



**City Council City Council Regular Meeting
Monday, February 24, 2020
6:15 PM**

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (979) 265-2082 or FAX (979) 265-7345 for further information.

AGENDA

BE IT KNOWN that the **City Council** of the City of Richwood will meet in **City Council Regular Meeting** on **Monday, February 24, 2020** at **6:15 PM** at 1800 N. Brazosport Blvd., Richwood, TX 77531 at the Richwood City Hall in the Council Chambers with the following agenda:

I. CALL TO ORDER	
II. INVOCATION	
III. PLEDGES OF ALLEGIANCE	4
Pledge of Allegiance & Texas Pledge	
IV. ROLL CALL OF COUNCIL MEMBERS	
V. PUBLIC COMMENTS	
All public comments will be subject to the following rules: all speakers will be permitted to speak no longer than 3 minutes; all speakers will only be permitted to speak once; speakers cannot defer their 3 minutes to another speaker; the first five individuals who sign up for the public comment section will be permitted to speak	
VI. PROCLAMATIONS	
A. Vow 22 Day Proclamation	5
VII. CONSENT AGENDA	
A. Approval of Minutes of Previous Meetings	
1. Regular meeting held January 13, 2020	6
2. Special meeting held January 25, 2020	11
3. Special meeting held February 3, 2020	13
B. Payment of Bills	15
VIII. PRESENTATIONS	
A. FY 2019 Audit Presentation - KM&L Certified Public Accountants	25
IX. DISCUSSION AND ACTION ITEMS	
All public comments will be subject to the following rules: all speakers are permitted to speak no longer than 3 minutes; all speakers will only be permitted to speak once; speakers can not defer their 3 minutes to another speaker.	
A. Final review and action of re-plat of Lots 21 & 22; Block 1 of Oakwood Shores Subdivision Section 1, also known as 31426 & 31434 Bayou Bend.	138
B. Discussion and possible action regarding street repair in Oakwood Shores.	161
C. Discussion and Action selecting representative for 2020 HGAC	168
D. Discussion and possible action regarding real property located on Oyster Creek Drive and relocating Freedom Park.	170
E. Discussion and possible action turning former Freedom Park property over to Fire Department for training use once rezoning requirements are met.	

F. Discussion and possible action moving forward with rezoning process of Old Pool Site on Oyster Creek Drive to park land for use as Community Garden.

X. REPORTS

Reports that require no action.

A. Election Update - Kirsten Garcia, City Secretary

191

XI. CITY MANAGER'S REPORT

XII. COMMITTEE REPORTS

A. Keep Richwood Beautiful

XIII. COUNCIL MEMBER COMMENTS & REPORTS

XIV. MAYOR'S REPORT

XV. ADJOURNMENT

The City Council may go into Executive Session on any item listed on the Agenda in accordance with Section 551.071 of the Government Code (attorney-client privilege).

I, Kirsten Garcia, do hereby certify that I did, _____ at _____ p.m., post this notice of meeting on the bulletin board at 1800 N. Brazosport Blvd., Richwood, TX, in compliance with the Texas Open Meetings Law.

Kirsten Garcia, City Secretary
City of Richwood

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Pledge of Allegiance

I pledge allegiance to the flag of
the United States of America and
to the republic for which it
stands, one nation under God,
indivisible, with liberty and
justice for all.

Texas Pledge

**Honor the Texas flag. I
pledge allegiance to thee,
Texas, one and indivisible.**

roclamation

I, Steve Boykin, by the authority vested in me as Mayor of the City of Richwood, Texas, do hereby proclaim

February 29, 2020

As

“VOW 22 Day”

Whereas, VOW 22 was originally incorporated in The State of Texas as a nonprofit organization in 2017; and

Whereas, on February 29th, 2020, VOW 22 will be showing support and bringing awareness to Veteran suicide during their event at the MacLean Park in Lake Jackson, our neighboring city; and

Whereas, VOW 22 is a group of friends, families and Veterans that have all been affected by Post-Traumatic Stress Disorder (PTSD) in some way. The organization seeks to prevent Veteran suicide through community awareness, camaraderie, interaction and communication with Veterans; and

Whereas, According to the VA’s Suicide Data Report in 2012 there is a national average of 22 suicides per day, or 8,000 a year. The VA study also showed 11,000 non-fatal suicide attempts a year; and

Now Therefore, We the Mayor and the City Council of the City of Richwood do hereby proclaim February 29, 2020 as “VOW 22 Day”, in the City of Richwood, Texas.

In Testimony whereof, witness my hand and the seal of the City of Richwood, this 25th day of February, A.D. 2020.

Steve Boykin, Mayor
City of Richwood

Minutes of City Council

The City Council Regular Meeting of Monday, January 13, 2020

BE IT KNOWN THAT, a City Council Regular Meeting of the City Council of City of Richwood was held Monday, January 13, 2020, beginning at 6:15 PM in the Richwood City Hall, 1800 N. Brazosport Blvd. Richwood, Texas.

I. CALL TO ORDER

II. INVOCATION

III. PLEDGE OF ALLEGIANCE

Pledge of Allegiance and Texas Pledge

IV. ROLL CALL OF COUNCIL MEMBERS

Steve Boykin, Mayor

Mike Johnson, Position 1

Melissa Strawn, Position 2

Matthew Yarborough, Position 3

Mark Brown II, Position 4

Katie Johnson, Position 5

Other present: Lindsay Koskiniemi, Interim City Manager; Kirsten Garcia, City Secretary;

V. PUBLIC COMMENTS

All comments will be subject to the following rules: All speakers will be permitted to speak not longer than 3 minutes; all speakers will only be permitted to speak once; speakers cannot defer their 3 minutes to another speaker. Discussion is not allowed on items not posted on the agenda.

There was no public comment.

VI. CONSENT AGENDA

A. Approval of minutes from previous meetings:

1. Minutes from Regular Meeting held November 18, 2019
2. Minutes from Regular Meeting held December 9, 2019

On a motion by Mike Johnson, second by Matt Yarborough, with all present members voting aye, the consent agenda was approved.

VII. COUNCIL CONSIDERATION AND ACTION ITEMS

- A. Final review and action of re-plat of Lots 18& 19; Block 1 of Oakwood Shores Subdivision Section 1, also known as 31402 & 31410 Bayou Bend.

On a motion by Matt Yarborough, second by Mike Johnson, with all present members voting aye, the re-plat of Lots 18& 19; Block 1 of Oakwood Shores Subdivision Section 1, also known as 31402 & 31410 Bayou Bend was approved.

Council recessed at 6:07 p.m. to sign plat.
Council reconvened at 6:10 p.m.

- VIII EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, . Texas Government code Section 551.001, et. Seq., to review and consider the following: City Manager

Item initially skipped to wait for Mr. Hartung, moved on to Council Consideration and Action Items.

Recessed to executive session at 6:17 p.m.

- IX. RECONVENE FROM EXECUTIVE SESSION and take action on the following: City Manager

Council reconvened at 7:33 p.m.

No action at this time – Mayor Boykin stated that Mr. Hartung will continue his search.

X. COUNCIL CONSIDERATION AND ACTION ITEMS

- A. Discuss and consider resolution amending the FY 2019-2020 Budget to increase expenditures in the General Fund for Fire Department

Lindsay Koskiniemi presented information to council.

On a motion by Mark Brown II, second by Melissa Strawn, with all present members voting aye, a resolution to increase expenditures in general fund for Fire Department by \$15, 596 was approved.

- B. Discuss and consider an ordinance calling the May 2, 2020 General Election and approving a joint election with Brazoria County.

On a motion by Mark Brown II, second by Katie Johnson, with all present members voting aye, an ordinance calling the May 2, 2020 General Election and approving a joint election with Brazoria County was approved.

XI. REPORTS

Reports that require no action.

A. Presentation of Quarterly Investment Report

1. Quarterly Investment Report - First Quarter, FY 2019-2020

Presenter: Lindsay Koskiniemi

Lindsay Koskiniemi presented.

TexPool

Average Monthly rate for December	1.6226%
Average Monthly Dividend Factor for December	0.000044455
Information as of	January 6, 2020
Daily Net Yield	1.5937%
Dividend Factor	0.000043662
7 Day Net Yield	1.61%
Daily Assets	\$24,458,483,111.11
Weighted Average Maturity	32 days
Weighted Average Life	93 days
NAV	1.00008

TexPool Prime

Average Monthly rate for December	1.8321%
Average Monthly Dividend Factor for December	0.000050194
Information as of	January 6, 2020
Daily Net Yield	1.8342%
Dividend Factor	0.000050251
7 Day Net Yield	1.83%
Daily Assets	\$6,946,614,949.69
Weighted Average Maturity	35 days
Weighted Average Life	78 days
NAV	1.00012

Contact Information

Participant Services	1-866-839-7665
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**Certificates of Obligation
Summary
Quarterly Investment Report,
Q1 - FY 2019 - 2020**

Bank	Certificate Number	Maturing On	Term	Next Maturity Date	Interest Rate	Balance	Period Earnings	YTD Earnings
First National Bank-LJ	25765	10/31/2019	90 days	1/29/2020	1.30%	91,749.35	293.16	765.09
First National Bank-LJ	25766	8/2/2019	180 days	1/29/2020	1.55%	128,022.18	596.98	1,035.35
First National Bank-LJ	25741	7/17/2019	181 days	1/14/2020	1.50%	58,924.48	261.81	450.29
First National Bank-LJ	25718	12/31/2019	181 days	6/29/2020	1.55%	127,187.19	970.14	1,996.53
Brazos National Bank	601286	12/9/2019	90 days	3/8/2020	0.50%	106,622.61		

XII. CITY MANAGER'S REPORT

A. **Verbal update** - Commercial appraisal on 5 City-owned parcels on Oyster Creek.

Lindsay Koskiniemi reported that the appraisal will be presented in February, she does not have the professional opinion yet, waiting on his report.

B. **Annual strategic planning session and annual refresher on elected official governance and decorum** - Scheduling. Tentative date May 16, 2020.

Lindsay stated she will confirm with Ron Cox for May 16.

XIII FUTURE AGENDA ITEMS

- . Mark Brown II requested a proclamation for Vow 22.
Discuss the new gas station and what will be going in there
HGAC designation

Mayor directed the City Secretary to order lunch for the meeting on the 25th of January.

XIV COUNCIL MEMBER COMMENTS AND REPORTS

Mike Johnson – No update on Fire Department.

XV. MAYOR'S REPORT

No Report.

XVI ADJOURNMENT

Being no further business, the meeting was adjourned at 7:55 p.m.

These minutes were read and approved on this 24th day of February, 2020.

ATTEST:

Mayor

Minutes of Special Meeting

The Special Meeting of Saturday, January 25, 2020

BE IT KNOWN THAT, a Special Meeting of the Special Meeting of City of Richwood was held Saturday, January 25, 2020, beginning at 8:30 AM in the Richwood City Hall, 1800 N. Brazosport Blvd. Richwood, Texas.

I. CALL TO ORDER

The meeting was called to order at 8:37 a.m.

II. ROLL CALL OF COUNCIL MEMBERS

Steve Boykin, Mayor
Mike Johnson, Position 1
Melissa Strawn, Position 2
Matthew Yarborough, Position 3
Mark Brown II, Position 4
Katie Johnson, Position 5

Others present: Kirsten Garcia, City Secretary; Chris Hartung, Consultant

III. PUBLIC COMMENTS

All comments will be subject to the following rules: All speakers will be permitted to speak not longer than 3 minutes; all speakers will only be permitted to speak once; speakers cannot defer their 3 minutes to another speaker. Discussion is not allowed on items not posted on the agenda.

There were no public comments.

IV. DISCUSSION AND ACTION ITEMS

A. Executive Session pursuant to Section 551.074, Government Code, Personnel Matters to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint against an officer or employee: City Manager Candidate Interviews

1. Council Orientation
2. City Manager Candidates Interviews
3. Lunch with Candidates
4. Discussion Regarding Candidates

Recessed at 8:40 a.m.

Reconvened at 1:50 p.m.

B. Action as a result of executive session

On a motion by Matthew Yarborough, second by Mark Brown II, with all present members voting aye, Chris Hartung was authorized to extend an offer of employment, contingent on City Attorney approval of contract terms.

V. COUNCIL MEMBER COMMENTS & REPORTS

Council wishes reschedule February's regular meeting date to the 24th of February.

Mark Brown II commended the police department for the hours they have put in and the great work they are doing to deter the frequent burglaries in the area.

VI. MAYOR'S REPORT

No Report

VII. ADJOURNMENT

Being there no further business, the meeting adjourned at 1:58p.m.

These minutes were read and approved on this 24th day of February, 2020.

ATTEST:

Mayor

Minutes of Special Meeting

The City Council Special Meeting of Monday, February 3, 2020

BE IT KNOWN THAT, a City Council Special Meeting of the Special Meeting of City of Richwood was held Monday, February 3, 2020, beginning at 6:00 PM in the Richwood City Hall, 1800 N. Brazosport Blvd. Richwood, Texas.

I. CALL TO ORDER

The meeting was called to order at 5:52 p.m.

II. ROLL CALL OF COUNCIL MEMBERS

Steve Boykin, Mayor
Mike Johnson, Position 1 - Absent
Melissa Strawn, Position 2
Matthew Yarborough, Position 3
Mark Brown II, Position 4
Katie Johnson, Position 5 - Absent

Other present: Lindsay Koskiniemi, Interim City Manager; Kirsten Garcia, City Secretary; Matt Allen, City Attorney; Eric Foerster, City Manager Candidate

III. PUBLIC COMMENTS

All comments will be subject to the following rules: All speakers will be permitted to speak not longer than 3 minutes; all speakers will only be permitted to speak once; speakers cannot defer their 3 minutes to another speaker. Discussion is not allowed on items not posted on the agenda.

There were no public comments.

IV. DISCUSSION AND ACTION ITEMS

- A. Executive Session pursuant to Section 551.074, Government Code, Personnel Matters to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint against an officer or employee: City Manager

Council adjourned at 5:53 p.m.

- B. Action as a result of executive session

Council reconvened at 7:50 p.m.

On a motion by Mark Brown II, second by Matt Yarborough, with all present members voting aye, Chris Hartung was authorized to execute an employment agreement with Eric Foerster as presented by the City Attorney.

V. COUNCIL MEMBER COMMENTS & REPORTS

Mark Brown II congratulated Mr. Foerster on the opportunity presented, Matt Yarborough seconded that sentiment.

Mark Brown II also recognized Chief Mayer for working nights and attempting to stop the recent burglaries. He added his appreciation the police department for their hard work also.

VI. MAYOR'S REPORT

No report.

VII. ADJOURNMENT

Being there no further business, the meeting adjourned at 7:54 p.m.

These minutes were read and approved on this 24th day of February 2020.

ATTEST:

Mayor

City of Richwood
Check Register
1 - Checking - Pooled Cash - 01/01/2020 to 01/31/2020

Payee Name	Reference Number	Invoice Number	Invoice Ledger Date	Payment Date	Amount	Description	Ledger Account
AIRGAS USA, LLC	39847	9966866494	11/30/2019	01/03/2020	63.58	acetylene and oxygen	10025240 - Expendable Operating S
AIRGAS USA, LLC	39882	9967631554	12/31/2019	01/17/2020	65.47	acetylene and oxygen	10025240 - Expendable Operating S
					\$129.05		
AMERICAN REALTY / NANCY SA	39917	Refund: 1208000	01/22/2020	01/27/2020	21.49	Refund: 12080005 - AMERICAN REALTY / NA	30301230 - Utility Receivables
					\$21.49		
AT&T	39848	january20	12/21/2019	01/03/2020	1,440.42	Yearly SCADA Fees / budget amount	30215420 - WATER Telephone
AT&T	39883	january20-	01/01/2019	01/17/2020	370.19	dispatch phone	10055420 - Telephone
					\$1,810.61		
AT&T MOBILITY	39849	287290249608x	12/01/2019	01/03/2020	66.05	Yearly phone fees / budget balance	10025420 - Telephone
AT&T MOBILITY	39884	287290249608x	01/01/2020	01/17/2020	66.87	Yearly phone fees / budget balance	10025420 - Telephone
					\$132.92		
AVENU INSIGHTS & ANALYTICS,	ACH.5154.011	inv06-007878	12/31/2019	01/10/2020	3,345.20	Sales & Use Tax Compliance Reviews	10015695 - Special Services - Misce
					\$3,345.20		
B&B Classics, LLC	39885	301	01/15/2020	01/17/2020	498.00	vehicle maint	10055340 - Vehicle M&R
B&B Classics, LLC	39918	313	01/27/2020	01/27/2020	758.00	vehicle maint	10055340 - Vehicle M&R
					\$1,256.00		
BARBER, CARLTON	39850	january20	12/30/2019	01/03/2020	55.00	refund of deposit and rental of comm. bldg	10294118 - Municipal Building Renta
BARBER, CARLTON	39850	january20	12/30/2019	01/03/2020	100.00	refund of deposit and rental of comm. bldg	10292133 - Facility Rental Deposits
					\$155.00		
					\$155.00		
BBG CONSULTING, INC.	39867	1983	01/07/2020	01/10/2020	2,925.00	Building and Permitting Inspection Services	10105102 - Contract Labor
					\$2,925.00		
BCOS OFFICE TECHNOLOGIES	ACH.4485.010	ar259699	12/13/2019	01/06/2020	32.72	copier contract	10015210 - Office Supplies
BCOS OFFICE TECHNOLOGIES	ACH.4485.011	ar259700	12/13/2019	01/17/2020	173.16	copier	10055935 - Operating Lease - Equip
					\$205.88		
BENAVIDES, SYLVIA	39886	january20	01/14/2020	01/17/2020	100.00	deposit refund	10292133 - Facility Rental Deposits
					\$100.00		
BRAZORIA COUNTY WATER LAB	39851	january20	11/27/2019	01/03/2020	135.00	water test	30215390 - Water Lines M&R
BRAZORIA COUNTY WATER LAB	39868	january20-	12/30/2019	01/10/2020	135.00	water sample test	30215390 - Water Lines M&R
					\$270.00		
BRAZOS RIVER FUELING	ACH.5094.011	50031332	01/14/2020	01/14/2020	435.00	fuel	10025230 - Oil, & Lubricants
BRAZOS RIVER FUELING	ACH.5094.011	50031332	01/14/2020	01/14/2020	1,818.08	2500 gallons gas/500 gallons diesel	30215230 - WATER Gas, Oil, & Lubr
BRAZOS RIVER FUELING	ACH.5094.011	50031332	01/14/2020	01/14/2020	4,243.24	fuel	10055230 - Oil, & Lubricants
					\$6,496.32		
					\$6,496.32		

City of Richwood
Check Register
1 - Checking - Pooled Cash - 01/01/2020 to 01/31/2020

