24,726,787
2019	28,515,109
2020	32,516,478

Sales tax collections increased in 2020, and the City is actively trying to encourage businesses to come to Celeste, which would increase its sales tax revenue.

Water sales are consistent and provide revenue to maintain and improve the water system as needed along with grants the City receives.

The City has been working with Hunt County to fix streets when possible but ditch work must be done first.

We are also actively trying to repair water and sewer lines if we have repaired the same area more than 3 times.

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

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Secretary at P.O. Box 399 Celeste, Texas 75423 or (903) 568-4512.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF CELESTE, TEXAS**  
**STATEMENT OF NET POSITION**  
**December 31, 2020**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 674,228	\$ 102,607	\$ 776,835
Property taxes receivable, net of allowance of \$12,389	111,503		111,503
Sanitation fees receivable	13,267		13,267
Judicial fees receivable, net of allowance of \$102,281	27,782		27,782
Franchise taxes and fees receivable	7,498		7,498
Sales taxes receivable	16,059		16,059
Accounts receivable, net		27,230	27,230
Grants receivable		3,072	3,072
Prepaid expenses	5,369	503	5,872
Internal balances	-	-	-
Due from other governments	7,115		7,115
<b>Capital assets:</b>			
Nondepreciable land	7,600		7,600
Capital assets, net of accumulated depreciation	378,815	1,641,806	2,020,621
<b>Total Assets</b>	<b>1,249,236</b>	<b>1,775,218</b>	<b>3,024,454</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - related to pensions	10,130	4,767	14,897
Deferred outflows - related to OPEB	2,895	1,362	4,257
<b>Total Deferred Outflows of Resources</b>	<b>13,025</b>	<b>6,129</b>	<b>19,154</b>
<b>LIABILITIES</b>			
Accounts payable	21,228	16,335	37,563
Accounts payable - grant related		3,000	3,000
Accrued salaries and benefits	6,467	3,478	9,945
Due to other governments	17,160		17,160
Customer deposits payable		33,816	33,816
<b>Long-term liabilities:</b>			
Net pension liability	12,489	5,878	18,367
Total OPEB liability	9,702	4,565	14,267
<b>Total Liabilities</b>	<b>67,046</b>	<b>67,072</b>	<b>134,118</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - related to pensions	1,778	837	2,615
Deferred inflows - related to OPEB	2,155	1,014	3,169
<b>Total Deferred Inflows of Resources</b>	<b>3,933</b>	<b>1,851</b>	<b>5,784</b>
<b>NET POSITION</b>			
Investment in capital assets	386,415	1,641,806	2,028,221
Unrestricted	804,867	70,618	875,485
<b>Total Net Position</b>	<b>\$ 1,191,282</b>	<b>\$ 1,712,424</b>	<b>\$ 2,903,706</b>

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

**CITY OF CELESTE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2020**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Governmental activities:</b>						
Administration	\$ 109,737			\$ (109,737)		\$ (109,737)
Judicial	4,537			(4,537)		(4,537)
Public safety	112,686	76,916		(35,770)		(35,770)
Sanitation	75,380	110,841		35,461		35,461
Public Works	171,367			(171,367)		(171,367)
Parks and Recreation	16,401			(16,401)		(16,401)
<b>Total governmental activities</b>	<b>490,109</b>	<b>187,757</b>	<b>-</b>	<b>(302,352)</b>		<b>(302,352)</b>
<b>Business-type activities:</b>						
Water and sewer services	355,309	289,511	153,546		87,748	87,748
<b>Total business-type activities</b>	<b>355,309</b>	<b>289,511</b>	<b>153,546</b>	<b>-</b>	<b>87,748</b>	<b>87,748</b>
<b>Total all activities</b>	<b>\$ 845,418</b>	<b>\$ 477,268</b>	<b>\$ -</b>	<b>\$ (302,352)</b>	<b>\$ 87,748</b>	<b>\$ (214,604)</b>
<b>General revenues:</b>						
Ad valorem taxes				188,701		188,701
Sales taxes				85,237		85,237
Franchise taxes and fees				40,453		40,453
Rents				6,000		6,000
Miscellaneous income and contributions				18,098	250	18,348
Unrestricted investment earnings				-	47	47
Transfers				388	(388)	-
<b>Total general revenues</b>				<b>338,877</b>	<b>(91)</b>	<b>338,786</b>
<b>Change in net position</b>				<b>36,525</b>	<b>87,657</b>	<b>124,182</b>
<b>Net position, beginning of year</b>				<b>1,154,757</b>	<b>1,624,767</b>	<b>2,779,524</b>
<b>Net position, end of year</b>				<b>\$ 1,191,282</b>	<b>\$ 1,712,424</b>	<b>\$ 2,903,706</b>