Payee Name	Reference Number	Invoice Number	Invoice Ledger Date	Payment Date	Amount	Description	Ledger Account
BRAZOSPORT WATER AUTHORI	39869	07-0467	12/31/2019	01/10/2020	24,040.50	Surface Water Costs	30215995 - Brazosport Water Autho
					\$24,040.50		
BUSINESS CARD	39916	0230537934120	12/06/2019	01/24/2020	31.32	christmas decoration	14015240 - Expendable Operating S
BUSINESS CARD	39916	0230537935200	12/16/2019	01/24/2020	4.99	water filter	10085365 - Other Equipment M&R
BUSINESS CARD	39916	0230537935200	12/16/2019	01/24/2020	125.96	supplies	10085220 - Tools
BUSINESS CARD	39916	0522702934760	12/12/2019	01/24/2020	100.00	signs for comm. bldg.	10085940 - Special Equipment
BUSINESS CARD	39916	0541019934009	12/06/2019	01/24/2020	54.54	christmas decoration	14015240 - Expendable Operating S
BUSINESS CARD	39916	0541019934350	12/09/2019	01/24/2020	39.99	ipad case	10015210 - Office Supplies
BUSINESS CARD	39916	0541019934729	12/13/2019	01/24/2020	179.92	glass screen	10015210 - Office Supplies
BUSINESS CARD	39916	0543684934140	12/06/2019	01/24/2020	111.93	christmas decoration	14015240 - Expendable Operating S
BUSINESS CARD	39916	0543684935030	12/16/2019	01/24/2020	7.27	christmas tree decor	10015240 - Expendable Operating S
BUSINESS CARD	39916	0543684935250	12/17/2019	01/24/2020	100.00	stamps	10015210 - Office Supplies
BUSINESS CARD	39916	1527021935300	12/19/2019	01/24/2020	22.07		10015685 - Publishing & Advertising
BUSINESS CARD	39916	2524780933900	12/05/2019	01/24/2020	11.64	food	10055201 - Food
BUSINESS CARD	39916	2526508000100	12/31/2019	01/24/2020	3.00	vehicle registration fee	10085365 - Other Equipment M&R
BUSINESS CARD	39916	2526508000100	12/31/2019	01/24/2020	8.25	vehicle registration	10085365 - Other Equipment M&R
BUSINESS CARD	39916	2526508935100	12/16/2019	01/24/2020	15.75	vehicle registration	30215340 - WATER Vehicle M&R
BUSINESS CARD	39916	2526508935100	12/16/2019	01/24/2020	3.00	vehicle registration fee	30215340 - WATER Vehicle M&R
BUSINESS CARD	39916	4518742935100	12/16/2019	01/24/2020	175.00	enrollment and book loan library fee	10015130 - Training & Travel
BUSINESS CARD	39916	5526352934120	12/07/2019	01/24/2020	19.99	christmas ornaments	10015685 - Publishing & Advertising
BUSINESS CARD	39916	5530959934483	12/09/2019	01/24/2020	14.99	shift knob for dump truck	10035380 - Streets M&R
BUSINESS CARD	39916	5531020934079	12/06/2019	01/24/2020	58.76	hotel	10055130 - Training & Travel
BUSINESS CARD	39916	5531020934483	12/09/2019	01/24/2020	24.99	food	10015201 - Food
BUSINESS CARD	39916	5531020936302	12/29/2019	01/24/2020	16.23	adobe	30215210 - WATER Office Supplies
BUSINESS CARD	39916	5542950936163	12/27/2019	01/24/2020	65.00		10015130 - Training & Travel
BUSINESS CARD	39916	5543286000220	01/03/2020	01/24/2020	2.88	5/16 X 1 1/4 FLAT WASHERS	10075310 - Building & Grounds M&
BUSINESS CARD	39916	5543286000220	01/03/2020	01/24/2020	6.24	5/16 X 2 1/2 LAGBOLTS	10075310 - Building & Grounds M&
BUSINESS CARD	39916	5543286000220	01/03/2020	01/24/2020	44.98	4' SHOP LIGHT	10075310 - Building & Grounds M&
BUSINESS CARD	39916	5543286000220	01/03/2020	01/24/2020	119.00	27" ROLLING DRAWER	10075310 - Building & Grounds M&
BUSINESS CARD	39916	5543286000220	01/03/2020	01/24/2020	159.00	4 DRAWER WORKBENCH MODULE	10075310 - Building & Grounds M&
BUSINESS CARD	39916	5543286000220	01/03/2020	01/24/2020	198.00	GARAGE STORAGE WALL CABINET	10075310 - Building & Grounds M&
BUSINESS CARD	39916	5543286000220	01/03/2020	01/24/2020	199.00	32" CABINET	10075310 - Building & Grounds M&
BUSINESS CARD	39916	5543286000220	01/03/2020	01/24/2020	199.00	72" WORKBENCH	10075310 - Building & Grounds M&
BUSINESS CARD	39916	5543286000220	01/03/2020	01/24/2020	299.00	48" CABINET	10075310 - Building & Grounds M&
BUSINESS CARD	39916	5543286000320	01/02/2020	01/24/2020	240.60	city hall fixtures	10025240 - Expendable Operating S
BUSINESS CARD	39916	5543286934020	12/06/2019	01/24/2020	99.96	tools	14015240 - Expendable Operating S
BUSINESS CARD	39916	5543286934120	12/07/2019	01/24/2020	558.32	hotel	10015130 - Training & Travel
BUSINESS CARD	39916	5543286934720	12/13/2019	01/24/2020	17.98	outdoor timer	10085365 - Other Equipment M&R
BUSINESS CARD	39916	5543286935020	12/16/2019	01/24/2020	6.28	filters	10085365 - Other Equipment M&R
BUSINESS CARD	39916	5543286935120	12/17/2019	01/24/2020	29.88	water coolers	10015215 - Custodial Supplies
BUSINESS CARD	39916	5543286935320	12/18/2019	01/24/2020	13.00	car wash	10055340 - Vehicle M&R
BUSINESS CARD	39916	5543286935420	12/20/2019	01/24/2020	14.06	membership	10025660 - Dues & Subscriptions
BUSINESS CARD	39916	5543286935520	12/21/2019	01/24/2020	34.99	stamps.com	10015341 - Postage & Shipping
BUSINESS CARD	39916	5543286936220	12/28/2019	01/24/2020	212.50	training	30205130 - SEWER Training & Trav
BUSINESS CARD	39916	5543286936220	12/28/2019	01/24/2020	212.50	training	30215130 - WATER Training & Trav
BUSINESS CARD	39916	5543687934727	12/13/2019	01/24/2020	27.44	nylon sling	30215220 - WATER Tools
BUSINESS CARD	39916	5543687934728	12/13/2019	01/24/2020	16.00	name plate	10015240 - Expendable Operating S

City of Richwood
Check Register
1 - Checking - Pooled Cash - 01/01/2020 to 01/31/2020

Payee Name	Reference Number	Invoice Number	Invoice Ledger Date	Payment Date	Amount	Description	Ledger Account
BUSINESS CARD	39916	5543687936073	12/26/2019	01/24/2020	45.40	safety glasses, grease, air hose	30215230 - WATER Gas, Oil, & Lubr
BUSINESS CARD	39916	5543687936073	12/26/2019	01/24/2020	72.73	safety glasses, grease, air hose	30215270 - WATER Chemicals
BUSINESS CARD	39916	5548077934140	12/06/2019	01/24/2020	84.98	christmas gifts	14015240 - Expendable Operating S
BUSINESS CARD	39916	5548382934709	12/12/2019	01/24/2020	60.80	parks christmas in the park	10085851 - Parks & Recreation
BUSINESS CARD	39916	5548872935025	12/16/2019	01/24/2020	54.99	oil change	30215340 - WATER Vehicle M&R
BUSINESS CARD	39916	5548872935025	12/16/2019	01/24/2020	91.98	oil change	30215340 - WATER Vehicle M&R
BUSINESS CARD	39916	5548872935125	12/17/2019	01/24/2020	91.98	oil change	30215340 - WATER Vehicle M&R
BUSINESS CARD	39916	5548872935125	12/17/2019	01/24/2020	49.99	oil change	30215340 - WATER Vehicle M&R
BUSINESS CARD	39916	5548872935125	12/17/2019	01/24/2020	54.49	oil change	30215340 - WATER Vehicle M&R
BUSINESS CARD	39916	5549967000279	01/02/2020	01/24/2020	35.03	dump truck maint	10035380 - Streets M&R
BUSINESS CARD	39916	5549967933979	12/05/2019	01/24/2020	21.99	door bell	10055240 - Expendable Operating S
BUSINESS CARD	39916	5549967935079	12/16/2019	01/24/2020	25.98	material for fence repair	30215240 - WATER Expendable Op
BUSINESS CARD	39916	7230606935090	12/16/2019	01/24/2020	32.50	vehicle maint	30215340 - WATER Vehicle M&R
BUSINESS CARD	39916	7530637934516	12/10/2019	01/24/2020	700.00	winter bedc	10015130 - Training & Travel
BUSINESS CARD	39916	7542817935285	12/17/2019	01/24/2020	408.21	utility post cards	30205240 - SEWER Expendable Op
BUSINESS CARD	39916	7542817935285	12/17/2019	01/24/2020	408.21	utility post cards	30215240 - WATER Expendable Op
BUSINESS CARD	39916	8531553934398	12/09/2019	01/24/2020	1,290.00	training	10055130 - Training & Travel
BUSINESS CARD	39916	8545093000198	12/30/2019	01/24/2020	125.00	training	10055130 - Training & Travel
BUSINESS CARD	39916	8545093933998	12/03/2019	01/24/2020	30.00	training	10055130 - Training & Travel
BUSINESS CARD	39916	8545093934098	12/04/2019	01/24/2020	30.00	training	10055130 - Training & Travel
BUSINESS CARD	39916	8545093934098	12/04/2019	01/24/2020	30.00	training	10055130 - Training & Travel
BUSINESS CARD	39916	8545093934398	12/09/2019	01/24/2020	89.00	training	10055130 - Training & Travel
BUSINESS CARD	39916	8550039936190	12/27/2019	01/24/2020	290.00	training	30215130 - WATER Training & Trav
BUSINESS CARD	39916	8550647935470	12/18/2019	01/24/2020	630.50	Total Chlorine Reagents/Free Ammonia Soluti	30215270 - WATER Chemicals
					\$8,658.96		
					\$8,658.96		
C & S JANITORIAL SERVICES, IN	39852	34181	01/01/2020	01/03/2020	275.00	janitorial	10025310 - Building & Grounds M&
					\$275.00		
CABARRUBIA, LYDIA	39887	january20	01/14/2020	01/17/2020	100.00	deposit refund	10292133 - Facility Rental Deposits
					\$100.00		
CENTERPOINT ENERGY	39888	january20	01/09/2020	01/17/2020	23.60	yearly gas fees / budget balance	10025430 - Natural Gas
CENTERPOINT ENERGY	39888	january20-	01/08/2020	01/17/2020	21.20	Yearly gas fees / Budget balance	30215430 - WATER Natural Gas
					\$44.80		
CENTERPOINT ENERGY	39919	January 2020	01/08/2020	01/27/2020	21.20	natural gas	10075430 - Natural Gas
CENTERPOINT ENERGY	39919	January 2020-	01/08/2020	01/27/2020	69.92	natural gas	10015430 - Natural Gas
					\$91.12		
CENTERPOINT ENERGY	VOID39919	january20	01/08/2020	01/27/2020	21.20	natural gas	10075430 - Natural Gas
CENTERPOINT ENERGY	VOID39919	january20-	01/08/2020	01/27/2020	69.92	natural gas	10015430 - Natural Gas
					\$91.12		
					\$227.04		
Chris Hartung Consulting, LLC	ACH.5702.011	2019-028	01/15/2020	01/17/2020	2,703.44	Consultant services for City Manager search	10015102 - Contract Labor
Chris Hartung Consulting, LLC	ACH.5702.012	2020-002	01/27/2020	01/27/2020	875.00	Recruiter out of pocket expenses - contractual	10015102 - Contract Labor

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Chris Hartung Consulting, LLC	ACH.5702.012	2020-002-	01/24/2020	01/27/2020	3,125.00	Consultant services for City Manager search	10015102 - Contract Labor
					\$4,000.00		
					\$6,703.44		
CITY OF CLUTE	39853	january20-	01/03/2020	01/03/2020	35,366.50	Sewer Transmission Line Lease	30215505 - Operating Lease - Clute
CITY OF CLUTE	39853	january20--	01/03/2020	01/03/2020	-941.75	credit for qtr ending 12/31/18 and 12/31/19	30215505 - Operating Lease - Clute
					\$34,424.75		
CITY OF CLUTE	39870	january20	01/01/2020	01/10/2020	23,250.00	Annual EMS Contract - Quarterly Payments F	10075566 - Contractual Services -
					\$57,674.75		
CITY OF LAKE JACKSON	39920	31362	01/21/2020	01/27/2020	10,750.00	DISPATCH SERVICES	10055540 - Dispatch Services
					\$10,750.00		
CLUTE POSTMASTER	39879	january20	01/13/2020	01/13/2020	75.25	postage for late notices	30215240 - WATER Expendable Op
CLUTE POSTMASTER	39915	january20-	01/24/2020	01/24/2020	395.85	postage for utility bills	30215240 - WATER Expendable Op
					\$471.10		
COMBINED INSURANCE CO. OF	39889	549368	01/10/2020	01/17/2020	74.48	insurance	10292136 - Insurance Payable
					\$74.48		
COMCAST	39854	january20	12/16/2019	01/03/2020	79.91	telephone	10015420 - Telephone
COMCAST	39854	january20	12/16/2019	01/03/2020	79.91	telephone	10045294 - Expenditures - Court Te
COMCAST	39854	january20	12/16/2019	01/03/2020	239.71	telephone	10055420 - Telephone
					\$399.53		
COMCAST	39890	january20-	01/01/2020	01/17/2020	94.03	internet	10075420 - Telephone
COMCAST	39921	93597816	01/01/2020	01/27/2020	35.21	telephone	30215420 - WATER Telephone
COMCAST	39921	93597816	01/01/2020	01/27/2020	70.43	telephone	10015420 - Telephone
COMCAST	39921	93597816	01/01/2020	01/27/2020	176.05	telephone	10055420 - Telephone
					\$281.69		
COMCAST	39922	january20--	01/02/2020	01/27/2020	10.77	internet	10075420 - Telephone
					\$786.02		
CORDOBA LAW FIRM. P.L.L.C.	39891	50166	12/31/2019	01/17/2020	740.00	attorney	10015570 - Attorney's Fees
CORDOBA LAW FIRM. P.L.L.C.	39891	50385	12/31/2019	01/17/2020	1,062.50	attorney	33339004 - Engineering & Surveyin
					\$1,802.50		
					\$1,802.50		
CUSTER, CLIFTON	39881	january20	01/14/2020	01/14/2020	41.18	travel pay	10025130 - Training & Travel
CUSTER, CLIFTON	39881	january20	01/14/2020	01/14/2020	41.18	travel pay	30215130 - WATER Training & Trav
					\$82.36		
					\$82.36		
CUSTOM CAR AUDIO	39880	january20	01/13/2020	01/13/2020	1,100.00	vehicle maint	10055340 - Vehicle M&R
					\$1,100.00		

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DE LAGE LANDEN FINANCIAL S	39855	66329046	12/21/2019	01/03/2020	63.98	COPIER LEASE	10015935 - Operating Lease - Equip
DE LAGE LANDEN FINANCIAL S	39855	66329046	12/21/2019	01/03/2020	331.17	copier lease	30215935 - Operating Lease - Equip
					\$395.15		
DE LAGE LANDEN FINANCIAL S	39892	66328463	12/21/2019	01/17/2020	176.15	contract # 25340455	10055935 - Operating Lease - Equip
					\$571.30		
DSHS CENTRAL LAB MC2004	39856	cen.cdo158_082	12/16/2019	01/03/2020	413.11	water sample test	30215390 - Water Lines M&R
DSHS CENTRAL LAB MC2004	39871	cen.cd0158_112	12/04/2019	01/10/2020	207.70	water sample test	30215390 - Water Lines M&R
					\$620.81		
DXI INDUSTRIES, INC.	39893	de05010493-19	12/31/2019	01/17/2020	40.00	150 lb. chlorine cylinders / yearly supply	30215270 - WATER Chemicals
DXI INDUSTRIES, INC.	39893	de05011037-19	12/31/2019	01/17/2020	10.00	150 lb. chlorine cylinders / yearly supply	30215270 - WATER Chemicals
DXI INDUSTRIES, INC.	39893	de05011038-19	12/31/2019	01/17/2020	50.00	150 lb. chlorine cylinders / yearly supply	30215270 - WATER Chemicals
DXI INDUSTRIES, INC.	39893	de05011039-19	12/31/2019	01/17/2020	40.00	150 lb. chlorine cylinders / yearly supply	30215270 - WATER Chemicals
DXI INDUSTRIES, INC.	39893	de05011080-19	12/31/2019	01/17/2020	10.00	150 lb. chlorine cylinders / yearly supply	30215270 - WATER Chemicals
					\$150.00		
					\$150.00		
FACTS, THE	39894	16596-1219	12/31/2019	01/17/2020	65.00	ads	10015685 - Publishing & Advertising
					\$65.00		
FEDEX	39857	6-872-85116	12/19/2019	01/03/2020	55.30	shipping to lja eng.	25405385 - Drainage M&R
FEDEX	39895	6-865-25053	12/12/2019	01/17/2020	6.78	shipping to brian french	30215341 - WATER Postage & Ship
					\$62.08		
FIRST NATIONAL BANK OF LAKE	39913	january20	01/17/2020	01/17/2020	1,812.38	City Hall Loan Interest	10615697 - City Hall Promissory Not
FIRST NATIONAL BANK OF LAKE	39913	january20	01/17/2020	01/17/2020	3,534.78	City Hall Loan Principal	10615697 - City Hall Promissory Not
					\$5,347.16		
					\$5,347.16		
GALLS, LLC	39896	014552926	12/18/2019	01/17/2020	7.13	Badge	10055190 - Uniforms
					\$7.13		
GARCIA, JOSE	39897	Refund: 3064000	01/13/2020	01/17/2020	72.85	Refund: 30640003 - GARCIA, JOSE	30301230 - Utility Receivables
					\$72.85		
GARCIA, KIRSTEN	39923	january20	01/27/2020	01/27/2020	34.57	travel expense	10015130 - Training & Travel
					\$34.57		
GLOVER, ALYSON	39898	january20	01/14/2020	01/17/2020	100.00	deposit refund	10292133 - Facility Rental Deposits
					\$100.00		
GOOD EARTH PRODUCTS, INC.	39899	3014965	12/06/2019	01/17/2020	162.94	hand cleaner	30205270 - SEWER Chemicals
					\$162.94		

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GOODWIN, LEE ANN	39900	january20	01/14/2020	01/17/2020	50.00	deposit refund	10292133 - Facility Rental Deposits
					\$50.00		
GUTIERREZ, MARVIN NATALY	ACH.2123.011	01102020	01/10/2020	01/15/2020	1,344.11	Repayment to Bank for Accidental Autopayme	10291126 - Suspense
					\$1,344.11		
HERNANDEZ, JENNIFER	39901	january20	01/14/2020	01/17/2020	100.00	deposit refund	10292133 - Facility Rental Deposits
					\$100.00		
I R CUSTOMS, LLC	39924	3121	11/15/2019	01/27/2020	591.12	mood pencils	10055287 - Community Outreach
					\$591.12		
ICMA-RC PLAN #307447	ACH.5050.012	PR120919-5050	12/10/2019	01/28/2020	157.59	Def 457	10292132 - Retirement Payable
ICMA-RC PLAN #307447	ACH.5050.012	PR122319-5050	12/23/2019	01/28/2020	157.36	Def 457	10292132 - Retirement Payable
					\$314.95		
					\$314.95		
INTERNAL REVENUE SERVICE		PR012020-4045	01/22/2020	01/24/2020	34.32	Social Security Tax	10292144 - Social Security Payable
INTERNAL REVENUE SERVICE		PR012020-4045	01/22/2020	01/24/2020	1,466.88	Medicare Tax	10292144 - Social Security Payable
INTERNAL REVENUE SERVICE		PR012020-4045	01/22/2020	01/24/2020	5,005.34	Federal Income Tax	10292131 - Federal W/H Payble
					\$6,506.54		
INTERNAL REVENUE SERVICE	ach	PR010620-4045	01/08/2020	01/10/2020	34.32	Social Security Tax	10292144 - Social Security Payable
INTERNAL REVENUE SERVICE	ach	PR010620-4045	01/08/2020	01/10/2020	1,579.82	Medicare Tax	10292144 - Social Security Payable
INTERNAL REVENUE SERVICE	ach	PR010620-4045	01/08/2020	01/10/2020	5,628.86	Federal Income Tax	10292131 - Federal W/H Payble
					\$7,243.00		
					\$13,749.54		
KEY, JASON	ACH.4180.012	cor161	01/22/2020	01/27/2020	475.00	City website updates and modification	10025695 - Special Services - Misc
KEY, JASON	ACH.4180.012	cor161	01/22/2020	01/27/2020	500.00	City website updates and modification	10015550 - Information Technology
KEY, JASON	ACH.4180.012	cor161	01/22/2020	01/27/2020	500.00	City website updates and modification	10025240 - Expendable Operating S
					\$1,475.00		
					\$1,475.00		
KHOVNANIAN	39872	RFD 17330000.0	01/03/2020	01/10/2020	37.74	Deposit Refund: 17330000 - KHOVNANIAN	30302220 - Customer Meter Deposit
KHOVNANIAN	39902	Refund: 1733000	01/09/2020	01/17/2020	32.47	Refund: 17330000 - KHOVNANIAN	30301230 - Utility Receivables
					\$70.21		
KILLUM PEST CONTROL	39873	235866	12/05/2019	01/10/2020	50.00	pest control	10085310 - Building & Grounds M&
KILLUM PEST CONTROL	39873	235867	12/05/2019	01/10/2020	10.00	pest control	10085310 - Building & Grounds M&
					\$60.00		
KILLUM PEST CONTROL	39903	237162	12/18/2019	01/17/2020	235.00	pest control	10025310 - Building & Grounds M&
					\$295.00		
KOSKINIEMI, LINDSAY	39914	january20	01/21/2020	01/21/2020	277.12	travel expense	10015130 - Training & Travel
					\$277.12		