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



**CITY OF CELESTE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2020**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 674,228	\$ 674,228
Property taxes receivable, net of allowance of \$11,247	111,503	111,503
Sanitation fees receivable	13,267	13,267
Judicial fees receivable, net of allowance of \$72,356	27,782	27,782
Franchise taxes and fees receivable	7,498	7,498
Sales taxes receivable	16,059	16,059
Prepaid expenses	5,369	5,369
Advance to other funds	-	-
Due from other governments	7,115	7,115
<b>Total Assets</b>	<b>\$ 862,821</b>	<b>\$ 862,821</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>		
<b><u>LIABILITIES</u></b>		
Accounts payable	21,228	21,228
Accrued salaries and benefits	6,467	6,467
Due to other governments	17,160	17,160
<b>Total Liabilities</b>	<b>44,855</b>	<b>44,855</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Unavailable revenue - property tax	35,042	35,042
Unavailable revenue - criminal fees	11,644	11,644
<b>Total Deferred Inflows of Resources</b>	<b>46,686</b>	<b>46,686</b>
<b><u>FUND BALANCES</u></b>		
Nonspendable:		
Prepaid items	5,369	5,369
Long-term advance to other funds	-	-
Unassigned	765,911	765,911
<b>Total Fund Balances</b>	<b>771,280</b>	<b>771,280</b>
<b>Total Liabilities, Deferred Inflows of Resources, And Fund Balances</b>	<b>\$ 862,821</b>	<b>\$ 862,821</b>
<b>Governmental fund balances as presented above:</b>		<b>771,280</b>
<b>Amounts presented for governmental activities in the statement of net position are different because:</b>		
Capital assets reported in the statement of net position are not financial resources and are not reported in the fund balance sheet.		386,415
Other long-term assets (receivables) are not available to pay current-period expenditures and, therefore, are deferred in the funds. These included deferred property taxes in the amount of \$35,042 and deferred judicial fines of \$11,644.		46,686
Long term liabilities for the net pension liability (\$12,489) and deferred outflows \$10,130 and deferred inflows (\$1,778) related to pensions are not recorded in the funds.		(4,137)
Long term liabilities for the total OPEB liability (\$9,702) and deferred outflows \$2,895 and deferred inflows (\$2,155) related to OPEB are not recorded in the funds.		(8,962)
<b>Net Position of Governmental Activities</b>		<b>\$ 1,191,282</b>

The accompanying notes are an integral part of these financial statements

**CITY OF CELESTE, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2020**

	<b>General Fund</b>	<b>Totals Governmental Funds</b>
<b>REVENUES:</b>		
Ad valorem taxes and related penalties and interest	186,780	\$ 186,780
Franchise taxes and fees	40,453	40,453
Sales taxes	85,237	85,237
Sanitation services	110,841	110,841
Judicial fees and fines	75,341	75,341
Rents	6,000	6,000
Miscellaneous	18,098	18,098
<b>Total Revenues</b>	<b>522,750</b>	<b>522,750</b>
<b>EXPENDITURES:</b>		
Current:		
Administration	114,291	114,291
Judicial	4,537	4,537
Public safety	112,342	112,342
Sanitation	75,380	75,380
Public works	163,239	163,239
Parks and recreation	1,900	1,900
Capital outlay	12,500	12,500
<b>Total Expenditures</b>	<b>484,189</b>	<b>484,189</b>
<b>Excess of Revenues Over Expenditures</b>	<b>38,561</b>	<b>38,561</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Operating transfers in (out)	388	388
Proceeds from sale of capital assets	950	950
<b>Net Other Financing Sources (Uses)</b>	<b>1,338</b>	<b>1,338</b>
<b>Net change in fund balance</b>	<b>39,899</b>	<b>39,899</b>
<b>Fund balance, beginning of year</b>	<b>731,381</b>	<b>731,381</b>
<b>Fund balance, end of year</b>	<b>\$ 771,280</b>	<b>\$ 771,280</b>

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

**CITY OF CELESTE, TEXAS**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended December 31, 2020**

**Net change in fund balances - total governmental funds** **\$ 39,899**

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

Governmental funds report capital outlays as expenditures, while 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 outlay of \$12,500 was less than depreciation expense of (\$52,089) in the current period. (39,589)

In the statement of activities, the gain or loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the net book value of the assets disposed. (1,370)

Changes in long term amounts for net pension liabilities \$33,277; the related deferred inflows of resources (\$1,257), and the related deferred outflows of resources \$1,730 are not recorded in the funds. 33,750

Changes in long term amounts for total OPEB liabilities \$1,242; the related deferred inflows of resources (\$1,457), and the related deferred outflows of resources \$554 are not recorded in the funds. 339

Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds. This includes the change in unavailable deferred ad valorem taxes of \$1,921 and deferred judicial fines of \$1,575. 3,496

**Change in net position - governmental activities** **\$ 36,525**

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

**CITY OF CELESTE, TEXAS**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUND**  
**December 31, 2020**

	<b>Enterprise Fund Water &amp; Sewer Activities</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	102,607
Accounts receivable, net	27,230
Grant receivable	3,072
Prepaid expenses	503
<b>Total current assets</b>	<b>133,412</b>
<b>Noncurrent Assets:</b>	
Capital assets, net of accumulated depreciation	1,641,806
<b>Total noncurrent assets</b>	<b>1,641,806</b>
<b>Deferred Outflows of Resources:</b>	
Deferred outflows - related to pensions	4,767
Deferred outflows - related to OPEB	1,362
<b>Total Deferred Outflows of Resources</b>	<b>6,129</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 1,781,347</b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable	16,335
Accounts payable related to grant project	3,000
Accrued salaries and benefits	3,478
<b>Total current liabilities</b>	<b>22,813</b>
<b>Noncurrent Liabilities:</b>	
Customer deposits payable	33,816
Advance from other funds	-
Net pension liability	5,878
Total OPEB liability	4,565
<b>Total noncurrent liabilities</b>	<b>44,259</b>
<b>Deferred Inflows of Resources:</b>	
Deferred inflows - related to pensions	837
Deferred inflows - related to OPEB	1,014
<b>Total Deferred Inflows of Resources</b>	<b>1,851</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>68,923</b>
<b>NET POSITION</b>	
Investment in capital assets	1,641,806
Unrestricted	70,618
<b>Total Net Position</b>	<b>\$ 1,712,424</b>