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Masters Consulting Services	39865	2	01/03/2020	01/03/2020	4,258.98	consulting services	10115595 - Professional Services
					\$4,258.98		
MCCOY'S BUILDING SUPPLY	39858	1333377	12/17/2019	01/03/2020	6.99	brass twist hose nozzle	10085240 - Expendable Operating S
MCCOY'S BUILDING SUPPLY	39858	1333431	12/18/2019	01/03/2020	9.87	plumbing supplies	10085310 - Building & Grounds M&
MCCOY'S BUILDING SUPPLY	39858	1333451	12/18/2019	01/03/2020	13.99	tank sprayer	10085220 - Tools
MCCOY'S BUILDING SUPPLY	39858	1333545	12/19/2019	01/03/2020	21.91	concrete mix	10085365 - Other Equipment M&R
MCCOY'S BUILDING SUPPLY	39858	1333788	12/26/2019	01/03/2020	13.48	nuts and bolts for speed limit signs	10035380 - Streets M&R
MCCOY'S BUILDING SUPPLY	39858	1333877	12/27/2019	01/03/2020	1.29	chip brush	10025220 - Tools
					\$67.53		
MCCOY'S BUILDING SUPPLY	39904	1333982	12/30/2019	01/17/2020	4.39	plunger	10085215 - Custodial Supplies
					\$71.92		
MERCER CONTROLS	39859	17625	12/30/2019	01/03/2020	764.25	SCADA System Work.	30215390 - Water Lines M&R
					\$764.25		
MIKE SORRELL TRUCKING & MA	39860	8568	12/23/2019	01/03/2020	2,190.68	4 loads crushed limestone	25405380 - Streets M&R
					\$2,190.68		
MUNICIPAL EMERGENCY SERVI	39861	in1386797	12/30/2019	01/03/2020	3,605.65	Annual SCBA Testing	10075930 - Equipment
					\$3,605.65		
OFFICE DEPOT	39925	419601242001	12/23/2019	01/27/2020	35.99	w2 forms	10025210 - Office Supplies
					\$35.99		
OFFICE OF ATTORNEY GENERA	39874	PR010620-5136	01/08/2020	01/10/2020	262.15	Child Support	10292138 - Child Support Payable
OFFICE OF ATTORNEY GENERA	39926	PR012020-5136	01/22/2020	01/27/2020	262.15	Child Support	10292138 - Child Support Payable
					\$524.30		
OMNIBASE SERVICES OF TEXA	39927	january20	01/02/2020	01/27/2020	30.00	quarterly activity report	10292140 - Municipal Court Costs
					\$30.00		
PENGUIN MANAGEMENT, INC.	39905	58304	01/01/2020	01/17/2020	948.00	dispatch	10075660 - Dues & Subscriptions
					\$948.00		
PENNEY'S ELECTRIC	39875	19869	09/12/2019	01/10/2020	355.91	hour meters for ls at apartments past 2004	30215392 - Sewer Lines M&R
PENNEY'S ELECTRIC	39875	20022	12/06/2019	01/10/2020	220.00	troubleshoot well #4	30215392 - Sewer Lines M&R
					\$575.91		
					\$575.91		
PERDUE, BRANDON, FIELDER,	39928	ivc00050881	01/14/2020	01/27/2020	1,079.33	attorney fees for fine collection	10292140 - Municipal Court Costs
					\$1,079.33		
QUILL CORPORATION	ACH.3829.011	3251163	12/10/2019	01/17/2020	89.09	elections supplies	10015210 - Office Supplies
QUILL CORPORATION	ACH.3829.011	3257306	12/10/2019	01/17/2020	101.24	mail tubes	10105210 - Office Supplies
QUILL CORPORATION	ACH.3829.011	3298907	12/12/2019	01/17/2020	149.37	mail tubes	10105210 - Office Supplies

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QUILL CORPORATION	ACH.3829.011	3394796	12/16/2019	01/17/2020	82.96	expansion file jackets	10025210 - Office Supplies
					\$422.66		
QUILL CORPORATION	ACH.3829.012	3676174	01/02/2020	01/27/2020	16.00	calendar and tabe refill	10015210 - Office Supplies
					\$438.66		
R & M TELEPHONE SERVICE	39862	47343	12/18/2019	01/03/2020	144.93	phone maint	10015420 - Telephone
R & M TELEPHONE SERVICE	39862	47343	12/18/2019	01/03/2020	144.93	phone maint	10065420 - Telephone
R & M TELEPHONE SERVICE	39862	47343	12/18/2019	01/03/2020	144.93	phone maint	30215550 - WATER Information Tec
					\$434.79		
					\$434.79		
RO'VIN GARRETT, RTA	39906	91---	01/13/2020	01/17/2020	616.00	2019 CERTIFIED PARCELS	10115240 - Expendable Operating S
					\$616.00		
RODRIGUEZ, JANIE	39907	january20	01/14/2020	01/17/2020	100.00	deposit refund	10292133 - Facility Rental Deposits
					\$100.00		
SCHILHAB, BRETT	39929	january20	01/27/2020	01/27/2020	6.00	jail laundry	10055542 - Jail Expense
SCHILHAB, BRETT	39929	january20-	01/18/2020	01/27/2020	46.25	travel expense	10055130 - Training & Travel
					\$52.25		
					\$52.25		
SHERWIN-WILLIAMS	39908	5044-2	12/27/2019	01/17/2020	137.08	paint	10025310 - Building & Grounds M&
					\$137.08		
SQUARE3IT	39846	86282	12/31/2019	01/02/2020	138.98	Monitor	10115550 - Information Technology
SQUARE3IT	39846	86282	12/31/2019	01/02/2020	138.98	Monitor - Floating Office	10015550 - Information Technology
SQUARE3IT	39846	86282	12/31/2019	01/02/2020	138.98	Monitor - PD	10055550 - Information Technology
SQUARE3IT	39846	86282	12/31/2019	01/02/2020	138.98	Monitor - PW	30215550 - WATER Information Tec
SQUARE3IT	39846	86282	12/31/2019	01/02/2020	1,456.72	Windows 10 Computers	10015550 - Information Technology
SQUARE3IT	39846	86282	12/31/2019	01/02/2020	1,456.72	Windows 10 Comupters	30215550 - WATER Information Tec
SQUARE3IT	39846	86282	12/31/2019	01/02/2020	3,641.80	Windows 10 Computers	10055550 - Information Technology
					\$7,111.16		
SQUARE3IT	39909	86001	11/06/2019	01/17/2020	12.48	it services	10015550 - Information Technology
SQUARE3IT	39909	86030	11/13/2019	01/17/2020	202.50	it services	10015550 - Information Technology
SQUARE3IT	39909	86133	11/18/2019	01/17/2020	5,250.00	it services	10015550 - Information Technology
SQUARE3IT	39909	86437	12/31/2019	01/17/2020	270.00	it services	30215550 - WATER Information Tec
SQUARE3IT	39909	86437	12/31/2019	01/17/2020	1,375.57	it services	10015550 - Information Technology
					\$7,110.55		
SQUARE3IT	39912	85977	11/04/2019	01/17/2020	155.00	it services	10115550 - Information Technology
SQUARE3IT	39930	86327	12/17/2019	01/27/2020	202.50	it services	10015550 - Information Technology
					\$14,579.21		
STRAND ASSOCIATES, INC.	39931	0156531	01/24/2020	01/27/2020	15,678.75	North Water Plant Engineering	33339004 - Engineering & Surveyin
					\$15,678.75		

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T.J.'S LUBE STOP	39910	195041	12/30/2019	01/17/2020	80.49	Oil & filter change	10085365 - Other Equipment M&R
					\$80.49		
TCEQ	39866	january20	01/07/2020	01/07/2020	285.00	tceq fine for non compliance	30215660 - WATER Dues & Subscri
TCEQ	39876	gps0225617	12/31/2019	01/10/2020	100.00	stormwater permit for fy2020	10105660 - Dues & Subscriptions
					\$385.00		
TEXAS MUNICIPAL COURTS ED	39932	january20	12/17/2019	01/27/2020	59.00	training for judge zaval	10065130 - Training & Travel
					\$59.00		
TEXAS MUNICIPAL RETIREMEN	ACH.3855.010	PR120919-3855	12/10/2019	01/06/2020	8,934.08	TMRS	10292132 - Retirement Payable
TEXAS MUNICIPAL RETIREMEN	ACH.3855.010	PR122319-3855	12/23/2019	01/06/2020	7,864.21	TMRS	10292132 - Retirement Payable
					\$16,798.29		
TEXAS MUNICIPAL RETIREMEN	ACH.3855.010	january20	01/06/2020	01/06/2020	-10.00	credit to offset invoice for 5/30/2019	10292132 - Retirement Payable
TEXAS MUNICIPAL RETIREMEN	ACH.3855.010	PR053119-3855	05/30/2019	01/06/2020	10.00	TMRS	10292132 - Retirement Payable
					\$0.00		
					\$16,798.29		
THE SOURCE WEEKLY	39933	38153	01/15/2020	01/27/2020	200.00	christmas in the park ad	10015685 - Publishing & Advertising
					\$200.00		
TML HEALTH	39863	7072001a	12/16/2019	01/03/2020	19,862.52	insurance	10292136 - Insurance Payable
					\$19,862.52		
TX COMPTROLLER OF PUBLIC	39934	january20	01/27/2020	01/27/2020	5,350.54	state criminal costs and fees	10292140 - Municipal Court Costs
					\$5,350.54		
TXU ENERGY	39935	054577482168	01/07/2020	01/27/2020	118.91	electricity	10075410 - Electricity
TXU ENERGY	39935	054577482168	01/07/2020	01/27/2020	229.66	electricity	10085410 - Electricity
TXU ENERGY	39935	054577482168	01/07/2020	01/27/2020	636.79	electricity	10015410 - Electricity
TXU ENERGY	39935	054577482168	01/07/2020	01/27/2020	2,662.85	electricity	10025410 - Electricity
TXU ENERGY	39935	054577482168	01/07/2020	01/27/2020	3,108.99	electricity	30215410 - WATER Electricity
					\$6,757.20		
					\$6,757.20		
UTILITY SERVICE CO., INC.	39877	496653	01/01/2020	01/10/2020	2,254.86	Yearly contract fees	30215595 - WATER Professional Se
UTILITY SERVICE CO., INC.	39877	496654	01/01/2020	01/10/2020	1,143.96	Yearly contract fees	30215595 - WATER Professional Se
UTILITY SERVICE CO., INC.	39877	496655	01/01/2020	01/10/2020	1,437.51	Yearly contract fees	30215595 - WATER Professional Se
					\$4,836.33		
					\$4,836.33		
VERIZON WIRELESS	39936	9845375350	01/01/2020	01/27/2020	303.92	broadband	10055420 - Telephone
					\$303.92		
W.S. DARLEY & CO.	39937	17377463	10/26/2019	01/27/2020	328.41	gloves	10075190 - Uniforms
					\$328.41		

City of Richwood
Check Register
1 - Checking - Pooled Cash - 01/01/2020 to 01/31/2020

Payee Name	Reference Number	Invoice Number	Invoice Ledger Date	Payment Date	Amount	Description	Ledger Account
WASTE CONNECTIONS OF TX, L	39878	2146558	01/01/2020	01/10/2020	244.23	Public Works Service Center Dump Charges	10025245 - Dump Charges
WASTE CONNECTIONS OF TX, L	39878	2146559	01/01/2020	01/10/2020	20,840.38	Solid Waste Collection Services	30215994 - Solide Waste Charges
					<u>\$21,084.61</u>		
					\$21,084.61		
XEROX BUSINESS SOLUTIONS	ACH.5551.012	in2423307	12/27/2019	01/27/2020	100.13	copier	10065210 - Office Supplies
XEROX BUSINESS SOLUTIONS	ACH.5551.012	in2423307	12/27/2019	01/27/2020	100.13	copier	30215210 - WATER Office Supplies
XEROX BUSINESS SOLUTIONS	ACH.5551.012	in2423307	12/27/2019	01/27/2020	190.26	copier	10015210 - Office Supplies
					<u>\$390.52</u>		
					\$390.52		
Y. TELLO FLOORCARE	39864	607531	12/05/2019	01/03/2020	80.00	floor care	10085310 - Building & Grounds M&
					<u>\$80.00</u>		
YAKLIN BRAZOSPORT	39911	346967	12/27/2019	01/17/2020	787.73	VEHCILE MAINT	10055340 - Vehicle M&R
YAKLIN BRAZOSPORT	39911	347170	12/19/2019	01/17/2020	80.25	VEHCILE MAINT	10055340 - Vehicle M&R
					<u>\$867.98</u>		
					\$867.98		
					<u>\$278,561.07</u>		

CITY OF RICHWOOD
RICHWOOD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2019



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CITY OF RICHWOOD

Richwood, Texas

Annual Financial Report For the Year Ended September 30, 2019

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FINANCIAL SECTION

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Independent Auditor's Report

To The Honorable Mayor and
Members of City Council
City of Richwood
Richwood, Texas

Reports on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Richwood (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Lake Jackson
8 W Way Ct.
Lake Jackson, TX 77566
979-297-4075

El Campo
201 W. Webb St.
El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



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, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 23, general fund budgetary comparison information on pages 86 through 87, required pension related schedules on pages 88 through 95, and required OPEB schedule on page 96 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 combining and individual fund statements and 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 combining and individual fund statements and 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, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To The Honorable Mayor and
Members of City Council
City of Richwood
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020, 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 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.

KM&L, LLC

Lake Jackson, Texas
January 30, 2020

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CITY OF RICHWOOD, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2019

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

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 14,501,368 (net position). Of this amount, \$ 1,126,761 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation.
- The City's total net position increased by \$ 339,684.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 5,370,502. 26.6% of this total amount, \$ 1,427,542 (unassigned fund balance) is available for use within the City's fund designation.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 1,427,542 or 51.4% of the total general fund expenditures.
- The City reported net pension liability of \$ 826,983 and a total OPEB liability of \$ 63,376, at September 30, 2019.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when 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 the future fiscal periods (e.g., uncollected taxes).

CITY OF RICHWOOD, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2019

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from 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 administration, public safety, public works, and parks and recreation. The *business-type activities* of the City include water and sewer and sanitation operations. The government-wide financial statements can be found on pages 26 through 29 of this report.

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

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six (6) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund and the 2019A Bond Construction Fund, all of which are considered to be major funds. Data from the other three (3) governmental funds are combined into a single aggregation presentation. The governmental fund financial statements can be found on pages 30 through 34 of this report.

- **Proprietary Funds.** The City maintains one category of *proprietary funds*-Enterprise Funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its water and sewer, and sanitation operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 36 through 41 of this report.

CITY OF RICHWOOD, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2019

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. The notes to the financial statements can be found on pages 43 through 84 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund, and information concerning the City's net pension and total OPEB liability. Required supplementary information can be found on pages 86 and 96 of this report.

Combining and individual fund statements and schedules are presented following the required supplementary information. These statements and schedules can be found on pages 98 through 105 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 14,501,368 as of September 30, 2019.

The largest portion of the City's net position, \$ 8,650,951 (59.7%) reflects its investments in capital assets (e.g., land, buildings, furniture, equipment and vehicles, infrastructure, and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$ 4,723,656 (32.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$ 1,126,761 (7.8%) may be used to meet the government's ongoing obligations to citizens and creditors.

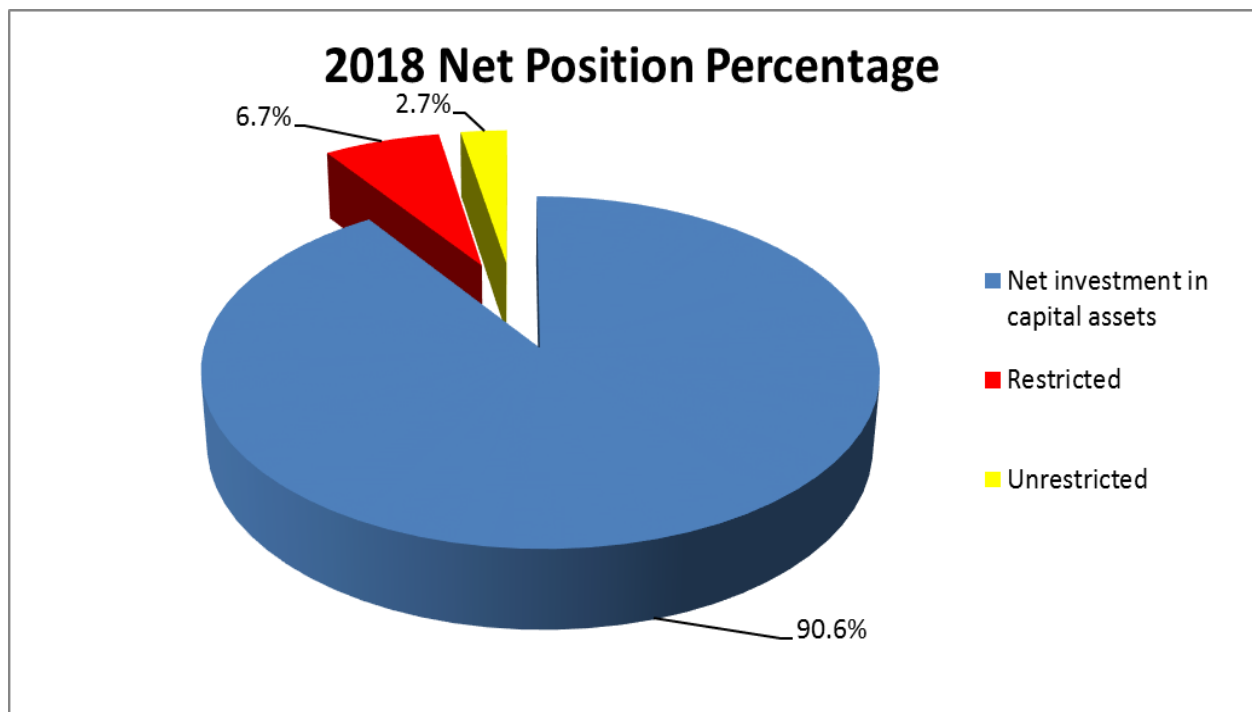
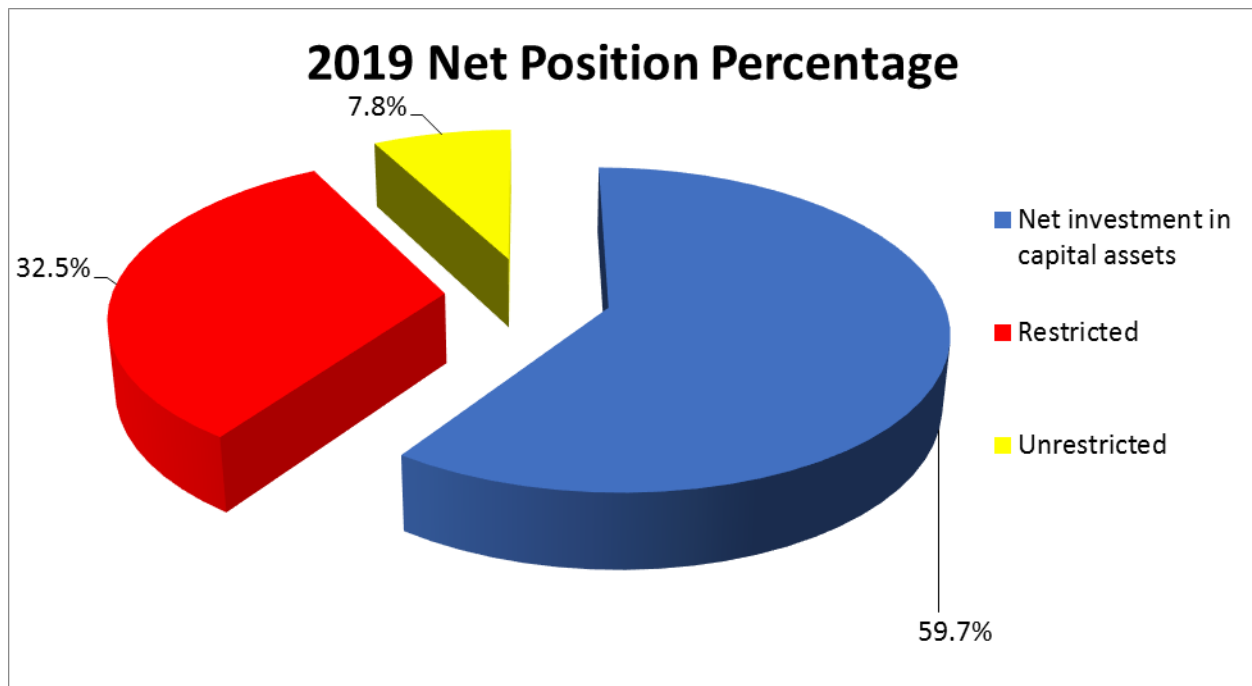
As of September 30, 2019, the City was able to report positive balances in all three categories of net position for the government as a whole and for governmental activities. Business-type activities had positive balances in net investment in capital assets and restricted net position, and a negative balance in unrestricted net position.

CITY OF RICHWOOD, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2019

STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30		September 30,	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and other assets	\$ 5,649,833	\$ 2,469,094	\$ 4,729,862	\$ 70,504	\$ 10,379,695	\$ 2,539,598
Capital assets	<u>9,123,340</u>	<u>9,291,841</u>	<u>6,579,536</u>	<u>6,547,158</u>	<u>15,702,876</u>	<u>15,838,999</u>
Total assets	<u>14,773,173</u>	<u>11,760,935</u>	<u>11,309,398</u>	<u>6,617,662</u>	<u>26,082,571</u>	<u>18,378,597</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources	<u>247,717</u>	<u>189,859</u>	<u>60,944</u>	<u>31,225</u>	<u>308,661</u>	<u>221,084</u>
Total deferred outflows of resources	<u>247,718</u>	<u>189,859</u>	<u>60,944</u>	<u>31,225</u>	<u>308,661</u>	<u>221,084</u>
LIABILITIES						
Current and other liabilities	188,990	284,177	349,128	261,425	538,118	545,602
Long-term liabilities	<u>5,554,306</u>	<u>2,423,981</u>	<u>5,782,802</u>	<u>1,272,355</u>	<u>11,337,108</u>	<u>3,696,336</u>
Total liabilities	<u>5,743,296</u>	<u>2,708,158</u>	<u>6,131,930</u>	<u>1,533,780</u>	<u>11,875,226</u>	<u>4,241,938</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources	<u>12,333</u>	<u>166,731</u>	<u>2,305</u>	<u>29,328</u>	<u>14,638</u>	<u>196,059</u>
Total deferred inflows of resources	<u>12,333</u>	<u>166,731</u>	<u>2,305</u>	<u>29,328</u>	<u>14,638</u>	<u>196,059</u>
NET POSITION						
Net Investment in capital assets	7,252,291	7,348,524	1,398,660	5,478,194	8,650,951	12,826,718
Restricted	777,443	954,061	3,946,213		4,723,656	954,061
Unrestricted	<u>1,235,527</u>	<u>773,320</u>	<u>(108,766)</u>	<u>(392,415)</u>	<u>1,126,761</u>	<u>380,905</u>
Total net position	<u>\$ 9,265,261</u>	<u>\$ 9,075,905</u>	<u>\$ 5,236,107</u>	<u>\$ 5,085,779</u>	<u>\$ 14,501,368</u>	<u>\$ 14,161,684</u>

CITY OF RICHWOOD, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2019



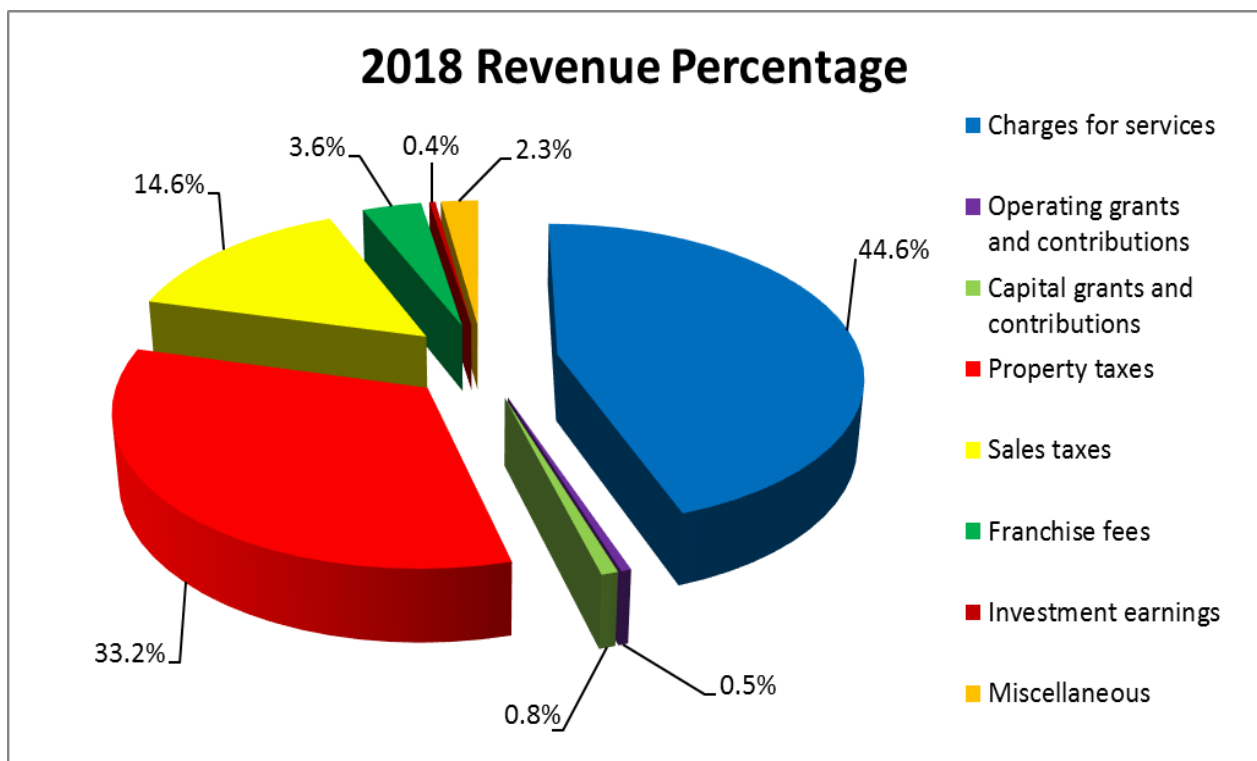
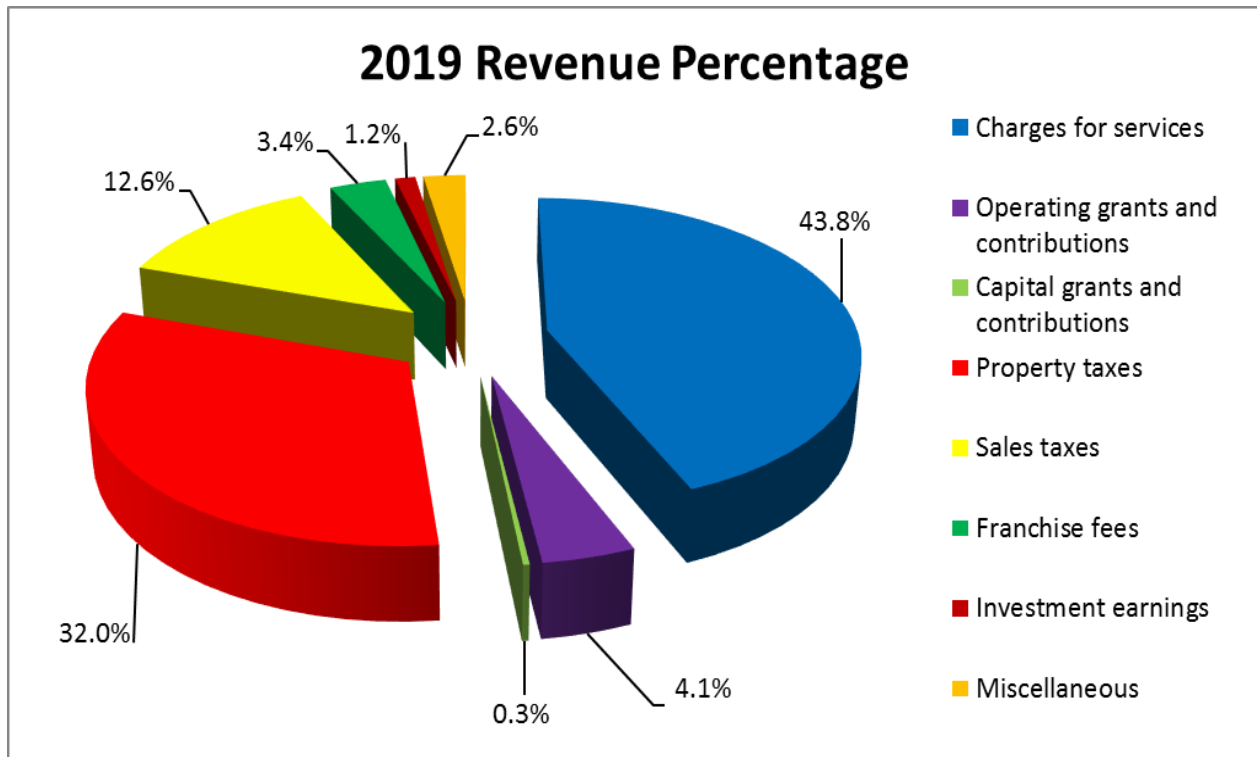
Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2019. Governmental activities increased the City's net position by \$ 189,356. Business-type activities increased the City's net position by \$ 150,328.

CITY OF RICHWOOD, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2019

STATEMENT OF ACTIVITY

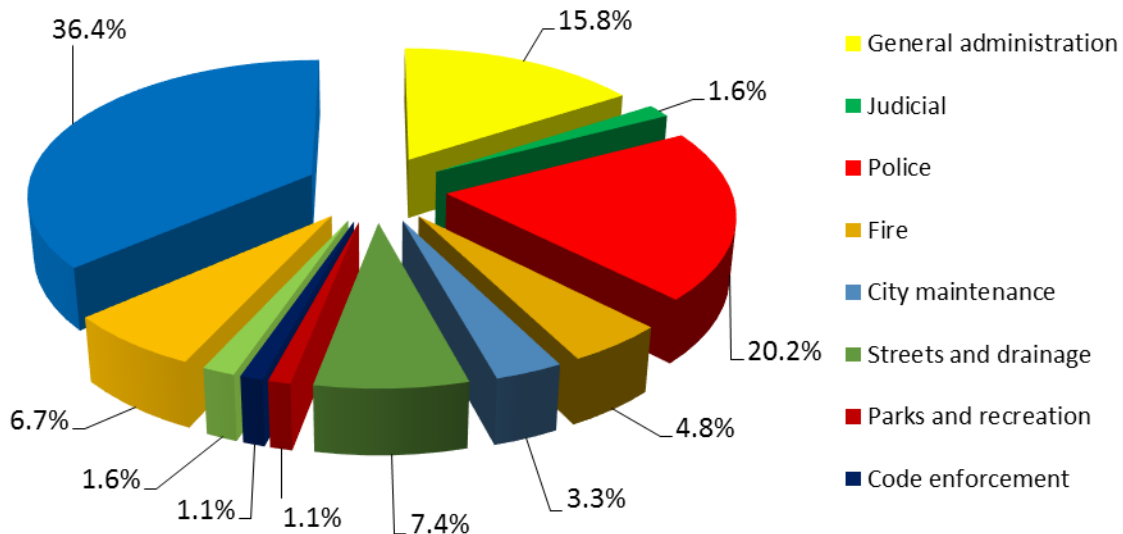
	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 445,950	\$ 367,664	\$ 2,093,316	\$ 1,950,618	\$ 2,539,266	\$ 2,318,282
Operating grants and contributions	238,584	24,097			238,584	24,097
Capital grants and contributions		40,000	16,950		16,950	40,000
General Revenues:						
Property taxes	1,854,091	1,728,060			1,854,091	1,728,060
Sales tax	726,892	759,945			726,892	759,945
Franchise fees	197,293	189,135			197,293	189,135
Investment earnings	47,899	17,475	23,064	1,908	70,963	19,383
Miscellaneous	<u>147,181</u>	<u>117,905</u>			<u>147,181</u>	<u>117,905</u>
Total revenues	<u>3,657,890</u>	<u>3,244,281</u>	<u>2,133,330</u>	<u>1,952,526</u>	<u>5,791,220</u>	<u>5,196,807</u>
Expenses:						
General administration	860,604	626,621			860,604	626,621
Judicial	86,017	132,557			86,017	132,557
Police department	1,100,837	1,103,091			1,100,837	1,103,091
Fire department	260,305	233,568			260,305	233,568
City maintenance	181,263	193,180			181,263	193,180
Streets and drainage	403,761	327,222			403,761	327,222
Parks and recreation	59,276	55,842			59,276	55,842
Code enforcement	58,731	48,494			58,731	48,494
Inspection	89,179	105,812			89,179	105,812
Interest on long-term debt	167,976	53,047	197,983	53,099	365,959	106,146
Water, sewer and sanitation			<u>1,985,604</u>	<u>1,802,474</u>	<u>1,985,604</u>	<u>1,802,474</u>
Total expenses	<u>3,267,949</u>	<u>2,879,434</u>	<u>2,183,587</u>	<u>1,855,573</u>	<u>5,451,536</u>	<u>4,735,007</u>
Increase (decrease) in net position before transfers	389,941	364,847	(50,257)	96,953	339,684	461,800
Transfers	(200,585)	3,935	200,585	(3,935)	-0-	-0-
Changes in net position	189,356	368,782	150,328	93,018	339,684	461,800
Net position – beginning	<u>9,075,905</u>	<u>8,707,123</u>	<u>5,085,779</u>	<u>4,992,761</u>	<u>14,161,684</u>	<u>13,699,884</u>
Net position - ending	<u>\$ 9,265,261</u>	<u>\$ 9,075,905</u>	<u>\$ 5,236,107</u>	<u>\$ 5,085,779</u>	<u>\$ 14,501,368</u>	<u>\$ 14,161,684</u>

CITY OF RICHWOOD, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2019

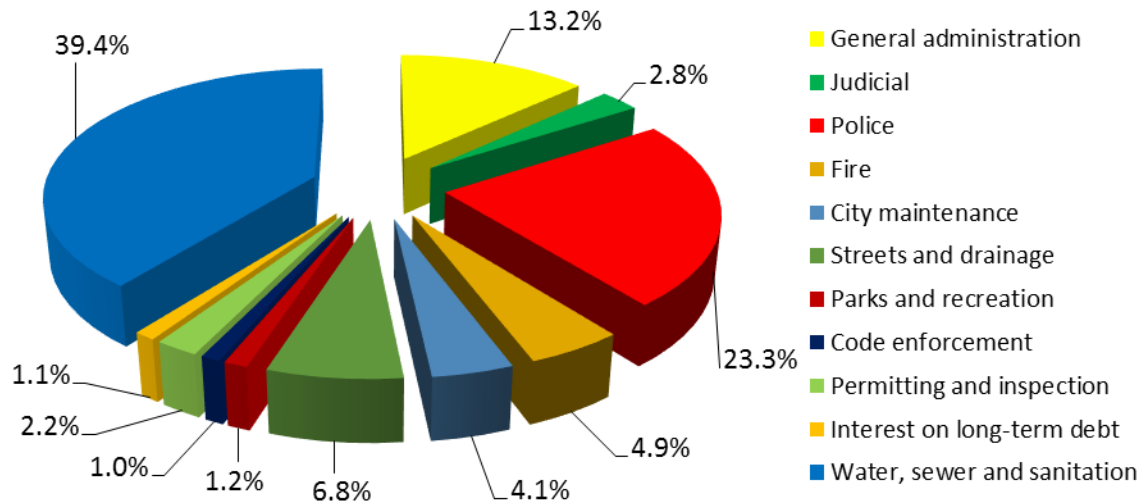


CITY OF RICHWOOD, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2019

2019 Expenses Percentage by Function



2018 Expenses Percentage by Function



CITY OF RICHWOOD, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of 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's governmental funds reported ending fund balances of \$ 5,370,502. \$ 1,427,542 (26.6%) of this total amount constitutes unassigned fund balance. The remainder of the fund balance is either non-spendable, restricted or committed to indicate that it is not available for new spending as follows: 1) \$ 18,636 for prepaid expenditures, 2) \$ 456,421 for long-term receivables, 3) \$ 109,424 for debt service, 4) \$ 6,372 for court security and technology, 5) \$ 593 for police training, 6) \$ 1,023 for seizures and forfeitures, 7) \$ 30,410 for beautification, 8) \$ 170,591 for transportation, 9) \$ 2,963,373 for capital construction, 10) 13,633 for insurance, 11) \$ 172,484 for crime control and prevention.

The General Fund fund balance increased by \$ 261,396; the Debt Service Fund fund balance increased by \$ 795, the 2019A Bond Construction Fund fund balance increased by \$2,962,573, and the Nonmajor Governmental Funds fund balance increased by \$ 9,763.

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

At September 30, 2019 the proprietary fund had a deficit of \$ 108,766 in unrestricted net position and total net position increased by \$ 150,328.

General Fund Budgetary Highlights. Actual revenues exceeded budget by \$ 435,448 mainly due to increases in intergovernmental revenue and insurance proceeds reported in miscellaneous income. Expenditures budget exceeded the actual expenditures by \$ 178,415 primarily due to spending control on general administration.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, was \$ 15,702,876 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture, equipment and vehicles, infrastructure, and construction in progress. During the year ended September 30, 2019, the City received contributed capital in the amount of \$ 16,950 which was reported within the business-type activities and enterprise fund.

CITY OF RICHWOOD, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2019

**Capital Assets at Year-end
Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2019	2018	2019	2018	2019	2018
Land	\$ 335,262	\$ 335,262	\$ 122,580	\$ 122,580	\$ 457,842	\$ 457,842
Buildings	1,571,467	1,538,440	67,734	72,328	1,639,201	1,610,768
Furniture, equipment and vehicles	856,491	924,096	79,953	64,944	936,444	989,040
Infrastructure	6,285,237	6,494,043	6,087,294	6,287,306	12,372,531	12,781,349
Construction in progress	<u>74,883</u>		<u>221,975</u>		<u>296,858</u>	
Total	<u>\$ 9,123,340</u>	<u>\$ 9,291,841</u>	<u>\$ 6,579,536</u>	<u>\$ 6,547,158</u>	<u>\$ 15,702,876</u>	<u>\$ 15,838,999</u>

Additional information on the City's capital assets can be found in Note 6 on pages 62 through 64 of this report.

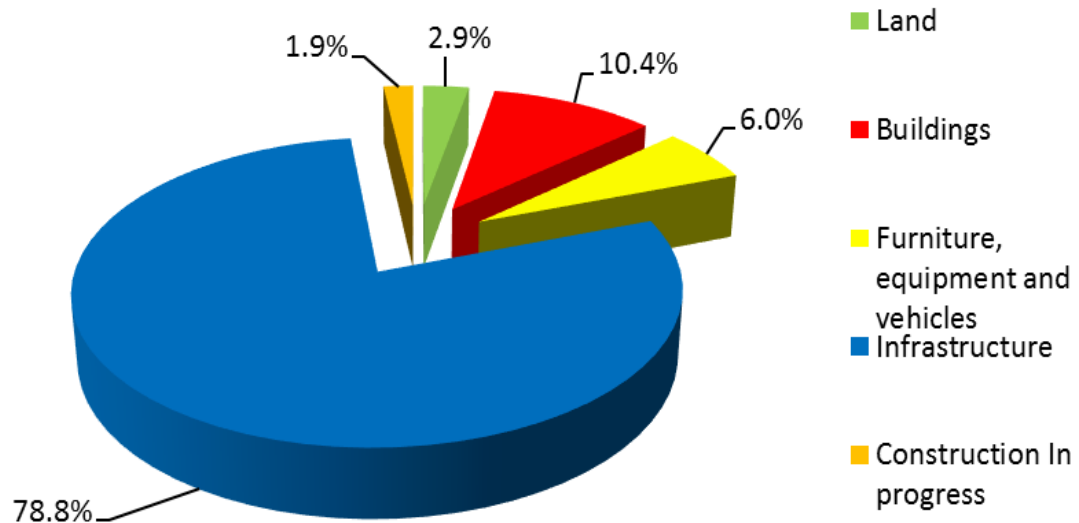
Debt Administration

At the end of the current fiscal year, the City had total long-term liabilities of \$ 11,337,108. Of this amount, \$ 9,053,713 is comprised of bonded debt backed by the full faith and credit of the City. These bonds will be retired with revenues from property and sales taxes. Further, the City has \$ 717,005 notes payable, \$ 676,031 obligations under capital lease, \$ 826,983 net pension liability, and \$ 63,376 total OPEB liability.