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

**CITY OF CELESTE, TEXAS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**Year Ended December 31, 2020**

	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>
	<b>Activities</b>
<b>OPERATING REVENUES:</b>	
Water sales	173,841
Sewer sales	99,039
Service fees	14,769
Other revenues	1,862
<b>Total Operating Revenues</b>	<b>289,511</b>
<b>OPERATING EXPENSES:</b>	
Salaries and related benefits	74,089
Contract labor	40,400
Materials and supplies	17,957
Repairs and maintenance	77,744
Insurance	3,873
Vehicle	1,901
Utilities	22,949
Legal and audit	6,475
Lab fees	10,575
Rent	6,000
Other miscellaneous	350
Depreciation	92,996
<b>Total Operating Expenses</b>	<b>355,309</b>
<b>Operating Income (Loss)</b>	<b>\$ (65,798)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest income	47
Gain (loss) on disposal of capital assets	250
Interest and fiscal charges	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>297</b>
Transfers out	(388)
Capital grant	153,546
<b>Change in net position</b>	<b>87,657</b>
<b>Net position, January 1</b>	<b>1,624,767</b>
<b>Net position, December 31</b>	<b>\$ 1,712,424</b>

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

**CITY OF CELESTE, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended December 31, 2020**

	<b>Enterprise Fund</b>
	<b>Water &amp; Sewer</b>
	<b>Activities</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers and users	\$ 292,339
Cash received from insurance related items	1,862
Cash paid to suppliers	(140,905)
Cash paid to employees and contract labor	(122,616)
<b>Net cash provided (used) by operating activities</b>	<b>30,680</b>
<b>Cash flows from noncapital financing activities:</b>	
Advance from general fund	(3,500)
Operating transfers (to) from other funds	(388)
<b>Net cash provided (used) for noncapital financing activities</b>	<b>(3,888)</b>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from sale of capital assets	250
Acquisition and construction of capital assets	(192,348)
Cash received from capital grants	174,727
Interest paid on debt	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(17,371)</b>
<b>Cash flows from investing activities:</b>	
Interest on deposits	47
<b>Net cash provided (used) by investing activities</b>	<b>47</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>9,468</b>
<b>Cash and cash equivalents, January 1</b>	<b>93,139</b>
<b>Cash and cash equivalents, December 31</b>	<b>\$ 102,607</b>

(Continued)

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

**CITY OF CELESTE, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended December 31, 2020**

**Reconciliation of Operating Income to Net Cash Provided (Used)**  
**by Operating Activities**

	<b>2020</b>
<b>Operating income (loss)</b>	<b>\$ (65,798)</b>
<b>Adjustments to reconcile net income to net cash provided (used)</b> <b>by operating activities:</b>	
Depreciation	92,996
Change in accounts receivable (net)	2,953
Change in accounts payable	6,593
Change in prepaid expenses	(22)
Change in accrued salaries and benefits	1,436
Change in customer deposits	1,737
Change in OPEB liability	918
Change in deferred inflows - related to OPEB	1,129
Change in deferred outflows - related to OPEB	(581)
Change in net pension liability	(9,377)
Change in deferred outflows - related to pensions	(1,968)
Change in deferred inflows - related to pensions	664
	96,478
<b>Total Adjustments</b>	<b>96,478</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 30,680</b>

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

**City of Celeste, Texas**  
**Notes to Financial Statements**  
**December 31, 2020**

**1. Introduction and Summary of Significant Accounting Policies**

The financial statements of the City of Celeste, Texas, collectively identified as the “City,” have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and reporting framework and the more significant accounting principles and practices of the City are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City’s financial activities for the fiscal year ending December 31, 2020.

**(A) Reporting Entity and Related Organizations**

The City of Celeste, Texas (The City) is a political subdivision of the State of Texas and a municipal organization organized and existing under the laws of the State of Texas. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: General Administration Services, Streets, Water and Sewer, Public Safety, and Sanitation services.

The City Council has the authority to make decisions, appoint administrators and managers, significantly influence operations; and has the primary accountability for fiscal matters. The City is not included in any other governmental “reporting entity” as defined in Section 2100, codification of Governmental Accounting and Financial Reporting Standards.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statements No. 14 and 39. These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with the primary government. Based on these criteria the City does not have any component units at December 31, 2020.



## **1. Introduction and Summary of Significant Accounting Policies – continued**

### **(B) Government-Wide and Fund Financial Statements**

#### *Government-wide financial statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

#### *Fund financial statements*

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and enterprise funds are reported in separate columns.

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

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements record revenues when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

## **1. Introduction and Summary of Significant Accounting Policies – continued**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond and capital lease principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes, grant revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for the proprietary fund are charges to customers for water and sewer sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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

### **(D) Fund Types and Major Funds**

#### *Governmental Funds*

The City reports the following major governmental funds:

**General Fund** – reports as the primary operating fund of the City. This fund is used to account for all financial resources not reported in other funds.

#### *Proprietary Funds*

The City reports the following major enterprise fund:

**Water and Sewer Fund** – accounts for the operating activities of the City's water and sewer utilities services.

## 1. Introduction and Summary of Significant Accounting Policies – continued

### (E) Assets, Liabilities, Deferred Inflows/Outflows or Resources and Net Position or Equity

#### *Cash and Investments*

Outstanding cash and cash equivalents at December 31, 2020, consists principally of interest bearing bank accounts. Unrestricted and restricted cash investments purchased by the City within three months of maturity are considered to be cash equivalents. Investments, when applicable are stated at fair value within the fair value hierarchy established by generally accepted accounting principles.

#### *Inventories and Prepaid Expenses*

Inventories consisting of expendable supplies held for consumption in governmental funds are reported using the expenditure method. Under this method, amounts paid for these items are reported as expenditures when purchased. Inventories, when material, are recorded at cost stated on a first-in, first-out basis in the government-wide financial statements.

Prepaid expenses record payments to vendors that benefit future reporting periods and are reported on the consumption basis at cost. Prepaid expenses are similarly reported in government-wide and fund financial statements.

#### *Capital Assets, Depreciation, and Amortization*

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost, or if historical cost is not available, they are stated at estimated historical cost. These assets are comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at acquisition value on the date donated. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty on the acquisition date. The City generally capitalizes assets with a cost of \$1,000 or more as purchase and construction outlays occur and \$5,000 for road upgrades. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	30
Infrastructure	15-20
Leasehold improvements	5
Vehicles	5
Furniture, machinery, and equipment	5-10

The City has not capitalized any interest costs in the carrying value of capital assets.

## 1. Introduction and Summary of Significant Accounting Policies – continued

### *Deferred Inflows/Outflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflows of resources at year-end.

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

### *Long-term Debt and Bond Discounts/Premiums*

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bond using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

### *Pensions*

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

### *Fund Equity*

The City implemented GASB Statement 54 standards for the classification of fund balances in the governmental funds. The fund balances of governmental funds are defined as follows:

*Non-spendable* – amounts that cannot be spent either because they are in non-spendable form, such as inventory or prepaid items or because they are legally or contractually required to be maintained intact.

## 1. Introduction and Summary of Significant Accounting Policies – continued

*Restricted* – amounts that can be spent only for specific purposes because of constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by formal action of the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through a formal resolution of the City Council.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes that have been established by the City Council.

*Unassigned* – all other spendable amounts in the general fund.

The City Council delegates the responsibility to assign funds to the Mayor, City Secretary, or other designee as determined by the Council.

When expenditures are incurred for which both restricted and unrestricted fund balance is available the City considers restricted funds to have been spent first. Similarly, committed funds are considered to have been spent first when there is a choice for the use of less restricted funds, then assigned and then unassigned funds.

### *Compensated Absences*

Employees of the City are entitled to paid vacation, and paid sick leave, depending on length of service. The City's policy is to recognize the cost of compensated time off when actually paid to the employee. All employees must use their vacation time by the end of the fiscal year otherwise, it is forfeited. Accordingly, no liability for compensated absences is recorded in the financial statements.

### **(F) Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in the Texas Municipal League (TML) Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located with Texas. The agreement provides that the trust established by TML will be self-sustaining through member premiums. The City pays annual premiums to TML for worker's compensation, general and auto liability, property damage, employee dishonesty, public official's liability, and law enforcement professional liability coverages. The City does not anticipate any material additional insurance cost assessments as a result of participation in this risk management pool. There were no reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage during any of the past three fiscal years.

## 1. Introduction and Summary of Significant Accounting Policies – continued

### (G) Estimates

The preparation of financial statements in accordance 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 these estimates.

## 2. Stewardship, Compliance, and Accountability

### *Budgetary Information*

The City Mayor and the City Secretary submit an annual budget to the City Council in accordance with the laws of the State of Texas. The budget is presented to the City Council for review, budget workshops are held with the various City department officials, and public hearings are held to address priorities and the allocation of resources. Prior to the beginning of the fiscal year, the City Council adopts the annual fiscal year budgets for all City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level. Within this control level, management may transfer appropriations between line items. Budget revisions and line item transfers are subject to final review by the City Council.

The budget for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is to be incurred. The General Fund budget and actual required supplementary information is presented on this basis. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

## 3. Deposits and Investments

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party.

At the end of December 2020, bank deposits of the City of Celeste, Texas, were fully insured by Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the City, its agent, or by pledging financial institution's trust department or agent in the name of the City.

### 3. Deposits and Investments – continued

The City of Celeste, Texas has not formally adopted deposit and investment policies that limit the government’s allowable deposits or investments and address the specific types of risk to which the government is exposed.

#### *Investments*

As of December 31, 2020, the City had no investments.

#### *Investments Policies*

**Credit risk** is the risk that an issuer or other counter party to an investment will not fulfill its obligations. City investing is performed in accordance with state statutes.

State statutes generally permit the City to invest in certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, prime domestic bankers acceptances, commercial paper, DEC registered no-load money market mutual funds, other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities and other political subdivisions having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent. During the year ended December 31, 2020, the City did not own any types of securities other than those permitted by statute.

### 4. Receivables, Uncollectible Accounts, and Deferred Inflows of Resources

#### *Enterprise Receivables, Uncollectible Accounts and Deferred Inflows of Resources*

Significant receivables include amounts due from customers primarily for utility services. These receivables are due within one year. The Enterprise Fund reports accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectible amounts. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. Following is the detail of the Enterprise Fund receivables and the related allowance for uncollectible accounts:

Utility accounts receivable	\$ 34,083
Less: allowance for uncollectible accounts	<u>(6,853)</u>
Net accounts receivable	<u>\$ 27,230</u>

#### *Property Taxes Receivable, Deferred Inflows of Resources and Property Tax Calendar*

The City’s property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property located with the City. Appraised values are established by the Hunt County Appraisal District at 100% of market value. As of January 1, 2020, all real property was assessed at a net taxable value of \$32,516,478.

**4. Receivables, Uncollectible Accounts, and Deferred Inflows of Resources – continued**

The property tax rate for the year ended December 31, 2020 was .635956 per \$100 of the assessed valuation on taxable property. Following is a summary of the overall tax rate as levied by fund type:

Maintenance and operation-General Fund	<u>.635956</u>
Total tax rate	<u>.635956</u>

The property tax levy for the year ending December 31, 2020 was \$186,894.

In the governmental fund financial statements, property taxes are recorded as receivables in the appropriate fund on the tax levy date with appropriate allowances for estimated uncollectible amounts. At fiscal year-end, property tax receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred inflows of resources.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City with appropriate allowances for estimated uncollectible amounts regardless of when cash is received. Over time substantially all property taxes are collected.

The City’s full year property tax calendar is as follows:

October 1-Full year tax levy assessed for the current fiscal year taxes are due and payable.