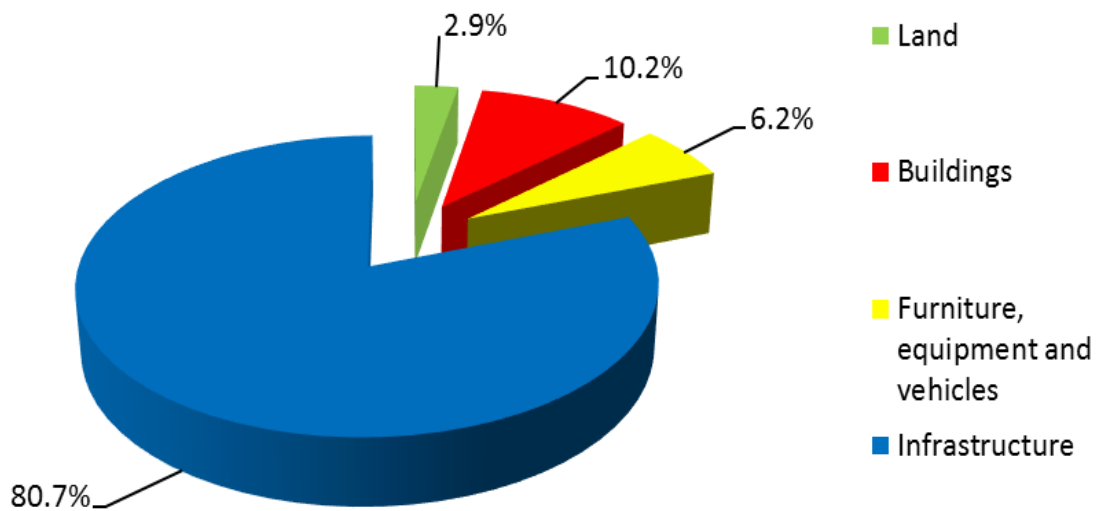
**Outstanding Debt at Year End
Bonds Payable**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Certificates of obligation bonds	\$ 1,120,000	\$ 1,225,000	\$ 740,000	\$ 805,000	\$ 1,860,000	\$ 2,030,000
General obligation bonds	2,780,000		3,750,000		6,530,000	
Notes	260,284	304,711	456,721		717,005	304,711
Capital leases	347,067	375,690	328,964	387,450	676,031	763,140
Net pension liability	691,097	430,411	135,886	69,984	826,983	500,395
Total OPEB liability	54,057	56,395	9,319	9,921	63,376	66,316
Premium on bonds	<u>301,801</u>	<u>31,774</u>	<u>361,912</u>		<u>663,713</u>	<u>31,774</u>
Total	<u>\$ 5,554,306</u>	<u>\$ 2,423,981</u>	<u>\$ 5,782,802</u>	<u>\$ 1,272,355</u>	<u>\$ 11,337,108</u>	<u>\$ 3,696,336</u>

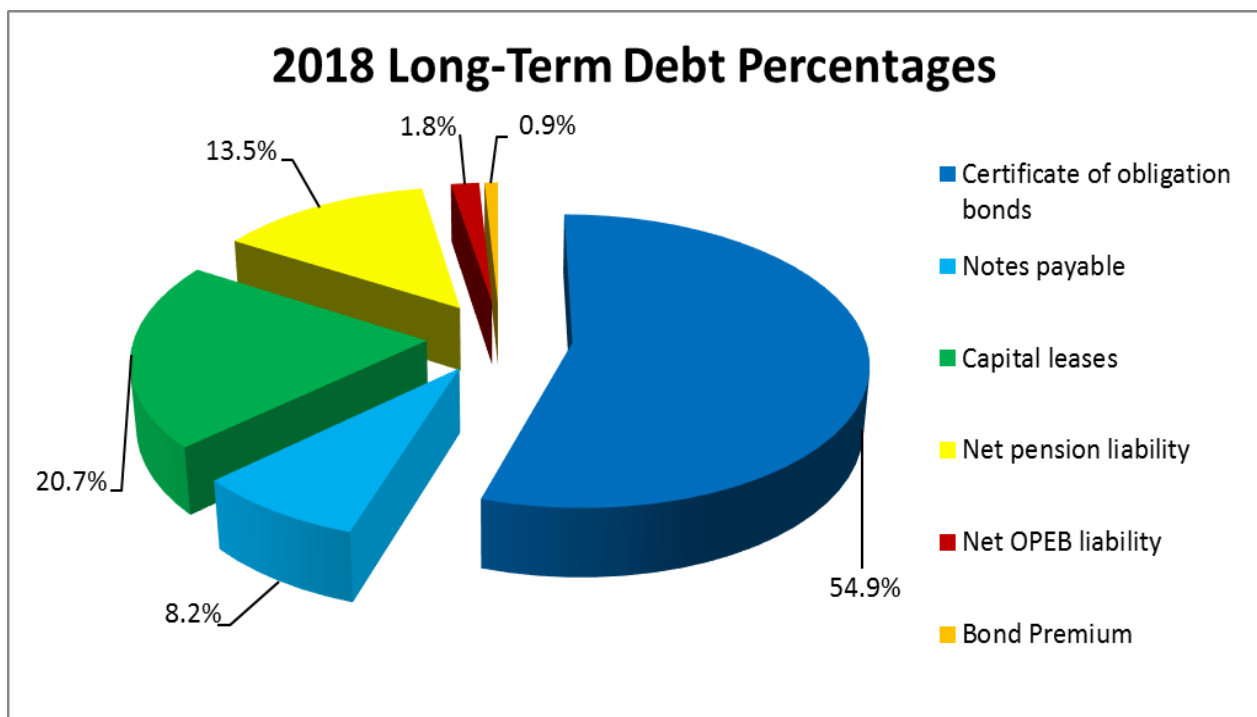
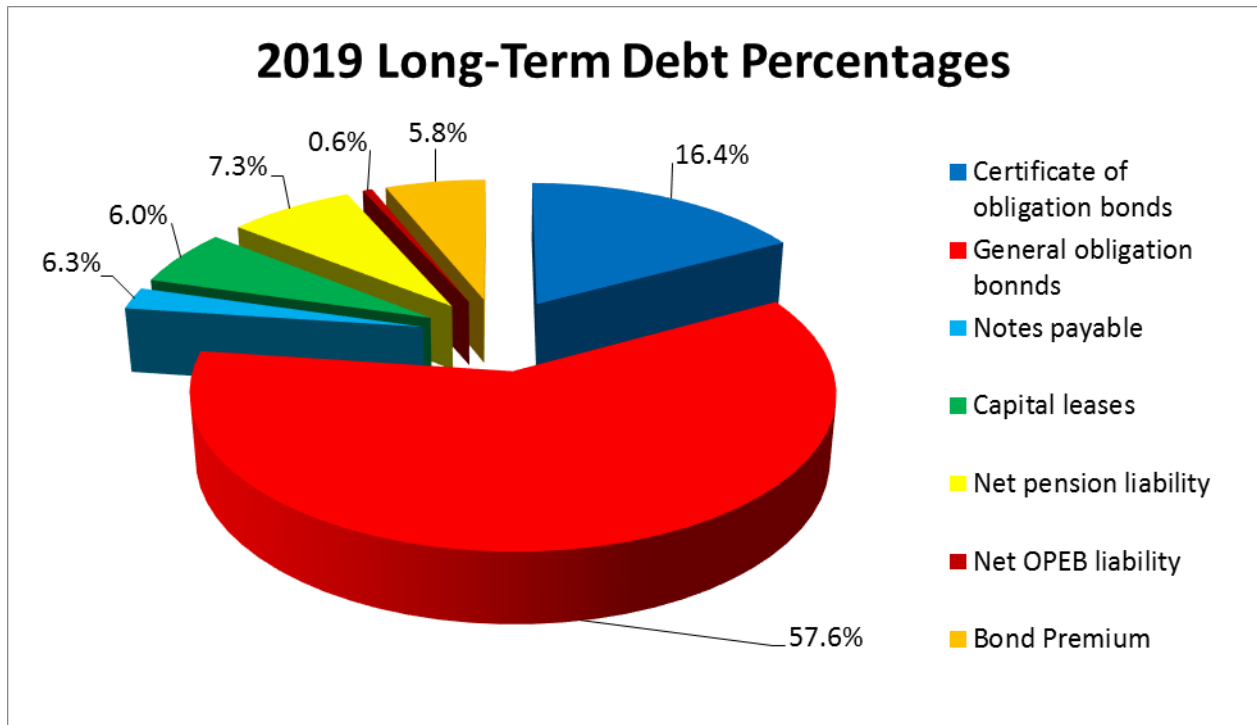
2019 Capital Assets Percentage



2018 Capital Assets Percentage



CITY OF RICHWOOD, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2019



CITY OF RICHWOOD, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2019

All of the outstanding Bonds of the City payable from its limited taxes are insured and are, therefore, rated "Aaa" by Moody's Investors Service Inc ("Moody's"), and "AAA" by Standard & Poor's ("S&P"). The underlying rating on all of such Bonds and other obligations payable from such source are "A1" by Moody's and "A+" by S&P.

Additional information on the City's long term debt can be found in Note 7 on pages 64 through 68 of this report.

Economic Factors and Next Year's Budgets and Rates

Revenues and expenditures budgeted for all funds in Fiscal Year 2019-2020 and Fiscal Year 2018-2019 is provided below. There revenues and expenditures budgeted between the two fiscal years is higher in FY20 than the previous year.

Differences in revenue are due in part to the property tax rate of \$ 0.670204, which is recognized in the General Fund. While the ad valorem tax rate remained the same from FY19, additions to the tax roll will generate an additional estimated \$ 71,848, and property tax revenue is estimated to increase by \$ 177,227 for existing properties.

In October 2019, Council adopted an ordinance to increase the utility fee rates in the water, sewer, and solid waste services, in order to generate adequate revenue to meet bond payment obligations which become due in February 2020. The Series 2019B General Obligation bond will in the amount of \$ 4,000,000 will pay for a new water plant to increase water pressure and provide additional water line add-on capacity. The City expects to expend all bond proceed exhaustively by FY21.

Other changes between FY19 and FY20 budgets were accomplished to provide a more transparent presentation of funds, their sources of revenues and use of funds. For example, within the Enterprise Fund, Solid Waste was moved into a Solid Waste Fund. Additional funds were created for 2019 Bond Capital Projects dedicated to the Series 2019A bond issuance and 2019 Bond Utility Capital Projects Fund dedicated to the 2019B bond issuance. The Finance Department was separated from the Administration budget within the General Fund to provide more clarity on departmental expenditures, however, the creation of the Finance Department within the General Fund did not increase the budget.

	FY19	FY20	Difference
Total Revenues & Sources of Funds	5,122,750	5,987,836	865,086
Total Expenditures & Uses of Funds	5,058,572	13,191,903	8,133,331

Request for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Secretary, 1800 N. Brazosport Blvd, Richwood, Texas, 77531, or call (979) 265-2082.

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BASIC FINANCIAL STATEMENTS

CITY OF RICHWOOD

Richwood, Texas

STATEMENT OF NET POSITION

September 30, 2019

	Governmental Activities	Business- Type Activities	Total
ASSETS:			
Cash and temporary investments	\$ 4,743,984	\$ 95,666	\$ 4,839,650
Investments	211,885	72,724	284,609
Receivables (Net):			
Taxes	176,050		176,050
Accounts	104,909	321,276	426,185
Accrued interest	897	194	1,091
Interfund accounts	(63,011)	63,011	-0-
Due from other governments	62		62
Prepaid expenses	18,636	25,817	44,453
Restricted Assets:			
Temporarily Restricted:			
Cash and temporary investments		4,122,511	4,122,511
Investments		28,555	28,555
Accrued interest		108	108
Long-term receivables (payables)	456,421		456,421
Capital Assets (Net of Accumulated Depreciation):			
Land	335,262	122,580	457,842
Buildings	1,571,467	67,734	1,639,201
Furniture, equipment and vehicles	856,491	79,953	936,444
Infrastructure	6,285,237	6,087,294	12,372,531
Construction in progress	74,883	221,975	296,858
Total assets	<u>14,773,173</u>	<u>11,309,398</u>	<u>26,082,571</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	<u>247,717</u>	<u>60,944</u>	<u>308,661</u>
Total deferred outflows of resources	<u>247,717</u>	<u>60,944</u>	<u>308,661</u>

(continued)

CITY OF RICHWOOD

Richwood, Texas

STATEMENT OF NET POSITION - Continued

September 30, 2019

	Governmental Activities	Business- Type Activities	Total
LIABILITIES:			
Accounts payable	\$ 141,153	\$ 135,852	\$ 277,005
Accrued interest payable	25,270	8,615	33,885
Unearned revenue	22,567		22,567
Current portion of long term liability		72,911	72,911
Liabilities Payable from Restricted Assets:			
Accounts payable and accrued expenses		34,011	34,011
Accrued interest payable		35,659	35,659
Bonds payable		85,000	85,000
Customer deposits		135,291	135,291
Noncurrent Liabilities:			
Net pension liability	691,097	135,886	826,983
Total OPEB liability	54,057	9,319	63,376
Due within one year	287,960		287,960
Due in more than one year	<u>4,521,192</u>	<u>5,479,386</u>	<u>10,000,578</u>
Total liabilities	<u>5,743,296</u>	<u>6,131,930</u>	<u>11,875,226</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	<u>12,333</u>	<u>2,305</u>	<u>14,638</u>
Total deferred inflows of resources	<u>12,333</u>	<u>2,305</u>	<u>14,638</u>
NET POSITION:			
Net investment in capital assets	7,252,291	1,398,660	8,650,951
Restricted For:			
Seizures and forfeitures	1,023		1,023
Debt service	112,033		112,033
Capital construction		3,946,213	3,946,213
Transportation	170,591		170,591
Special revenue	30,410		30,410
Court security and technology	6,372		6,372
Police training	593		593
Enterprise fund (Long-term receivable)	456,421		456,421
Unrestricted	<u>1,235,527</u>	<u>(108,766)</u>	<u>1,126,761</u>
Total net position	<u>\$ 9,265,261</u>	<u>\$ 5,236,107</u>	<u>\$ 14,501,368</u>

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

CITY OF RICHWOOD

Richwood, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General administration	\$ 860,604	\$ 111,281	\$ 237,389	\$
Judicial	86,017	4,058		
Police department	1,100,837	157,819	1,195	
Fire department	260,305			
City maintenance	181,263			
Streets and drainage	403,761	138,779		
Parks and recreation	59,276	3,585		
Code enforcement	58,731	30,428		
Inspection	89,179			
Interest on long-term debt	<u>167,976</u>			
Total governmental activities	<u>3,267,949</u>	<u>445,950</u>	<u>238,584</u>	<u>-0-</u>
Business-type Activities:				
Water, sewer and sanitation	<u>2,183,587</u>	<u>2,093,316</u>		<u>16,950</u>
Total business-type activities	<u>2,183,587</u>	<u>2,093,316</u>	<u>-0-</u>	<u>16,950</u>
Total	<u>\$ 5,451,536</u>	<u>\$ 2,539,266</u>	<u>\$ 238,584</u>	<u>\$ 16,950</u>
General Revenue:				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Sales taxes				
Franchise fees				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Changes in net position				
Net position – beginning				
Net position – ending				

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business- Type Activities	Total
\$(511,934)	\$	\$(511,934)
(81,959)		(81,959)
(941,823)		(941,823)
(260,305)		(260,305)
(181,263)		(181,263)
(264,982)		(264,982)
(55,691)		(55,691)
(28,303)		(28,303)
(89,179)		(89,179)
(167,976)		(167,976)
(2,583,415)	-0-	(2,583,415)
	(73,321)	(73,321)
-0-	(73,321)	(73,321)
(2,583,415)	(73,321)	(2,656,736)
1,686,417		1,686,417
167,674		167,674
726,892		726,892
197,293		197,293
47,899	23,064	70,963
147,181		147,181
(200,585)	200,585	-0-
2,772,771	223,649	2,996,420
189,356	150,328	339,684
9,075,905	5,085,779	14,161,684
\$ 9,265,261	\$ 5,236,107	\$ 14,501,368

CITY OF RICHWOOD

Richwood, Texas

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2019

	General Fund	Debt Service Fund	2019A Bond Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets and Deferred Outflows of Resources</u>					
Assets:					
Cash and temporary investments	\$ 1,538,777	\$ 65,649	\$ 2,962,573	\$ 176,985	\$ 4,743,984
Investments	165,269	46,616			211,885
Receivables (net of allowance for uncollectibles):					
Taxes	172,976	3,074			176,050
Accounts	416			14,891	15,307
Accrued interest	724	164		9	897
Due from other government	57	5			62
Due from other funds	4,358			13,223	17,581
Prepaid expenditures	18,636				18,636
Long-term receivables	<u>395,538</u>			<u>60,883</u>	<u>456,421</u>
Total assets	<u>2,296,751</u>	<u>115,508</u>	<u>2,962,573</u>	<u>265,991</u>	<u>5,640,823</u>
Deferred Outflows of Resources:					
Deferred outflows of resources					-0-
Total deferred outflows of resources		-0-	-0-	-0-	-0-
Total assets and deferred outflows of resources	<u>\$ 2,296,751</u>	<u>\$ 115,508</u>	<u>\$ 2,962,573</u>	<u>\$ 265,991</u>	<u>\$ 5,640,823</u>

(continued)

CITY OF RICHWOOD

Richwood, Texas

**BALANCE SHEET
GOVERNMENTAL FUNDS - Continued**

September 30, 2019

	General Fund	Debt Service Fund	2019A Bond Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued expenditures	\$ 137,846	\$	\$	\$ 3,307	\$ 141,153
Due to other funds	77,117	3,475			80,592
Unearned revenue	<u>22,567</u>				<u>22,567</u>
Total liabilities	<u>237,530</u>	<u>3,475</u>	<u>-0-</u>	<u>3,307</u>	<u>244,312</u>
Deferred Inflows of Resources:					
Deferred inflows of resources – property taxes	<u>23,400</u>	<u>2,609</u>			<u>26,009</u>
Total deferred inflows of resources	<u>23,400</u>	<u>2,609</u>	<u>-0-</u>	<u>-0-</u>	<u>26,009</u>
Fund Balances:					
Non-spendable:					
Prepaid items	18,636				18,636
Long-term receivables	395,538				395,538
Restricted:					
Debt service		109,424			109,424
Court security and technology	6,372				6,372
Police training	593				593
Seizure and forfeiture	1,023				1,023
Beautification				30,410	30,410
Long -term receivable				60,883	60,883
Transportation				170,591	170,591
Capital construction			2,962,573	800	2,963,373
Committed:					
Insurance	13,633				13,633
Crime control and prevention	172,484				172,484
Unassigned	<u>1,427,542</u>				<u>1,427,542</u>
Total fund balances	<u>2,035,821</u>	<u>109,424</u>	<u>2,962,573</u>	<u>262,684</u>	<u>5,370,502</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,296,751</u>	<u>\$ 115,508</u>	<u>\$ 2,962,573</u>	<u>\$ 265,991</u>	<u>\$ 5,640,823</u>

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

CITY OF RICHWOOD

Richwood, Texas

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

September 30, 2019

Total fund balances – governmental funds balance sheet	\$ 5,370,502
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include \$ 15,462,379 in assets less \$ 6,339,039 in accumulated depreciation.	9,123,340
Property taxes receivables unavailable to pay for current period expenditures are deferred in the funds. Deferred property tax revenues for the general fund and the debt service fund amounted to \$ 23,400 and \$ 2,609, respectively.	26,009
Municipal court receivables unavailable to pay for current period expenditures are not recognized in the governmental funds. Municipal court receivables of \$ 597,346, net of allowance of \$ 507,744.	89,602
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds increases long-term liabilities in the governmental activities statement of net position. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds was \$ 301,801 (premium on sale of bonds of \$ 322,351 less amortization of \$ 20,550)	(301,801)
Pension deferred outflows of resources of \$ 246,696 less deferred inflows of resources of \$ 10,775.	235,921
Payables for net pension liability are not reported in the funds.	(691,097)
OPEB deferred outflows of resources of \$ 1,021 less deferred inflows of resources of \$ 1,558.	(537)
Payables for total OPEB liability is not reported in the funds.	(54,057)
Payables for bond and notes principal and capital lease are not reported in the funds.	(4,507,351)
Payables for bond and notes interest are not reported in the funds.	(<u>25,270</u>)
Net position of governmental activities – statement of net position.	\$ <u>9,265,261</u>

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

CITY OF RICHWOOD

Richwood, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	General Fund	Debt Service Fund	2019A Bond Construction Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property taxes	\$ 1,683,122	\$ 167,389	\$	\$	\$ 1,850,511
Sales taxes	726,892				726,892
Franchise fees	197,293				197,293
Revenue producing facilities	10,092				10,092
Fines and fees	100,872				100,872
Licenses and permits	104,774				104,774
Inspection fees	30,428				30,428
Investment earnings	38,937	739	5,264	2,959	47,899
Intergovernmental	238,584				238,584
Transportation				138,779	138,779
Miscellaneous	135,040			16,199	151,239
Total revenues	<u>3,266,034</u>	<u>168,128</u>	<u>5,264</u>	<u>157,937</u>	<u>3,597,363</u>
Expenditures:					
Current:					
General administration	804,357				804,357
Judicial	83,476				83,476
Police department	1,005,771				1,005,771
Fire department	194,486				194,486
City maintenance	169,186				169,186
Streets and drainage	141,316			70,230	211,546
Parks and recreation	42,227			14,569	56,796
Code enforcement	57,621				57,621
Permitting and inspection	87,438				87,438
Capital outlay	125,902			88,801	214,703
Debt Service:					
Principal retirement	60,658	117,392			178,050
Interest and agent fees	6,189	148,892			155,081
Total expenditures	<u>2,778,627</u>	<u>266,284</u>	<u>-0-</u>	<u>173,600</u>	<u>3,218,511</u>
Excess of revenues over (under) expenditures	<u>487,407</u>	<u>(98,156)</u>	<u>5,264</u>	<u>(15,663)</u>	<u>378,852</u>
Other Financing Sources (Uses):					
Bond proceeds		98,951	2,681,049		2,780,000
Bond premium proceeds			276,260		276,260
Transfer in	104,410			41,000	145,410
Transfer out	(330,421)			(15,574)	(345,995)
Total other financing sources	<u>(226,011)</u>	<u>98,951</u>	<u>2,957,309</u>	<u>25,426</u>	<u>2,855,675</u>
Net changes in fund balances	261,396	795	2,962,573	9,763	3,234,527
Fund balances – beginning	<u>1,774,425</u>	<u>108,629</u>	<u>-0-</u>	<u>252,921</u>	<u>2,135,975</u>
Fund balances - ending	<u>\$ 2,035,821</u>	<u>\$ 109,424</u>	<u>\$ 2,962,573</u>	<u>\$ 262,684</u>	<u>\$ 5,370,502</u>

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

CITY OF RICHWOOD

Richwood, Texas

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

For the Year Ended September 30, 2019

Net change in fund balances – total governmental funds	\$ 3,234,527
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital outlay of \$ 245,205 less depreciation of \$ 413,706 in the current period.	(168,501)
Property tax revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the funds. Deferred property tax revenues for the general fund increased by \$ 3,295 and for the debt service fund increased by \$ 285, respectively.	3,580
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities statement of net position. The amount was for general obligation bonded debt in the amount of \$ 178,050.	178,050
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the governmental activities statement of net position. Long-term proceeds in the governmental fund was \$ 2,780,000.	(2,780,000)
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the governmental activities statement of net assets. This amount is accreted over the life of the bonds. Premium on the issuance of bonds and amortization of the premium of bonds were \$ 276,260 and \$ 6,233, respectively.	(270,027)
Governmental funds report pension payments as expenditures. However, in the governmental activities statement of activities, the pension cost is calculated by an actuary and involves multiple factors. The amount of pension expense reported was \$ 42,597 more than the amount reported in the funds.	(42,597)
Governmental funds report OPEB payments as expenditures. However, in the governmental activities statement of activities, the OPEB cost is calculated by an actuary and involves multiple factors. The amount of OPEB expense reported was \$ 3,495 more than the amount reported in the funds.	(3,495)
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the change in accrued interest on long-term debt.	(19,128)
Municipal court revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the funds. Municipal court receivables, net of allowance, increased by \$ 56,947.	<u>56,947</u>
Change in net position of governmental activities	<u>\$ 189,356</u>

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

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CITY OF RICHWOOD

Richwood, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUND

September 30, 2019

	<u>Enterprise Fund</u>
<u>Assets and Deferred Outflows of Resources</u>	
Current Assets:	
Cash and temporary investment	\$ 95,666
Investments	72,724
Receivables – Net of Uncollectibles:	
Accounts receivable	320,182
Other receivable	1,094
Accrued interest receivable	194
Due from other fund	66,351
Prepaid expenses	<u>25,817</u>
Total current unrestricted assets	<u>582,028</u>
Current Restricted Assets:	
Cash and cash equivalents	4,122,511
Investments	28,555
Accrued interest receivable	<u>108</u>
Total current restricted assets	<u>4,151,174</u>
Total current assets	<u>4,733,202</u>
Capital Assets:	
Property, plant and equipment	12,512,807
Less accumulated depreciation	<u>(5,933,271)</u>
Net capital assets	<u>6,579,536</u>
Total assets	<u>11,312,738</u>
Deferred Outflows of Resources:	
Deferred outflows of resources	<u>60,944</u>
Total deferred outflows of resources	<u>60,944</u>
Total assets and deferred outflows of resources	<u>\$ 11,373,682</u>

(continued)

CITY OF RICHWOOD

Richwood, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUND - Continued

September 30, 2019

	<u>Enterprise Fund</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 135,852
Accrued interest payable	8,615
Due to other funds	3,340
Current portion of long term liability	<u>72,911</u>
Total current liabilities	<u>220,718</u>
Current Liabilities Payable from Restricted Assets:	
Accounts payable and accrued expenses	34,011
Accrued interest payable	35,659
Customer deposits	135,291
Revenue bonds payable	<u>85,000</u>
Total current liabilities payable from restricted assets	<u>289,961</u>
Total current liabilities	<u>510,679</u>
Noncurrent Liabilities:	
Notes payable - other funds	456,421
Capital lease payable	268,168
Bonds payable	4,754,797
Net pension liability	135,886
Total OPEB liability	<u>9,319</u>
Total noncurrent liabilities	<u>5,624,591</u>
Total liabilities	<u>6,135,270</u>
Deferred Inflows of Resources:	
Deferred inflows of resources	<u>2,305</u>
Total deferred inflows of resources	<u>2,305</u>
Net Position:	
Net investment in capital assets	1,398,660
Restricted	3,946,213
Unrestricted	<u>(108,766)</u>
Total net position	<u>5,236,107</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 11,373,682</u>

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

CITY OF RICHWOOD

Richwood, Texas

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND**

For the Year Ended September 30, 2019

	Enterprise Fund
Operating Revenues:	
Water fees	\$ 929,500
Sewer fees	828,865
Garbage fees	281,229
Delinquent charges	26,467
Tap and reconnect fees	21,731
Miscellaneous	<u>5,524</u>
Total operating revenues	<u>2,093,316</u>
Operating Expenses:	
Personnel costs	377,926
Sewer treatment plant operations	348,419
Water costs – BWA	267,618
Sanitation	269,611
Operating leases	143,208
Utilities and telephone	57,319
Repairs and maintenance	122,155
Supplies	44,344
Other costs	<u>58,733</u>
Operating expenses before depreciation	1,689,333
Depreciation	<u>296,271</u>
Total operating expenses	<u>1,985,604</u>
Operating income	<u>107,712</u>
Non-Operating Revenues (Expenses):	
Investment earnings	23,064
Interest expense and agent fees	<u>(197,983)</u>
Total non-operating revenues (expenses)	<u>(174,919)</u>
Loss before contributions and operating transfers	<u>(67,207)</u>
Capital contributions	16,950
Transfer in	304,995
Transfer out	<u>(104,410)</u>
Change in net position	150,328
Net position – beginning of year	<u>5,085,779</u>
Net position – end of year	<u><u>\$ 5,236,107</u></u>

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

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CITY OF RICHWOOD

Richwood, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND**

For the Year Ended September 30, 2019

	Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 2,065,315
Payments to other funds	(67,307)
Payments to suppliers	(1,283,254)
Payments to employees	<u>(369,368)</u>
Net cash provided by operating activities	<u>345,386</u>
Cash Flows from Non-Capital Financing Activities:	
Operating transfers in	<u>200,585</u>
Net cash provided by non-capital financing activities	<u>200,585</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from sale of bonds	4,111,912
Acquisition of capital assets	(311,699)
Long-term note payments	(125,939)
Bond principal payments	(65,000)
Capital lease payments	(58,486)
Interest and fiscal charge payments	<u>(170,351)</u>
Net cash provided by capital and related financing activities	<u>3,380,437</u>
Cash Flows from Investing Activities:	
Proceeds from the sale of investments	355,278
Purchase of investments	(402,654)
Interest received	<u>22,889</u>
Net cash used for investing activities	<u>(24,487)</u>
Change in cash and cash equivalents	3,901,921
Cash and cash equivalents at the beginning of year	<u>316,256</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 4,218,177</u></u>

(continued)

CITY OF RICHWOOD

Richwood, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - Continued**

For the Year Ended September 30, 2019

	Enterprise Fund
Reconciliation of Operating Income to Net Cash Provided by	
Operating Activities:	
Operating income	\$ <u>107,712</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by	
Operating Activities:	
Depreciation	296,271
Increase (decrease) in:	
Accounts receivable	(34,677)
Other receivables	275
Due from other funds	(66,351)
Prepaid expenses	(25,817)
Deferred outflows of resources	(29,719)
Accounts payable and accrued expenses	53,970
Due to other funds	(956)
Customer deposits	6,401
Pension liability	65,902
OPEB liability	(602)
Deferred inflows of resources	<u>(27,023)</u>
Total adjustments	<u>237,674</u>
Net cash provided by operating activities	\$ <u><u>345,386</u></u>
Non-Cash Transactions Affecting Financial Position:	
Contributed capital from other governments	\$ <u><u>16,950</u></u>
Net non-cash transactions affecting financial position	\$ <u><u>16,950</u></u>

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

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

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CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Richwood (the City) operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, public services (utility facilities), public recreation, public benefits (health and welfare), and general administrative services.

The City prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The City's Financial Statements are in accordance with GASB Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38 "Certain Financial Statement Disclosures" which changes the note disclosure requirements in the financial statements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The GASB Statement No. 34 reporting model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The following is a summary of the most significant accounting policies.

Reporting Entity

The City is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the City's financial reporting entity. Based on these considerations, the City's basic financial statements do not include any other entities. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity - Continued

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The members of City council (the "members") are elected by the public and have the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14. and No. 34". There are no component units included within the reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report financial information on all of the nonfiduciary activities of the primary government. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *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 program and 2) operating or capital grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-wide and Fund Financial Statements - Continued

Interfund activities between governmental funds appear as due to/due from on the Governmental Funds Balance Sheet and as other resources and other uses on the Governmental Funds Statement of Revenues, Expenditure and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and proprietary funds remain as receivables and payables on the government-wide statement of net position.

Separate financial statements are provided for governmental funds and proprietary funds. The City does not have any fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has only one proprietary fund.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, municipal court revenues 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. All other revenue items are considered measurable and available only when cash is received by the government.

The City has presented the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The *Debt Service Fund* accounts for the accumulation of resources for the annual payment of general long-term debt principal and interest of the governmental funds.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

The *Capital Projects Fund (2019A Bond Construction Fund)* accounts for the proceeds of the 2019A General Obligation Bonds issued for street and road improvements; sidewalk construction and improvements; drainage improvements and flood control projects.

The City reports the following major proprietary fund:

The Enterprise Fund is used to account for the provision of water, sewer and sanitation services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility and sanitation customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) 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 City's Enterprise Fund are charges to customers for sales and services. The City also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the Enterprise Fund includes 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 City's policy to use restricted resources first, and then unrestricted resources as they are needed.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB No. 83 "Certain Asset Retirement Obligations" was issued in November 2016. The statement was implemented and did not have a material effect on the City's financial statements. The requirements of this Statement are effective for periods beginning after June 15, 2018.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

GASB No. 84 "Fiduciary Activities" was issued in January 2017. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this Statement are effective for periods beginning after December 15, 2018.

GASB No. 87 "Leases" was issued in June 2017. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this Statement are effective for periods beginning after December 15, 2019.

GASB No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements" was issued in April 2018. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" was issued in June 2018. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 90 "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61" was issued in August 2018. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB No. 91 "Conduit Debt Obligations" was issued in May 2019. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

Budgetary Data

All departments of the City submit requests for appropriation to the City Secretary so that a budget may be prepared. The budget is prepared by fund and includes requested appropriations for the next year. The proposed budget is presented to the Mayor and City Council for review. The City Council holds budget workshops and may add to, subtract from, or change appropriations. A public hearing is held prior to adoption.

Once the budget is adopted, expenditures may not legally exceed total appropriations at the fund level. Line item and department budgets may exceed appropriated amounts at the discretion of the City Council as long as total expenditures for the fund do not exceed appropriated amounts. Revisions to the budget were made during the year. Appropriations not exercised in the current year lapse at the end of the year.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data- Continued

The City adopts annual budgets for all significant governmental fund types (General Fund, Debt Service Fund, and Special Revenue Fund) and proprietary fund type (Enterprise Fund).

The City prepares its annual budget on a generally accepted accounting principles basis (GAAP basis). The budget and all transactions are presented in accordance with the City's GAAP basis in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General, Debt Service and Enterprise Fund to provide a meaningful comparison of actual results with the budget.

Encumbrances

The City utilizes encumbrance accounting, in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executor contracts), and are used to control expenditures for the period and to enhance cash management. The City often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

Prior to the end of the current period, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at the current period end, the City likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, as noted earlier, outstanding encumbrances are not considered expenditures for the current period. If the City allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at current period-end are included in restricted, committed or assigned fund balance, as appropriate. The City had no outstanding encumbrances as September 30, 2019.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and short-term investments with an original maturity date of three months or less. For purposes of the cash flow statement, cash and temporary investments are considered cash equivalents. Temporary investments are stated at cost. State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventory

The City uses the purchase method of accounting for inventory. In the purchase method of accounting for inventory, purchases of gasoline and office supplies are recorded as expenditures when acquired. Inventory on hand at the end of the year is recorded as an asset and a reservation of fund balance if significant. Inventory at September 30, 2019 was not significant and therefore, is not recorded.

Interfund 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 outstanding balances between funds are reported as "due to/from other funds". The City had no advances between funds. See Note 5 for additional discussion of interfund receivables and payables.

Capital Assets

Capital assets, which includes land, buildings, furniture, equipment and vehicles, infrastructure, and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are reported at acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. During the year ended September 30, 2019, no capitalized interest was recorded.

Assets capitalized have an original cost of \$ 5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	31-40 Years
Furniture, equipment and vehicles	5-10 Years
Infrastructure:	
Water and sewer system	45 Years
General infrastructure assets	40-45 Years

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes - Continued

The appraisal and recording of all property within the City is the responsibility of the Brazoria County Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. BCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the City, may challenge orders of the BCAD Review Board through various appeals and, if necessary, legal action.

The assessed value of the property tax roll on July 13, 2018, upon which the levy for the 2018-19 fiscal year was based, was \$ 274,076,451. Taxes are delinquent if not paid by January 31. Delinquent taxes are subject to penalty and Interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2019, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$ 0.609627 and \$ 0.060577 per \$ 100 valuation, respectively, for a total of \$ 0.670204 per \$ 100 valuation.

Current tax collections for the year ended September 30, 2019 were 100.79% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2019, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 27,741 and \$ 3,074 for the general and debt service funds, respectively.

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pension Plans and OPEB Plans

For purposes of measuring the net pension liability, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expenses, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) 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.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The City has not recorded any bond premiums and discounts. Bond issuance costs are reported as expenditures or expenses in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The City has not received any premiums and or discounts on debt issuances.

Fund Balances

The City Council of Trustees meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The City's Unassigned General Fund Balance is maintained to provide the City with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the City Council. Fund Balance of the City may be committed for a specific source by formal action of the City Council. Amendments or modifications of the committed fund balance must also be approved by formal action by the City Council. When it is appropriate for fund balance to be assigned, the City Council delegates authority to the City Manager or City Secretary. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balances - Continued

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

Non-Spendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions of enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal resolution or ordinance by the Board of Trustees.

Assigned Fund Balance - Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given (interim city manager). With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amount had been restricted, committed or assigned.

As of September 30, 2019, non-spendable fund balance includes \$ 18,636 for prepaid expenditures, \$ 395,538 for long-term receivable in the general fund. Restricted fund balances include \$ 109,424 for debt service in the debt service fund, \$ 6,372 for court security and technology, \$ 593 for police training, \$ 1,023 for seizures and forfeitures, in the general fund, \$ 30,410 for beautification, \$ 60,883 for long-term receivable and \$ 170,591 for transportation in the special revenue funds, and \$ 2,962,573 for capital construction, and \$ 800 for capital construction in the capital projects funds. Committed fund balance includes \$ 13,633 for insurance, and \$ 172,484 for crime control and prevention in the general fund. Unassigned fund balance includes \$ 1,427,542 in the general fund.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**Net Position**

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

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES

The City classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased had a maturity date of three months or less.

Cash and temporary investments, and investments, as reported on the statement of net position at September 30, 2019, are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Temporary Investments:			
Cash (petty cash accounts)	\$ 800	\$	\$ 800
Financial Institution Deposits:			
Demand deposits	811,721	102,894	914,615
Certificates of deposit	198,079		198,079
Local Government Investment Pool:			
Texpool	3,230,007		3,230,007
TexStar	262,253		262,253
Logic	<u>336,790</u>	<u>4,019,617</u>	<u>4,356,407</u>
Total cash and temporary investments	4,839,650	4,122,511	8,962,161
Investments:			
Financial Institution Deposits:			
Certificates of deposit	<u>284,609</u>	<u>28,555</u>	<u>313,164</u>
Total	<u>\$ 5,182,353</u>	<u>\$ 4,092,972</u>	<u>\$ 9,275,325</u>

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to them. The City requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

All deposits with financial institutions must be collateralized in an amount equal to 100 percent of uninsured balances. At year end, except for \$ 800 of petty cash, the carrying amount of the City's deposits was \$ 1,425,858, while the financial institution balances totaled \$ 1,484,130. Of the financial institution balances, \$ 383,744 was covered by federal depository insurance, and \$ 1,100,386 was covered by collateral held by the City's agent in the City's name.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the investment policy, which is approved by the City Council. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes and "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the City will deposit funds is addressed. The City's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The City's management believes it complied with the requirements of the PFIA and the City's investment policy.

The City's Investment Officer submits an investment report each quarter to the City Council. The report details the investment positions of the City and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - Continued

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

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009;
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010;
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011;
4. Banker's acceptances as permitted by Government Code 2256.012;
5. Commercial paper as permitted by Government Code 2256.013;
6. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014;
7. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015; and
8. Public funds investment pools as permitted by Government Code 2256.016.

The City is invested in a certificate of deposit at Brazos National Bank and First National Bank to provide its liquidity needs. It has a maturity of less than 365 days. This investment is insured, registered, or the City's agent holds the securities in the City's name; therefore, the City is not exposed to custodial credit risk.

The City participates in three Local Government Investment Pools (LGIPs): TexPool, Logic, and TexSTAR. The State Comptroller oversees TexPool and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over Logic and TexSTAR, advisory boards consisting of participants or their designees, maintains oversight responsibility for Logic and TexSTAR.

The City invests in TexPool, Logic, and TexSTAR to provide its liquidity needs. TexPool, Logic, and TexSTAR are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool, Logic, and TexSTAR are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. TexPool, Logic, and TexSTAR are rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit. At September 30, 2019 TexPool, Logic, and TexSTAR had a weighted average maturity of 36 days, 22 days, and 47 days, respectively. Although TexPool, Logic, and TexSTAR portfolios had a weighted average maturity of 36 days, 22 days, and 47 days, respectively, the City considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued**Investments** - Continued

The following table includes the portfolio balances of all investment types of the City at September 30, 2019.

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Weighted Average Maturity (Days)</u>	<u>Investment Balance</u>
Certificate of Deposit	12-09-19	0.50%	70	\$ 106,623
Certificate of Deposit	12-31-19	1.55%	92	126,217
Certificate of Deposit	01-14-20	1.50%	106	58,925
Certificate of Deposit	10-31-19	1.30%	31	91,456
Certificate of Deposit	01-29-20	1.55%	121	<u>128,022</u>
Total Certificates of Deposit			67	<u>511,243</u>
Local Government Investment Pool:				
TexPool	N/A	Varies daily	36	3,230,007
TexSTAR	N/A	Varies daily	22	262,253
Logic	N/A	Varies daily	47	<u>4,356,407</u>
Total Local Government Investment Pool			39	<u>7,848,667</u>
Total investments			41	<u>\$ 8,359,910</u>

Credit Risk - As of September 30, 2019, the LGIPs (which represent approximately 93.9% of the investment portfolio) are rated AAAM by Standard and Poor's or AAA by Finch, while the remainder is invested in fully secured certificates of deposit.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lessor of a dollar weighted average maturity of 365 days of the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the City's cash flow requirements.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - Continued

Fair Value – The City categorizes its fair value measurements within the fair value hierarchy established by GASB No 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The City holds no investments which are measured at fair value as of September 30, 2019.

Derivatives

Interest in derivative products has increased in recent years. Derivatives are investment products, which may be a security or contract, which derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The City made no direct investments in derivatives during the year ended September 30, 2019, and holds no direct investments in derivatives at September 30, 2019.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019**NOTE 3 - RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS****Governmental Funds**

Receivables as of September 30, 2019, for the government's individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Taxes:				
Property	\$ 45,462	\$ 5,114	\$	\$ 50,576
Sales	128,564			128,564
Franchise	16,671			16,671
Accounts	416		14,891	15,307
Accrued interest	724	164	9	897
Due from other governments	<u>57</u>	<u>5</u>		<u>62</u>
	191,894	5,283	14,900	212,077
Accounts	<u>17,721</u>	<u>2,040</u>		<u>19,761</u>
Net total receivable	<u>\$ 174,173</u>	<u>\$ 3,243</u>	<u>\$ 14,900</u>	<u>\$ 192,316</u>

Proprietary Fund

Proprietary fund accounts receivable is comprised of \$ 320,182 due from charges for services provided to customers, \$ 1,094 for other miscellaneous items, and \$ 194 for accrued interest. The City specifically identifies accounts to be written off prior to year-end. Accordingly, an allowance for doubtful accounts is not considered necessary.

Municipal Court Receivables

Municipal court receivables are reported in the governmental activities statement of net position. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to municipal court assessments is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. Municipal court receivables and the allowance for uncollectible for the year ended September 30, 2019 were \$ 597,346 and \$ 507,744, respectively.