January 1-Tax lien is attached to property to secure the payment of taxes, and penalty and interest as applicable.

February 1-Penalty and interest charges begin to accrue on unpaid past due taxes.

July 1-Taxes become delinquent and are subject to attorney fees incurred for collection.

*Allowance for Uncollectible Taxes*

The City records an allowance for uncollectible property taxes in order to estimate the amount of taxes that will ultimately prove to be uncollectible. Management has determined that an allowance in the amount of ten percent (10%) of the total property taxes receivable in the general fund and government-wide financial statements should be adequate to provide for uncollectible property taxes. No provisions are made for uncollectible sales tax receivables or franchise tax receivables as management estimates that these amounts will be fully collectible.

*Fines and Court Costs Receivables and Related Allowances*

In the governmental fund financial statements, the City records fines and court costs receivable net of amounts estimated to be uncollectible and net of any amounts that would be due to other governmental entities as a result of collection. If fines and court costs are not paid within 60 days of years-end, they are recorded as deferred inflows of resources.

In the government-wide financial statements, the City records fines and court costs receivable net of amounts estimated to be uncollectible and net of any amounts that would be due to other governmental entities as a result of collection. Management has determined the estimate of uncollectible fines and court costs through an analysis of actual amounts collected subsequent to year end. Amounts due to other governmental entities has been determined based on distribution requirements of the State of Texas.



## 5. Capital Assets

The following is a summary of changes in capital assets for the year:

	<b>Balance Beginning</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance Ending</b>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 7,600	\$ -	\$ -	\$ -	\$ 7,600
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	<u>7,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,600</u>
Depreciable capital assets:					
Buildings and improvements	55,078	-	-	-	55,078
Infrastructure	865,354	-	-	-	865,354
Equipment	118,702	-	3,000	-	115,702
Vehicles	74,664	12,500	2,400	-	84,764
Total depreciable capital assets	<u>1,113,798</u>	<u>12,500</u>	<u>5,400</u>	<u>-</u>	<u>1,120,898</u>
Less: accumulated depreciation for:					
Building/Improvements	(24,284)	(2,766)	-	-	(27,050)
Infrastructure	(521,920)	(32,405)	-	-	(554,325)
Equipment	(88,831)	(12,121)	2,150	-	(98,802)
Vehicles	(58,989)	(4,797)	1,880	-	(61,906)
Total accumulated depreciation	<u>(694,024)</u>	<u>(52,089)</u>	<u>4,030</u>	<u>-</u>	<u>(742,083)</u>
Depreciable capital assets, net	<u>419,774</u>	<u>(39,589)</u>	<u>1,370</u>	<u>-</u>	<u>378,815</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 427,374</u></b>	<b><u>\$ (39,589)</u></b>	<b><u>\$ 1,370</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 386,415</u></b>
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	135,168	153,546	-	(288,714)	-
Total capital assets, not being depreciated	<u>135,168</u>	<u>153,546</u>	<u>-</u>	<u>(288,714)</u>	<u>-</u>
Depreciable capital assets:					
Buildings and improvements	20,408	3,450	-	-	23,858
Infrastructure	2,773,403	-	-	288,714	3,062,117
Furniture and equipment	125,628	-	-	-	125,628
Vehicles	9,975	-	1,000	-	8,975
Total depreciable capital assets	<u>2,929,414</u>	<u>3,450</u>	<u>1,000</u>	<u>288,714</u>	<u>3,220,578</u>
Less: accumulated depreciation for:					
Buildings and improvements	(3,835)	(3,303)	-	-	(7,138)
Infrastructure	(1,387,861)	(77,464)	-	-	(1,465,325)
Furniture and equipment	(87,301)	(11,497)	-	-	(98,798)
Vehicles	(7,779)	(732)	1,000	-	(7,511)
Total accumulated depreciation	<u>(1,486,776)</u>	<u>(92,996)</u>	<u>1,000</u>	<u>-</u>	<u>(1,578,772)</u>
Depreciable capital assets, net	<u>1,442,638</u>	<u>(89,546)</u>	<u>-</u>	<u>288,714</u>	<u>1,641,806</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 1,577,806</u></b>	<b><u>\$ 64,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,641,806</u></b>

## 5. Capital Assets – continued

Depreciation expense for governmental activities and business-type activities was charged to functions as follows:

Administration	\$ 4,957
Judicial	-
Public Safety	9,299
Public Works	23,332
Parks and Recreation	14,501
Water and Sewer	<u>92,996</u>
Total	<u>\$ 145,085</u>

## 6. Long-term Debt

The City did not have any long-term debt during 2020. Following is a summary of changes in other long-term liabilities for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Net Pension Liability	\$ 45,766	\$ -	\$ 33,277	12,489	\$ -
Total OPEB liability	<u>10,944</u>	<u>-</u>	<u>1,242</u>	<u>9,702</u>	<u>-</u>
<b>Total Governmental activities</b>	<b><u>\$ 56,710</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 34,519</u></b>	<b><u>\$ 22,191</u></b>	<b><u>\$ -</u></b>
<b>Business-type Activities:</b>					
Net Pension Liability	\$ 15,255	\$ -	\$ 9,377	5,878	\$ -
Total OPEB liability	<u>3,647</u>	<u>918</u>	<u>-</u>	<u>4,565</u>	<u>-</u>
<b>Total Business-type activities</b>	<b><u>\$ 18,902</u></b>	<b><u>\$ 918</u></b>	<b><u>\$ 9,377</u></b>	<b><u>\$ 10,443</u></b>	<b><u>\$ -</u></b>

## Commitments and Contingencies

The City participates in various state and federal grant programs and contracts which are subject to financial and compliance audits by the grantors or their representatives. Audits of these programs for the year ended December 31, 2020 have not been conducted. Accordingly, the City's compliance with applicable grant and contract requirements will be established at some future date. The City expects that costs disallowed by these various awarding agencies, if any, would be minimal.

The City has entered into a contract for garbage collection services with Sanitation Solutions. During fiscal year 2020, the City spent \$75,380 on garbage collection services.

## 7. Economic Dependence

City operations are funded by taxes and revenues provided by the residents of the City of Celeste, Texas. Accordingly, the City is economically dependent on the property values and local economy of City of Celeste, Texas and the surrounding area.

## 9. Defined Benefit Pension Plan

### *Plan Description*

The City of Celeste, Texas participates as one of 883 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 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](http://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.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	5%
Matching ratio (city to employee)	1 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5,0/20
Updated service credit	0%
Annuity increase (to retirees)	0% of CPI

### *Employees covered by benefit terms*

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

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	9
Active employees	<u>4</u>
	<u>14</u>

## 9. Defined Benefit Pension Plan – continued

**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 were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Celeste, Texas were 8.93% and 7.60% in calendar years 2020 and 2019, respectively. The City's contributions to TMRS for the year ended December 31, 2020, were \$14,897, and were equal to the required contributions.

**Net Pension Liability:** The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

### *Actuarial assumptions:*

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

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

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

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

## 9. Defined Benefit Pension Plan – continued

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Global equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	<u>100.00%</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.

## 9. Defined Benefit Pension Plan – continued

### *Changes in the Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2018	\$ 126,026	\$ 65,005	\$ 61,021
Changes for the year:			
Service cost	8,348		8,348
Interest	8,620		8,620
Change of benefit terms	-		-
Difference between expected and actual experience	(36,204)		(36,204)
Changes of assumptions	(302)		(302)
Contributions - employer		7,892	(7,892)
Contributions – employee		5,192	(5,192)
Net investment income		10,091	(10,091)
Benefit payments, including refunds of employee contributions	(5,007)	(5,007)	-
Administrative expense		(57)	57
Other changes		(2)	2
Net changes	\$ (24,545)	\$ 18,109	\$ (42,654)
Balance at 12/31/2019	\$ 101,481	\$ 83,114	\$ 18,367

### *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%)
City's net pension liability	\$ 30,659	\$ 18,367	\$ 8,067

### *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](http://www.tmr.com).

**9. Defined Benefit Pension Plan – continued**

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

For the year ended December 31, 2020, the City recognized net pension income of \$29,532.

At December 31, 2020, 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	\$ -	\$ 334
Changes in actuarial assumptions	-	
Difference between projected and actual investment earnings	0	2,281
Contributions subsequent to the measurement date	14,897	
<b>Total</b>	<b>\$ 14,897</b>	<b>\$ 2,615</b>

\$14,897 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 December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2021	\$ (934)
2022	(602)
2023	60
2024	(1,139)
2025	-
Thereafter	-
<b>Total</b>	<b>\$ (2,615)</b>

**10. Postemployment Benefits Other Than Pensions (OPEB)**

*Plan description* - The City maintains a single-employer defined benefit group-term life insurance plan known as the TMRS Supplemental Death Benefits Fund (“SDBF”). The plan is administered by the Texas Municipal Retirement System (“TMRS”). This is a voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage for their active members, 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 in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*).

**10. Postemployment Benefits Other Than Pensions (OPEB) - continued**

*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 an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

***Employees Covered by Benefit Terms***

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

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>4</u>
Total	<u><u>7</u></u>

***Contributions***

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

The City's SDBF contribution rates for all covered employees of the City in calendar years 2019 and 2020 were .24% and .46% respectively. The City's contributions for all covered employees to the TMRS SDBF for the years ended December 31, 2019 and December 31, 2020, were \$230 and \$767, respectively which equaled the required contributions for each year.

**Total OPEB Liability**

The City's total OPEB liability (TOL) of \$14,267 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.



**10. Postemployment Benefits Other Than Pensions (OPEB) – continued**

Actuarial Assumptions and other inputs:

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.5% per year
Salary Increase	3.5% to 11.5% per year, including inflation
Discount Rate	2.75%
Retirees Share of Benefit Costs	\$ none

Salary increases are assumed to occur once a year and are assumed to increase by a graduated service-based scale ranging from 11.50% for employees with one year of service to 3.50% for employees with 25 or more years of service.

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

For disabled retirees, mortality rates were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward 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 actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

The applicable discount rate for an unfunded OPEB plan under GASB No. 75 is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

**10. Postemployment Benefits Other Than Pensions (OPEB) – continued**

*Changes in the Total OPEB Liability*

	<b>Total OPEB Liability</b>
Balance at 12/31/18	\$ 14,591
Changes for the year:	
Service cost	1,236
Interest on total OPEB liability	564
Change in benefit terms	-
Differences between expected & actual experience	(4,758)
Changes in assumptions and other inputs	2,665
Benefit payments*	(31)
Net changes	\$ (324)
<b>Balance at 12/31/19</b>	<b>\$ 14,267</b>

\*Due to the SBDF being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer’s yearly contribution for retirees.

The SDBF does not incur TMRS Administrative Expenses. The City is charged and the administrative expenses are paid through the TMRS Defined Benefit Pension Plan recorded under GASB Statement No. 68.