NOTE 4 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES AND UNEARNED REVENUE**Governmental Funds**

Governmental funds defer the recognition of revenue in connection with receivables that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue). Unearned revenue was \$ 22,567 as of September 30, 2019. Deferred inflows of resources (delinquent property taxes receivable) were \$ 23,400 in general fund and \$ 2,609 in debt service fund as of September 30, 2019.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 4 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES AND UNEARNED REVENUE - Continued

Governmental and Business-Type Activities

Governmental and business-type activities defer the recognition of pension expense for contributions made from the measurement date to the current year-end of September 30, 2018 and report these as deferred outflows of resources. Governmental and business-type activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental and business-type activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of September 30, 2019, the various components of deferred inflows and outflows of resources reported in the governmental and business-type activities were as follows:

<u>Governmental Activities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension deferred inflows/outflows of resources less amortization - TMRS	\$ 148,719	\$ 7,388
Pension contributions subsequent to the measurement date - TMRS	86,746	
Pension deferred inflows/outflows of resources less amortization - TESRS	234	3,387
Pension contributions subsequent to the measurement date - TESRS	10,997	
OPEB Deferred inflows/outflows of resources less amortization - TMRS		1,558
OPEB contributions subsequent to the measurement date - TMRS	<u>1,021</u>	
Totals	<u>\$ 247,717</u>	<u>\$ 12,333</u>

Business-Type Activities

Pension deferred inflows/outflows of resources less amortization - TMRS	\$ 38,326	\$ 1,904
Pension contributions subsequent to the measurement date - TMRS	22,355	
OPEB Deferred inflows/outflows of resources less amortization - TMRS		401
OPEB contributions subsequent to the measurement date - TMRS	<u>263</u>	
Totals	<u>\$ 60,944</u>	<u>\$ 2,305</u>
Total TMRS pension deferred inflows and outflows of resources	<u>\$ 296,146</u>	<u>\$ 9,292</u>
Total TESRS pension deferred inflows and outflows of resources	<u>\$ 11,231</u>	<u>\$ 3,387</u>
Total OPEB deferred inflows and outflows of resources	<u>\$ 1,284</u>	<u>\$ 1,959</u>

As of September 30, 2019, the various components of unearned revenue reported in the general fund were as follows:

	<u>Unearned Revenue</u>
Grant receipts	\$ 20,000
Garbage advance receipts	<u>2,567</u>
Total unearned revenue from the general fund	<u>\$ 22,567</u>

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS****Interfund Receivables and Payables**

Interfund balances at September 30, 2019 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund:		
Special Revenue Funds:		
Beautification	\$	\$ 1,000
Transportation		8,966
Debt service fund	3,475	
Capital Project Fund:		
General Capital Projects Fund		800
Enterprise fund	<u>883</u>	<u>66,351</u>
Total general fund	<u>4,358</u>	<u>77,117</u>
Special Revenue Funds:		
Beautification Fund:		
General Fund	1,000	
Enterprise Fund	2,457	
Transportation Fund:		
General Fund	<u>8,966</u>	
Total enterprise fund	<u>12,423</u>	<u>-0-</u>
Debt Service Fund:		
General fund	<u>-0-</u>	<u>3,475</u>
Capital Project Fund:		
General Capital Projects Fund:		
General Fund	<u>800</u>	<u>-0-</u>
Enterprise Fund:		
General Fund	66,351	883
Special Revenue Fund:		
Beautification Fund		<u>2,457</u>
Total enterprise fund	<u>66,351</u>	<u>3,340</u>
Totals	<u>\$ 83,932</u>	<u>\$ 83,932</u>

Interfund balances represent short-term borrowing primarily for cash flow purposes. These include revenue or expenditure/expenses adjustment between funds at or near year-end.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**Interfund Receivables and Payables**

At September 30, 2018, the Enterprise Fund had \$ 582,360 of long-term payables to the governmental funds. The council decided to charge interest of 1.9% on the balance of \$ 582,360 and planned to pay back the balance from Enterprise Fund to the governmental funds in fifteen years. During the year ended September 30, 2019, \$ 9,185 of principal and \$ 1,225 of interest were paid. On February 26, 2019 the council of the City amended the loan balance between the governmental funds and the enterprise fund to \$ 456,421 and also decided to only require repayment and charge interest in fiscal year 2019 and repel the remaining repayment schedule.

Interfund Transfers

Interfund transfers for the year ended September 30, 2019 consisted of the following individual fund transfers in and transfers out.

<u>Fund</u>	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund:		
Special Revenue Funds:		
Beautification	\$	\$ 1,000
Capital Project Fund:		
General capital projects fund		40,000
Enterprise Fund	<u>104,410</u>	<u>289,421</u>
Total general fund	<u>104,410</u>	<u>330,421</u>
Special Revenue Funds:		
Beautification Fund:		
General Fund	1,000	
Transportation Fund:		
Enterprise Fund		<u>15,574</u>
Total general fund	<u>1,000</u>	<u>15,574</u>
Capital Project Fund:		
General Capital Projects Fund:		
General Fund	<u>40,000</u>	<u>-0-</u>
Enterprise Fund:		
General Fund	289,421	104,410
Special Revenue Funds:		
Transportation	<u>15,574</u>	
Total enterprise fund	<u>304,995</u>	<u>104,410</u>
Totals	<u>\$ 450,405</u>	<u>\$ 450,405</u>

These transfers were approved by the City council as transfers of funds to cover planned expenditures /expenses.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 6 - CAPITAL ASSETS

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

	<u>Balance 10-01-18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 09-30-19</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 335,262	\$	\$	\$ 335,262
Construction in progress		74,883		74,883
Total capital assets, not being depreciated	<u>335,262</u>	<u>74,883</u>	<u>-0-</u>	<u>410,145</u>
Capital Assets, Being Depreciated:				
Buildings	1,933,025	79,700		2,012,725
Equipment, vehicles, furniture and fixtures	2,593,932	90,622	(112,646)	2,571,908
Infrastructure	<u>10,467,601</u>			<u>10,467,601</u>
Total capital assets, being depreciated	<u>14,994,558</u>	<u>170,322</u>	<u>(112,646)</u>	<u>15,052,234</u>
Less Accumulated Depreciation For:				
Buildings	394,585	46,673		441,258
Equipment, vehicles, furniture and fixtures	1,669,836	158,227	(112,646)	1,715,417
Infrastructure	<u>3,973,558</u>	<u>208,806</u>		<u>4,182,364</u>
Total accumulated depreciation	<u>6,037,979</u>	<u>413,706</u>	<u>(112,646)</u>	<u>6,339,039</u>
Total capital assets, being depreciated, net	<u>8,956,579</u>	<u>(234,384)</u>	<u>-0-</u>	<u>8,713,195</u>
Governmental activities capital assets, net	<u>\$ 9,291,841</u>	<u>\$ (168,501)</u>	<u>\$ -0-</u>	<u>\$ 9,123,340</u>
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 122,580	\$	\$	\$ 122,580
Construction in progress		221,975		221,975
Total capital assets, not being depreciated	<u>122,580</u>	<u>221,975</u>	<u>-0-</u>	<u>344,555</u>
Capital Assets, Being Depreciated:				
Buildings	193,270			193,270
Equipment, vehicles, furniture and fixtures	299,296	31,229		330,525
Infrastructure	<u>11,569,012</u>	<u>75,445</u>		<u>11,644,457</u>
Total capital assets, being depreciated	<u>12,061,578</u>	<u>106,674</u>	<u>-0-</u>	<u>12,168,252</u>

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 6 - CAPITAL ASSETS - Continued

	Balance 10-01-18	Additions	Retirements	Balance 09-30-19
Less Accumulated Depreciation For:				
Buildings	120,942	4,594		125,536
Equipment, vehicles, furniture and fixtures	234,352	16,220		250,572
Infrastructure	<u>5,281,706</u>	<u>275,457</u>		<u>5,557,163</u>
Total accumulated depreciation	<u>5,637,000</u>	<u>296,271</u>	-0-	<u>5,933,271</u>
Total capital assets, being depreciated, net	<u>6,424,578</u>	(189,597)	-0-	<u>6,234,981</u>
Business-type activities capital assets, net	<u>\$ 6,547,158</u>	<u>\$ 32,378</u>	<u>\$ -0-</u>	<u>\$ 6,579,536</u>

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

Governmental Activities:

General administration	\$ 48,465
City maintenance	9,815
Streets and drainage	217,497
Police department	75,806
Fire department	59,643
Parks and recreation	<u>2,480</u>
Total depreciation expense-governmental activities	<u>\$ 413,706</u>

Business-type Activities:

Total depreciation expense-business-type activities	<u>\$ 296,271</u>
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Construction Commitments

	Projects Authorized	Expended To Date	Commitment	Requiring Further Financing
Governmental Activities:				
Drainage study	\$ 25,283	\$ 25,283	\$	\$
Paving Assessment plan	25,000	25,000		
South Yaupon sidewalks	<u>36,000</u>	<u>24,601</u>	<u>11,399</u>	
Total governmental activities	<u>\$ 86,283</u>	<u>\$ 74,884</u>	<u>\$ 11,399</u>	<u>\$ -0-</u>
Business-type Activities:				
Water system study	\$ 31,000	30,999	1	
Sewer improvements	190,000	16,950	173,050	
Wastewater/water master plan & impact fee	123,700	98,332	25,368	
North water plant	<u>472,365</u>	<u>75,695</u>	<u>396,670</u>	
Total business-type activities	<u>\$ 817,065</u>	<u>\$ 221,976</u>	<u>\$ 595,089</u>	<u>\$ -0-</u>

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 6 - CAPITAL ASSETS - Continued**Contributed Capital**

During the year ended September 30, 2019 the City received contributed capital in the amount of \$ 16,950 which was reported within business-type activities.

NOTE 7 - LONG-TERM DEBT**General Obligation Bonds/Certificates of Obligation**

In July 2011, the City issued City of Richwood, Texas General Obligation Refunding Bonds, Series 2011 in the amount of \$ 740,000 to refund the City of Richwood, Texas Tax and Revenue Certificates of Obligation Bonds, Series 1999. Interest rate for these bonds is 3.13%.

In July 2012, the City issued City of Richwood, Texas Combined Tax and Revenue Certificates of Obligation Bonds, Series 2012 in the amount of \$ 1,115,000 to fund the purchase and construction of the new city hall.

In July 2019, the City issued City of Richwood, General Obligation Bonds, Series 2019A in the amount of \$ 2,780,000 to fund street and road improvements; sidewalk construction and improvements; drainage improvements and flood control projects. Interest rates on these bonds range from 3.00% to 4.00%.

General obligation bonds and certificates of obligation payable for governmental activities at September 30, 2019, are summarized as follows:

	Interest Rates %	Series Dates			Bonds Outstanding 09/30/19
		Issued	Maturity	Callable	
General Obligation Refunding Bonds, Series 2011	3.13%	2011	2024		\$ 325,000
Certificate of Obligation Bond, Series 2012	2.00-3.50%	2012	2032		795,000
General Obligation Bond, Series 2019A	3.00-4.00%	2019	2039		<u>2,780,000</u>
Total					<u>\$ 3,900,000</u>

General obligation bond transactions for the year ended September 30, 2019 were as follows:

Bonds outstanding, October 1, 2018	\$ 1,225,000
Issued	2,780,000
Maturities	<u>(105,000)</u>
Bonds outstanding, September 30, 2019	<u>\$ 3,900,000</u>

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 7 - LONG-TERM DEBT - Continued**General Obligation Bonds/Certificates of Obligation - Continued**

The following is a summary of general obligation and certificate of obligation bond requirements for governmental activities by year as of September 30, 2019:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 210,000	\$ 144,143	\$ 354,143
2021	255,000	129,794	384,794
2022	265,000	122,060	387,060
2023	260,000	114,026	374,026
2024	265,000	105,866	370,866
2025-2029	1,015,000	424,225	1,439,225
2030-2034	925,000	241,225	1,166,225
2035-2039	<u>705,000</u>	<u>85,000</u>	<u>790,000</u>
Total	<u>\$ 3,900,000</u>	<u>\$ 1,366,339</u>	<u>\$ 5,266,339</u>

Notes

During the year ended September 30, 2013, the City received a loan of \$ 300,000 from the First National Bank of Lake Jackson to finance the completion of the City Hall building. Quarterly principal and interest payments of \$ 5,347 are required with a 3.75% interest rate. During the year ended September 30, 2019, the City paid \$ 12,392 in principle and \$ 8,997 in interest.

The following is the note repayment schedule as of September 30, 2019:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 16,155	\$ 10,581	\$ 26,736
2021	13,478	7,911	21,389
2022	13,990	7,399	21,389
2023	14,522	6,867	21,389
2024	15,074	6,314	21,388
2025-2029	84,419	22,524	106,943
2030-2033	<u>74,498</u>	<u>5,709</u>	<u>80,207</u>
Total	<u>\$ 232,136</u>	<u>\$ 67,305</u>	<u>\$ 299,441</u>

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 7 - LONG-TERM DEBT - Continued

Notes - Continued

During the year ended September 30, 2016, the City received a loan of \$ 20,000 from the First State Bank of Clute to finance the purchase of tools. Annually principal and interest payments of \$ 7,332 are required with a 4.50% interest rate. During the year ended September 30, 2019, the City paid \$ 7,045 in principle and \$ 533 in interest and the loan was paid in full.

During the year ended September 30, 2017, the City received a loan of \$ 98,493 from the First National Bank of Lake Jackson to finance the purchase of equipment. Monthly principal and interest payments of \$ 2,213 are required with a 3.75% interest rate. During the year ended September 30, 2018, the City paid \$ 24,990 in principle and \$ 1,675 in interest. The following is the note repayment schedule as of September 30, 2019:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 25,942	\$ 613	\$ 26,555
2021	<u>2,206</u>	<u>7</u>	<u>2,213</u>
Total	<u>\$ 28,148</u>	<u>\$ 620</u>	<u>\$ 28,768</u>

Revenue Bonds/Certificates of Obligation

In July 2004, the City issued \$ 500,000 of City of Richwood, Texas Combination Tax and Revenue Certificates of Obligation, Series 2004 to finance improvements to the existing wastewater system (the "Project"). Interest rates on these bonds range from 2.75% to 5.70%. These certificates of obligation were purchased by the Texas Water Development Board.

In July 2011, the City issued \$ 770,000 of City of Richwood, Texas Combination Tax and Revenue Certificates of Obligation, Series 2011 to finance improvements to the existing wastewater system. Interest rates on these bonds were 3.89%.

In July 2019, the City issued City of Richwood, General Obligation Bonds, Series 2019B in the amount of \$ 3,750,000 to fund acquisition, design, construction, equipping, and improvement of water and wastewater facilities, and for the purchase of materials, supplies, machinery, and rights-of-way related thereto. Interest rates on these bonds range from 3.00% to 4.00%.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 7 - LONG-TERM DEBT - Continued**Revenue Bonds/Certificates of Obligation - continued**

Revenue and certificates of obligation payable from business-type activities at September 30, 2019, are summarized as follows:

	Interest Rates %	Series Dates			Bonds Outstanding 09/30/19
		Issued	Maturity	Callable	
Certificates of Obligation:					
Combination Tax and Revenue, Series 2004	2.75 - 5.70	2004	2025		\$ 205,000
Combination Tax and Revenue, Series 2011	3.89	2011	2031	2020	535,000
General Obligation Bond, Series 2019B	3.00 – 4.00	2019	2049		<u>3,750,000</u>
Total					<u>\$ 4,490,000</u>

Revenue bonds and certificates of obligation transactions for the year ended September 30, 2019 were as follows:

Bonds outstanding, October 1, 2018	\$ 805,000
Issued	3,750,000
Maturities	<u>(65,000)</u>
Bonds outstanding, September 30, 2019	<u>\$ 4,490,000</u>

The following is a summary of revenue, certificates of obligation and general obligation bond requirements for business type activities by year as of September 30, 2019:

Year Ending September 30,	Principal	Interest	Total Requirements
2020	\$ 85,000	\$ 183,335	\$ 268,335
2021	115,000	168,428	283,428
2022	155,000	163,777	318,777
2023	190,000	157,914	347,914
2024	210,000	150,940	360,940
2025-2029	945,000	653,415	1,598,415
2030-2034	785,000	488,608	1,273,608
2035-2039	670,000	347,200	1,017,200
2040-2044	665,000	213,400	878,400
2045-2049	<u>670,000</u>	<u>80,200</u>	<u>750,200</u>
Total	<u>\$ 4,490,000</u>	<u>\$ 2,607,217</u>	<u>\$ 7,097,217</u>

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 7 - LONG-TERM DEBT - Continued

Transactions for the year ended September 30, 2019 are summarized as follows:

	Balance 10-01-18	Issues or Additions	Payments or Expenditures	Balance 09-30-19	Due Within One Year
Governmental Type Activities:					
Certificates of obligation	\$ 1,225,000	\$	\$ 105,000	\$ 1,120,000	\$ 110,000
General obligation bonds		2,780,000		2,780,000	100,000
Notes payable	304,711		44,427	260,284	42,907
Capital lease*	375,690		28,623	347,067	19,061
Premium	31,774	276,260	6,233	301,801	15,992
Net pension liability**	430,411	559,895	299,209	691,097	
Total OPEB liability***	<u>56,395</u>	<u>3,557</u>	<u>5,895</u>	<u>54,057</u>	
 Total governmental activities	<u>2,423,981</u>	<u>3,619,712</u>	<u>489,387</u>	<u>5,554,306</u>	<u>287,960</u>
 Business Type Activities:					
Certificates of obligation	805,000		65,000	740,000	65,000
General obligation bonds		3,750,000		3,750,000	20,000
Notes payable (other funds)	582,360		125,939	456,421	
Capital lease*	387,450		58,486	328,964	60,796
Bond premium		365,397	3,485	361,912	12,115
Net pension liability**	69,984	133,928	68,026	135,886	
Total OPEB liability***	<u>9,921</u>	<u>917</u>	<u>1,519</u>	<u>9,319</u>	
 Total business type activities	<u>1,854,715</u>	<u>4,250,242</u>	<u>322,455</u>	<u>5,782,502</u>	<u>157,911</u>
 Less Portion Payable from Restricted Assets:					
Certificates of obligation	65,000	65,000	65,000	65,000	65,000
General obligation bonds		20,000		20,000	20,000
 Net business-type activities	<u>1,789,715</u>	<u>4,165,242</u>	<u>257,455</u>	<u>5,697,502</u>	<u>72,911</u>
 Total government (net)	<u>\$ 4,213,696</u>	<u>\$ 7,784,954</u>	<u>\$ 746,842</u>	<u>\$ 11,251,808</u>	<u>\$ 360,871</u>

*See Note 8 for capital lease.

**See Notes 10 and 11 for net pension liability.

***See Note 12 for total OPEB liability.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 8 - LEASES**Capital Lease**

In January 2014, the Water and Sewer enterprise fund of the City entered into \$ 600,000 Equipment Lease Purchase Agreement with Green Campus Partners, LLC under a capital lease. The interest rate related to the lease obligation is 3.95% and the maturity date is January 2024. The City will have the option to purchase the Equipment, upon giving written notice to Lessor at least 30 days before the date of purchase and may exercise the option on or after January 31, 2020. At September 30, 2019, the option purchase price was \$ 338,833. During the year ended September 30, 2019, \$ 58,486 of lease expenses and \$ 15,304 of interest expenses related to this lease were paid.

The following is a schedule showing the future minimum lease payments at September 30, 2019:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 60,796	\$ 12,994	\$ 73,790
2021	63,198	10,593	73,791
2022	65,694	8,096	73,790
2023	68,289	5,501	73,790
2024	<u>70,987</u>	<u>2,804</u>	<u>73,791</u>
Total	<u>\$ 328,964</u>	<u>\$ 39,988</u>	<u>\$ 368,952</u>

In November 2017, the General fund of the City entered into \$ 375,690 Equipment Lease Purchase Agreement with Community First National Bank under a capital lease. The interest rate related to the lease obligation is 3.93% and the maturity date is November 2032. The City will have the option to purchase the Equipment, upon giving written notice to Lessor at least 30 days before the date of purchase. During the year ended September 30, 2019, \$ 28,623 of lease expenses and \$ 3,981 of interest expenses related to this lease were paid.

The following is a schedule showing the future minimum lease payments at September 30, 2019:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 19,061	\$ 13,652	\$ 32,713
2021	19,810	12,902	32,712
2022	20,590	12,122	32,712
2023	21,400	11,313	32,713
2024	22,241	10,471	32,712
2025-2029	125,037	38,524	163,561
2030-2032	<u>118,928</u>	<u>11,920</u>	<u>130,848</u>
Total	<u>\$ 347,067</u>	<u>\$ 110,904</u>	<u>\$ 457,971</u>

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 8 - LEASES - Continued**Operating Leases**

On May 1, 2015 and October 1, 2015, the City entered into two (governmental activities) and one (business-type activities) sixty month copier leases with monthly payments of \$ 168, and \$ 64 (governmental activities) and \$ 331 (business-type activities) that expire on April 30, 2020 and September 30, 2020. These leases are considered for accounting purposes to be operating leases. Total governmental activities and business-type activities lease expenditures/expenses for the year ended September 30, 2019 were \$ 2,781 and \$ 3,643, respectively. The following are the minimal lease payments required under these leases:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
2020	\$ 2,006	\$ 4,305	\$ 6,311
2021	<u>64</u>	<u>331</u>	<u>395</u>
Total	<u>\$ 2,070</u>	<u>\$ 4,636</u>	<u>\$ 6,706</u>

Total rental expenditures / expenses for the year ended September 30, 2019 were \$ 8,800.

On February 26, 2010, the City's Enterprise Fund entered into an interlocal waste water transmission line lease agreement, an operating lease, with the City of Clute. The lease requires quarterly payments on January 15, April 15, July 15, and October 15 of each year from 2010 to 2025. The lease requires total payments of \$ 2,413,627 with varying quarterly payment. During the year ended September 30, 2019 the business-type activities reported expenses in the amount of \$ 139,550. The following are the minimal lease payments required under this lease:

<u>Year Ending September 30,</u>	<u>Total Requirements</u>
2020	140,524
2021	142,953
2022	144,989
2023	147,095
2024	149,275
2025	151,532
2026	<u>38,025</u>
Total	<u>\$ 914,393</u>

NOTE 9 - JOINT OPERATIONS

The City is party to an agreement with the City of Clute to share costs associated with the operation of a sewer treatment plant. The percentage for sharing the operating expenses (excluding maintenance and capital outlay) is determined based upon the metered flow of wastewater for each City. For the year ended September 30, 2019, the City of Richwood's portion of these expenses was determined to be 24.26%, which amounted to \$ 208,761. Further, the City of Richwood shares in 25.00% of maintenance costs (including capital acquisitions) which amounted to \$ 59,706 for the year ended September 30, 2019. The City of Clute maintains both budgetary and accounting responsibility over these operations.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 10 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN

A. Plan Description

The City participates as one of 883 plans in the nontraditional, join 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.