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

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

	1 % Decrease (1.75%)	Discount Rate (2.75%)	1% Increase (3.75%)
Total OPEB liability	\$ 17,636	\$ 14,267	\$ 11,662

**10. Postemployment Benefits Other Than Pensions (OPEB) - continued**

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$1,328. At year-end, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,679	\$ 2,470
Changes in assumptions and other inputs	1,811	699
Contributions made subsequent to measurement date	767	
Total	\$ 4,257	\$ 3,169

\$767 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending December 31, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended December 31:	
2021	\$ (472)
2022	456
2023	329
2024	8
2025	-
Thereafter	
Total	\$ 321

**11. Balances and Transfers/Payments within the Reporting Entity**

*Receivables and Payables*

Generally, outstanding balances between funds reported as “due to/from other funds” in the governmental fund financial statements include outstanding charges by one fund to another for services of goods, and other miscellaneous receivables/payables between funds. Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are described as “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).

## 11. Balances and Transfers/Payments within the Reporting Entity-continued

The following is a summary of advances to/from other funds that are not expected to be repaid within one year:

	Advance to other funds	Advance from other funds
General Fund	\$ -	\$ -
Water and Sewer Fund	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

All amounts due between funds were paid during the year. There were no outstanding balances at year-end.

### *Transfers and Payments*

Transfers and payments within the reporting entity are substantially for the purposes of funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

The government-wide statement of activities eliminates transfers reported within governmental activities. Following is a summary of transfers between funds during 2020.

	Transfers In	Transfers Out
General Fund	\$ 388	\$ -
Water and Sewer Fund	-	388
Total	<u>\$ 388</u>	<u>\$ 388</u>

## 12. Contingencies

In March, 2020, Texas Governor Greg Abbott declared the state of Texas a disaster area as a result of the COVID-19 pandemic. As a result of the health risks associated with this disease, the Texas economy was limited to activity in businesses that were considered essential to the public. The ensuing reduction in economic activity will have a significant effect on private businesses and local governments. The extent of the economic effect on the City cannot be estimated at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CELESTE, TEXAS**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended December 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Ad valorem taxes and related penalties and interest	\$ 159,117	\$ 159,117	\$ 186,780	\$ 27,663
Franchise taxes and fees	40,000	40,000	40,453	453
Sales taxes	70,000	70,000	85,237	15,237
Sanitation services	85,000	85,000	110,841	25,841
Judicial fees and fines	94,000	94,000	75,341	(18,659)
Rents	6,000	6,000	6,000	-
Miscellaneous	5,548	5,548	18,098	12,550
<b>Total Revenues</b>	<u>459,665</u>	<u>459,665</u>	<u>522,750</u>	<u>63,085</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Administration	139,150	139,150	114,291	24,859
Judicial	12,140	12,140	4,537	7,603
Public safety	129,025	129,025	112,342	16,683
Sanitation	75,000	75,000	75,380	(380)
Public works	111,350	111,350	163,239	(51,889)
Parks and recreation	-	-	1,900	(1,900)
Capital outlay	-	-	12,500	(12,500)
<b>Total Expenditures</b>	<u>466,665</u>	<u>466,665</u>	<u>484,189</u>	<u>(17,524)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(7,000)</u>	<u>(7,000)</u>	<u>38,561</u>	<u>45,561</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in (out)	-	-	388	388
Proceeds from sale of capital assets	-	-	950	950
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>1,338</u>	<u>388</u>
<b>Excess (deficiency) of revenues over (under) expenditures and other uses</b>	<u>(7,000)</u>	<u>(7,000)</u>	<u>39,899</u>	<u>45,949</u>
<b>Fund balance, January 1</b>	<u>731,381</u>	<u>731,381</u>	<u>731,381</u>	<u>-</u>
<b>Fund balance, December 31</b>	<u>\$ 724,381</u>	<u>\$ 724,381</u>	<u>\$ 771,280</u>	<u>\$ 45,949</u>

See accountant's report on required supplementary information.

**City of Celeste, Texas**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last 10 Fiscal Years (will ultimately be displayed)**

For the Plan Year ending December 31, Total Pension Liability	2019	2018	2017	2016	2015	2014
Service cost	\$ 8,348	\$ 6,498	\$ 7,628	\$ 8,703	\$ 6,840	\$ 6,329
Interest (on the Total Pension Liability)	8,620	7,990	7,247	6,781	6,113	6,093
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(36,204)	(1,054)	1,092	(1,615)	1,548	(5,891)
Change in assumptions	(302)	-	-	-	4,129	-
Benefit payments, including refunds of employee contributions	(5,007)	(5,049)	(3,740)	(9,118)	(3,740)	(9,284)
<b>Net Change in Total Pension Liability</b>	<b>(24,545)</b>	<b>8,385</b>	<b>12,227</b>	<b>4,751</b>	<b>14,890</b>	<b>(2,753)</b>
<b>Total Pension Liability - Beginning</b>	<b>126,026</b>	<b>117,641</b>	<b>105,414</b>	<b>100,663</b>	<b>85,773</b>	<b>88,526</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 101,481</b>	<b>\$ 126,026</b>	<b>\$ 117,641</b>	<b>\$ 105,414</b>	<b>\$ 100,663</b>	<b>\$ 85,773</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 7,892	\$ 6,047	\$ 7,605	\$ 10,664	\$ 6,495	\$ 2,877
Contributions - employee	5,192	4,420	5,112	5,905	5,402	2,659
Net investment income	10,091	(1,846)	6,405	2,453	41	1,724
Benefit payments, including refunds of employee contributions	(5,007)	(5,049)	(3,740)	(9,118)	(3,740)	(9,284)
Administrative expense	(57)	(36)	(33)	(28)	(25)	(18)
Other	(2)	(2)	(2)	(1)	(1)	(1)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>18,109</b>	<b>3,534</b>	<b>15,347</b>	<b>9,875</b>	<b>8,172</b>	<b>(2,043)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>65,005</b>	<b>61,471</b>	<b>46,124</b>	<b>36,249</b>	<b>28,077</b>	<b>30,120</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 83,114</b>	<b>\$ 65,005</b>	<b>\$ 61,471</b>	<b>\$ 46,124</b>	<b>\$ 36,249</b>	<b>\$ 28,077</b>
<b>Net Pension Liability - Ending</b>	<b>\$ 18,367</b>	<b>\$ 61,021</b>	<b>\$ 56,170</b>	<b>\$ 59,290</b>	<b>\$ 64,414</b>	<b>\$ 57,696</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>81.90%</b>	<b>51.58%</b>	<b>52.25%</b>	<b>43.76%</b>	<b>36.01%</b>	<b>32.73%</b>
<b>Covered Employee Payroll</b>	<b>\$ 103,836</b>	<b>\$ 88,407</b>	<b>\$ 102,248</b>	<b>\$ 118,094</b>	<b>\$ 108,050</b>	<b>\$ 53,186</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>17.69%</b>	<b>69.02%</b>	<b>54.94%</b>	<b>50.21%</b>	<b>59.61%</b>	<b>108.48%</b>

**City of Celeste, Texas**  
**Schedule of Contributions**  
**Last 10 Fiscal Years (will ultimately be displayed)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 14,897	\$ 7,892	\$ 6,047	\$ 7,607	\$ 10,808	\$ 6,652
Contributions in relation to the actuarially determined	14,897	7,892	6,047	7,607	10,808	6,652
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 166,823	\$ 103,836	\$ 88,407	\$ 102,248	\$ 118,093	\$ 108,065
Contributions as a percentage of covered employee payroll	8.93%	7.60%	6.84%	7.44%	9.15%	6.16%

**Schedule Notes:**

**Valuation Date:**

**Notes**

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	14 years
Asset Valuation Method	10 Year smoothed market, 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.

**Mortality**

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

**Other Information:**

**Notes**

There were no benefit changes during the year.



**City of Celeste, Texas**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Last 10 Fiscal Years (will ultimately be displayed)**

Actuarial Valuation & Measurement Date, December 31,	2019	2018	2017
<b>Total OPEB Liability</b>			
Service cost	\$ 1,236	\$ 928	\$ 971
Interest on the total OPEB liability	564	401	369
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(4,758)	2,791	-
Changes in assumptions or other inputs	2,665	(1,163)	1,060
Benefit payments *	(31)	(27)	(20)
<b>Net Change in Total OPEB Liability</b>	(324)	2,930	2,380
<b>Total OPEB Liability - Beginning</b>	14,591	11,661	9,281
<b>Total OPEB Liability - Ending</b>	<u>\$ 14,267</u>	<u>\$ 14,591</u>	<u>\$ 11,661</u>
<b>Covered Payroll</b>	\$ 103,836	\$ 88,407	\$ 102,248
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	13.74%	16.50%	11.40%
<b>Required contribution</b>	\$ 767	\$ 230	\$ 204
<b>Actual contribution</b>	767	230	204
<b>Difference</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Schedule Notes:**

*Plan information:*

Single-employer unfunded OPEB plan

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75 paragraph 4 to pay related benefits

*Actuarial Valuation & Measurement Date:*

December 31

*Significant actuarial assumptions used to measure the total OPEB liability:*

Inflation	2.50%
Salary Increases	3.50% to 11.5%, including inflation
Discount Rate	2.75% (Based on Fidelity Index's "20-year Municipal GO AA Index" rate as of 12/31/19)
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 - Service Retirees

2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality - Disabled Retirees

2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year setforward for females. In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect impairment for younger members who become disabled. The rates are projected on a fully generational basis with scale UMP.

\* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

This schedule is presented to illustrate the requirements to show information for 10 years. Future years will be provided as the information becomes available.

**SUPPLEMENTARY SCHEDULES**

**(UNAUDITED)**

**CITY OF CELESTE, TEXAS**  
**SCHEDULE OF REAL ESTATE TAXES RECEIVABLE**  
**YEAR ENDED DECEMBER 31, 2020 (Unaudited)**

<u>Tax Roll Year</u>	<u>Fiscal Year Ended December 31</u>	<u>Outstanding Balance 12/31/20</u>
2020	2020	\$ 98,582
2019	2019	9,166
2018	2018	4,223
2017	2017	2,891
2016	2016	771
2015	2015	727
2014	2014	1,030
2013	2013	962
2012	2012	723
2011	2011	584
	2010 and prior	4,233
	Allowance for uncollectible tax	<u>(12,389)</u>
	<b>Real estate taxes receivable, net</b>	<b><u>\$ 111,503</u></b>

**CITY OF CELESTE, TEXAS**  
**HISTORICAL SCHEDULE OF ASSESSED PROPERTY VALUATION**  
**YEAR ENDED DECEMBER 31, 2020 (Unaudited)**

<b>Tax Roll Year</b>	<b>Fiscal Year Ended December 31</b>	<b>Net Taxable Valuation</b>
2020	2020	32,516,478
2019	2019	28,515,109
2018	2018	24,726,787
2017	2017	21,056,909
2016	2016	20,406,918
2015	2015	18,867,895
2014	2014	18,322,300
2013	2013	17,336,871
2012	2012	17,463,495
2011	2011	17,361,630

**CITY OF CELESTE, TEXAS**  
**HISTORICAL SCHEDULE OF PROPERTY TAX RATES**  
**YEAR ENDED DECEMBER 31, 2020 (Unaudited)**

<b>Tax Roll Year</b>	<b>Fiscal Year Ended December 31</b>	<b>Tax Rates</b>
2020	2020	0.635956
2019	2019	0.685815
2018	2018	0.685815
2017	2017	0.738944
2016	2016	0.711670
2015	2015	0.711670
2014	2014	0.725140
2013	2013	0.730283
2012	2012	0.735141
2011	2011	0.683050