B. 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 payment options. Member 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. Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The plans also provide death benefits and disability benefits. Effective January 1, 2002, members are vested after 5 years. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	20
Active employees	<u>27</u>
	65

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 10 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

C. 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 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.23% and 11.05 % in the calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$ 148,483, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions.

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Health Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 10 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100%	

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 benefits 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 RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 10 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balance at 12/31/2017	\$ <u>3,984,551</u>	\$ <u>3,537,440</u>	\$ <u>447,111</u>
Changes for the Year:			
Service cost	161,877		161,877
Interest	266,648		266,648
Difference between expected and actual experience	(12,233)		(12,233)
Contributions – employer		140,268	(140,268)
Contributions – employee		62,452	(62,452)
Net investment income		(105,905)	105,905
Benefit payment, including refunds of employee contributions	(230,291)	(230,291)	
Administrative expense		(2,048)	2,048
Other changes		(107)	107
Net changes	<u>186,001</u>	<u>(135,631)</u>	<u>321,632</u>
Balance at 12/31/2018	\$ <u>4,170,552</u>	\$ <u>3,401,809</u>	\$ <u>768,743</u>

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's 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:

	<u>1% Decrease In Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase In Discount Rate (7.75%)</u>
City's Net Pension Liability	\$ <u>1,318,229</u>	\$ <u>768,743</u>	\$ <u>317,816</u>

Pension Plan Fiduciary Net Position

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

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 10 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued**E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2019, the City recognized pension expense of \$ 187,705.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,387	\$ 9,292
Difference between projected and actual earnings	181,658	
Contributions subsequent to the measurement date	<u>109,101</u>	<u> </u>
Total	<u>\$ 296,146</u>	<u>\$ 9,292</u>

\$ 109,101 reported as deferred outflows of resources related to pensions relating from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2020	\$ 64,429
2021	23,351
2022	21,505
2023	68,468

NOTE 11 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM**A Plan Description**

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a standalone financial report that is available to the public at www.tesrs.org.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 11 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued

Of the nine member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. On August 31, 2018, there were 238 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

B Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

C Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$ 36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 11 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 1, 2017. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

D Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2018, total contributions of \$ 4,098,835 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$ 1,329,224 for the fiscal year ending August 31, 2018.

The City is not an employer of the members under the TESRS Plan. However, the City makes contributions directly to the TESRS Plan for members of the participating fire department in the City. During the measurement period of 2018 for fiscal 2019 reporting, the amount of the City's contributions recognized by the plan was \$ 12,868.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed in subsection below. The most recently completed biennial actuarial valuation as of August 31, 2018 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$ 725,000 each year to pay for part of the System's administrative expenses.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 11 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued**E Net Pension Liability**

The System's net pension liability was measured as of August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018. The City's proportionate share of net pension liability was \$ 58,240.

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently 5.01%) and by adding expected inflation (3.0%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflected a reduction of 0.26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Net Real Rate of Return</u>
Equities:		
Large cap domestic	32%	5.81%
Small cap domestic	15	5.92
Development international	15	6.21
Emerging markets	5	7.18
Master limited partnership	5	7.61
Real Estate	5	1.61
Fixed Income	23	4.46
Cash	<u>0</u>	0.00
Total	100%	
Weighted average		5.01%

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 11 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. 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.

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 7.75%, 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 (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease In Discount Rate <u>(6.75%)</u>	Discount Rate <u>(7.75%)</u>	1% Increase In Discount Rate <u>(8.75%)</u>
City's Net Pension Liability	\$ <u>115,740</u>	\$ <u>58,240</u>	\$ <u>19,457</u>

F Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16	\$ 168
Differences in assumption changes	218	
Differences between projected and actual earnings		3,219
Contributions subsequent to the measurement date	<u>10,997</u>	<u> </u>
Total	\$ <u>11,231</u>	\$ <u>3,387</u>

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 11 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM - Continued

\$ 10,997 reported as deferred outflows of resources related to pensions relating from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>September 30,</u>		
2020	\$	3,753
2021	(	2,088)
2022	(	3,073)
2023	(	1,745)

For the year ended September 30 2019, the City recognized pension expense of \$ 18,462.

NOTE 12 - DEFINED OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The City also participates in the defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75, paragraph 4b and there are no assets accumulated for OPEB. As such the SDBF is considered to be a single employer unfunded OPEB plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

B. Benefits Provided

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

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>27</u>
	43

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 12 - DEFINED OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN - Continued

C. Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.15% and 0.13% in the calendar years 2018 and 2019, of which 0.03% represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contribution to the SDBF for the year ended September 30, 2019 was \$ 1,810 representing contributions for both active and retiree coverage which equaled the required contributions. The City's contribution for retiree portion as of September 30, 2019 was \$ 402.

D. Total OPEB Liability

The City's total OPEB liability of \$ 63,376 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.5% including inflation
Discount rate	3.71%
Investment Rate of Return	A statutory interest credit of 5% is allocated annually and is not dependent on investment earnings.

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled retirees, the gender-distinct RP2000 Combined Health Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period from December 31, 2010 to December 31, 2014.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 12 - DEFINED OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN - Continued

Changes in the Total OPEB Liability

	<u>Total OPEB Liability (a)</u>
Balance at 12/31/2017	\$ <u>66,316</u>
Changes for the Year:	
Service cost	2,248
Interest	2,226
Changes of benefit terms	0
Difference between expected and actual experience	(2,177)
Changes in assumption or other inputs	(4,862)
Benefit payments	<u>(375)</u>
Net changes	<u>(2,940)</u>
Balance at 12/31/2018	\$ <u><u>63,376</u></u>

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 3.71%, as well as what's the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease In Discount Rate <u>(2.71%)</u>	Discount Rate <u>(3.71%)</u>	1% Increase In Discount Rate <u>(4.71%)</u>
City's Total OPEB Liability	\$ <u>76,649</u>	\$ <u>63,376</u>	\$ <u>53,063</u>

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$ 4,278.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 1,828
Differences in assumption changes		131
Contributions subsequent to the measurement date	<u>1,284</u>	
Total	\$ <u><u>1,284</u></u>	\$ <u><u>1,959</u></u>

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 12 - DEFINED OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN - Continued

\$ 1,284 reported as deferred outflows of resources related to OPEB relating from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>September 30,</u>	
2020	\$(196)
2021	(196)
2022	(196)
2023	(196)
2024	(904)
Thereafter	(271)

NOTE 13 - RISK POOL PARTICIPATION

The City is a participant in the Texas Municipal League Intergovernmental Risk Pool for coverage of liability, property, worker's compensation, and medical insurance. The City pays annual premiums to the pool for the coverages stated. The agreement with the Texas Municipal League Intergovernmental Risk Pool requires the pool to be self-sustaining. Property and liability insurance provide varying and appropriate coverage, with most claims subject to a \$ 5,000 deductible. Workers compensation claims are managed by the Texas Municipal League. In addition, the City has designated a portion of the General Fund fund balance for insurance contingencies, to handle deductibles and other associated costs. For medical insurance claims, the City pays insurance premiums for full coverage and has no liability for claims filed by employees or their covered dependents.

NOTE 14 - LITIGATION

The City currently is not involved in any nor is the City aware of any significant threatened litigation, claims, or assessments.

NOTE 15 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended September 30, 2019, expenditures exceeded appropriations on the funds as follows:

Debt Services Fund	\$ 99,951
Enterprise Fund	\$ 305,096

The budget was not amended for these expenditures; however, the City Council approved these expenditures as required by City budget procedures. The variance in the Debt Services Fund was resulted from bond issuance costs and the variance in the Enterprise Fund was mainly resulted from under budget on depreciation.

CITY OF RICHWOOD

Richwood, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

NOTE 16 - ECONOMIC DEVELOPMENT AGREEMENTS

On December 9, 2014 the City entered into an Economic Development Agreement with 210 Development Group, LLC ("the Developer") in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, the Developer is expected to construct and operate an apartment complex and the City agrees to provide the Developer an economic incentive for the period of five years commencing with payment of ad valorem taxes on the property by the Developer. For the year ending September 30, 2019, the City made a rebate payment of \$ 103,980 under this agreement, all of which was paid during the fiscal year 2019.

On January 26, 216 the City entered into an Economic Development Agreement with Jerry Crawford ("Crawford") in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, Crawford is expected to operate and continue an existing business at the property known as Crawford's Furniture and Appliance, Inc. and the City agrees to provide Crawford an economic incentive for the period of ten years commencing with payment of ad valorem taxes on the property by Crawford. For the year ending September 30, 2019, the City made a rebate payment of \$ 6,910 under this agreement, all of which was paid during the fiscal year 2019.

On April 10, 2017 the City entered into an Economic Development Agreement with Big Kountry Shooting, LLC ("BKS") in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, BKS is expected to construct and operate an indoor shooting range within the city limits of the City and the City agrees to provide BKS an economic incentive for the period of two years commencing with payment of ad valorem taxes on the property by BKS. For the year ending September 30, 2019, no rebate payments made by the City.

NOTE 17 - EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through January 30, 2020, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHWOOD

Richwood, Texas

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

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 1,698,408	\$ 1,698,408	\$ 1,683,122	\$(15,286)
Sales taxes	584,998	701,998	726,892	24,894
Franchise fees	179,000	179,000	197,293	18,293
Revenue producing facilities	14,575	9,500	10,092	592
Fines and fees	131,350	131,350	100,872	(30,478)
Licenses and permits	79,100	79,100	104,774	25,674
Inspection fees			30,428	30,428
Investment income	3,000	3,000	38,937	35,937
Intergovernmental		1,350	238,584	237,234
Miscellaneous	47,230	26,880	135,040	108,160
Total revenues	<u>2,737,661</u>	<u>2,830,586</u>	<u>3,266,034</u>	<u>435,448</u>
Expenditures:				
Current:				
General administration	714,028	930,931	804,357	126,574
Judicial	95,143	95,143	83,476	11,667
Police department	1,049,816	1,066,716	1,005,771	60,945
Fire department	165,986	165,586	194,486	(28,900)
City maintenance	225,609	199,053	169,186	29,867
Streets and drainage	125,000	125,000	141,316	(16,316)
Parks and recreation	46,300	46,300	42,227	4,073
Code enforcement	57,171	57,171	57,621	(450)
Permitting and inspection	113,366	113,366	87,438	25,928
Capital outlay	84,201	91,025	125,902	(34,877)
Debt Service:				
Principal	39,795	60,658	60,658	-0-
Interest		6,093	6,189	(96)
Total expenditures	<u>2,716,415</u>	<u>2,957,042</u>	<u>2,778,627</u>	<u>178,415</u>
Excess of revenues over (under) expenditures	<u>21,246</u>	<u>(126,456)</u>	<u>487,407</u>	<u>613,863</u>

(continued)

CITY OF RICHWOOD

Richwood, Texas

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND - Continued**

For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Resources (Uses):				
Operating transfers in	\$ 171,821	\$ 273,984	\$ 104,410	\$(169,574)
Operating transfers out	(138,070)	(138,070)	(330,421)	(192,351)
Total other financing resources (uses)	<u>33,751</u>	<u>135,914</u>	<u>(226,011)</u>	<u>(361,925)</u>
Net changes in fund balances	54,997	9,458	261,396	251,938
Fund balances, beginning	<u>1,774,425</u>	<u>1,774,425</u>	<u>1,774,425</u>	<u>-0-</u>
Fund balances, ending	<u>\$ 1,829,422</u>	<u>\$ 1,783,883</u>	<u>\$ 2,035,821</u>	<u>\$ 251,938</u>

CITY OF RICHWOOD

Richwood, Texas

TMRS SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FOR THE LAST TEN YEARS⁽¹⁾ WITH MEASUREMENT DATE OF DECEMBER 31

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service cost	\$ 161,877	\$ 167,945	\$ 137,179	\$ 123,074
Interest (on the Total Pension Liability)	266,648	253,787	242,051	236,704
Difference between expected and actual experience	(12,233)	5,669	8,654	(43,807)
Changes in assumptions				31,743
Benefit payments, including refunds of employee contributions	<u>(230,291)</u>	<u>(237,383)</u>	<u>(221,402)</u>	<u>(79,218)</u>
Net Change in Total Pension Liability	186,001	190,018	166,482	268,496
Total Pension Liability – Beginning	<u>3,984,551</u>	<u>3,794,533</u>	<u>3,628,051</u>	<u>3,359,555</u>
Total Pension Liability – Ending (a)	<u>\$ 4,170,552</u>	<u>\$ 3,984,551</u>	<u>\$ 3,794,533</u>	<u>\$ 3,628,051</u>
Plan Fiduciary Net Position				
Contributions – Employer	\$ 140,268	\$ 147,798	\$ 118,168	\$ 121,452
Contributions – Employee	62,452	65,747	53,711	50,690
Net Investment Income	(105,905)	433,788	201,477	4,259
Benefit payments, including refunds of employee contributions	(230,291)	(237,383)	(221,402)	(79,218)
Administrative expense	(2,048)	(2,248)	(2,275)	(2,594)
Other	<u>(107)</u>	<u>(114)</u>	<u>(123)</u>	<u>(128)</u>
Net Change in Plan Fiduciary Net Position	(135,631)	407,588	149,556	94,461
Plan Fiduciary Net Position – Beginning	<u>3,537,440</u>	<u>3,129,852</u>	<u>2,980,296</u>	<u>2,885,835</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 3,401,809</u>	<u>\$ 3,537,440</u>	<u>\$ 3,129,852</u>	<u>\$ 2,980,296</u>
Net Pension Liability (a-b)	<u>\$ 768,743</u>	<u>\$ 447,111</u>	<u>\$ 664,681</u>	<u>\$ 647,755</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>81.57%</u>	<u>88.78%</u>	<u>82.48%</u>	<u>82.15%</u>
Covered Payroll	<u>\$ 1,249,049</u>	<u>\$ 1,314,122</u>	<u>\$ 1,074,228</u>	<u>\$ 1,013,793</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>61.55%</u>	<u>34.02%</u>	<u>61.88%</u>	<u>63.89%</u>

Notes to Schedule:

N/A

⁽¹⁾ The first TMRS actuarial report was completed for the year ended December 31, 2014 (measurement date), therefore only five years of required supplemental information is available.

<u>2014</u>
\$ 115,123
225,550
(98,725)
<u>(93,958)</u>
147,990
<u>3,211,565</u>
\$ <u>3,359,555</u>
\$ 108,286
46,276
152,992
(93,958)
(1,597)
<u>(131)</u>
211,868
<u>2,673,967</u>
\$ <u>2,885,835</u>
\$ <u>473,720</u>
<u>85.90%</u>
\$ <u>925,514</u>
<u>51.18%</u>

CITY OF RICHWOOD

Richwood, Texas

**TMRS SCHEDULE OF CONTRIBUTIONS
FOR THE LAST TEN YEARS⁽¹⁾
SEPTEMBER 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 140,268	\$ 138,416	\$ 139,288	\$ 121,859
Contributions in relation to the actuarially determined contribution	<u>140,268</u>	<u>138,416</u>	<u>139,288</u>	<u>121,859</u>
Contribution deficiency (excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Covered payroll	\$ <u>1,319,523</u>	\$ <u>1,231,122</u>	\$ <u>1,244,815</u>	\$ <u>1,084,021</u>
Contributions as a percentage of covered payroll	<u>10.63%</u>	<u>11.24%</u>	<u>11.19%</u>	<u>11.24%</u>

Notes to Schedule of Contributions

Valuation date

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization period	27 years
Asset valuation method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.50% including inflation
Investment rate of return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generated basis with scale BB

Other Information

Notes There were no benefit changes during the year.

⁽¹⁾ The first TMRS actuarial report was completed for the year ended December 31, 2014 (measurement date), therefore only five years of required supplemental information is available.

<u>2015</u>
\$ 119,353
<u>119,353</u>
\$ <u><u>-0-</u></u>
\$ <u><u>971,017</u></u>
<u><u>12.29%</u></u>

CITY OF RICHWOOD

Richwood, Texas

**TESRS SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS****THE CITY AS NON-EMPLOYER CONTRIBUTION ENTITY
FOR THE LAST TEN YEARS⁽¹⁾ WITH MEASUREMENT DATE OF AUGUST 31**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.269%	0.2220%	0.164%	0.177%
City' proportionate share of the net pension liability (asset)	\$ 58,240	\$ 53,284	\$ 47,770	\$ 47,246
Plan fiduciary position as a percentage of total pension liability	84.30%	81.40%	76.30%	76.90%

Notes to Schedule:

N/A

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

2014
0.192%
\$ 34,890
83.50%

CITY OF RICHWOOD

Richwood, Texas

TESRS SCHEDULE OF REQUIRED CONTRIBUTIONS
THE CITY AS NON-EMPLOYER CONTRIBUTION ENTITY
FOR THE LAST TEN YEARS⁽¹⁾
SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 10,997	\$ 12,868	\$ 13,725	\$ 7,500
Contributions in relation to the contractually required contribution	<u>10,997</u>	<u>12,868</u>	<u>13,725</u>	<u>7,500</u>
Contribution deficiency (excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

Notes to Schedule:

N/A

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

	<u>2015</u>
\$	7,800
	<u>7,800</u>
\$	<u><u>-0-</u></u>

CITY OF RICHWOOD

Richwood, Texas

**TMRS SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS⁽¹⁾ WITH MEASUREMENT DATE OF DECEMBER 31**

	<u>2018</u>	<u>2017</u>
Service cost	\$ 2,248	\$ 2,103
Interest (on the Total OPEB Liability)	2,226	2,170
Changes in assumptions or other input	(4,862)	5,816
Differences between expected and actual experience	(2,177)	
Benefit payments	<u>(375)</u>	<u>(263)</u>
Net Change in Total OPEB Liability	(2,940)	9,826
Total OPEB Liability – Beginning	<u>66,316</u>	<u>56,490</u>
Total OPEB Liability – Ending	<u>\$ 63,376</u>	<u>\$ 66,316</u>
Covered Payroll	<u>\$ 1,249,049</u>	<u>\$ 1,314,122</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>5.07%</u>	<u>5.05%</u>

Notes to Schedule:

Changes in assumptions or other inputs reflect the effects of changes in the discount rates each period. The following are the discount rates used in each period:

2018	3.31%
2017	3.78%

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

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

CITY OF RICHWOOD

Richwood, Texas

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

September 30, 2019

	Special Revenue Funds		
	Beautification Fund	Transportation Fund	Total
<u>Assets and Deferred Outflows Of Resources</u>			
Assets:			
Cash and cash equivalents	\$ 26,953	\$ 150,032	\$ 176,985
Receivables:			
Accounts receivable		14,891	14,891
Accrued interest		9	9
Due from other funds	3,457	8,966	12,423
Long-term receivables		60,883	60,883
Total assets	<u>30,410</u>	<u>234,781</u>	<u>265,191</u>
Deferred Outflows of Resources:			
Deferred outflows of resources			
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 30,410</u>	<u>\$ 234,781</u>	<u>\$ 265,191</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities:			
Due to other funds	\$	\$ 3,307	\$ 3,307
Total liabilities	<u>-0-</u>	<u>3,307</u>	<u>3,307</u>
Deferred Inflows of Resources:			
Deferred inflows of resources			
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances:			
Restricted:			
Beautification	30,410		30,410
Long-term receivable		60,883	60,883
Transportation		170,591	170,591
Capital construction			-0-
Total fund balances	<u>30,410</u>	<u>231,474</u>	<u>261,884</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,410</u>	<u>\$ 234,781</u>	<u>\$ 265,191</u>

<u>General Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$	\$ 176,985
	14,891
	9
800	13,223
<u> </u>	<u>60,883</u>
<u>800</u>	<u>265,991</u>
<u> </u>	<u> </u>
<u>-0-</u>	<u>-0-</u>
<u>\$ 800</u>	<u>\$ 265,991</u>
<u> </u>	<u> </u>
\$ <u> </u>	\$ <u>3,307</u>
<u>-0-</u>	<u>3,307</u>
<u> </u>	<u> </u>
<u>-0-</u>	<u>-0-</u>
<u> </u>	<u> </u>
	30,410
	60,883
	170,591
<u>800</u>	<u>800</u>
<u>800</u>	<u>262,684</u>
<u>\$ 800</u>	<u>\$ 265,991</u>

CITY OF RICHWOOD

Richwood, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	Special Revenue Funds		
	Beautification Fund	Transportation Fund	Total
Revenues:			
Transportation	\$	\$ 138,779	\$ 138,779
Investment earnings		2,959	2,959
Miscellaneous	<u>16,199</u>	<u></u>	<u>16,199</u>
Total revenues	<u>16,199</u>	<u>141,738</u>	<u>157,937</u>
Expenditures:			
Current:			
Parks and recreation	14,569		14,569
Streets and drainage		70,230	70,230
Capital outlay	<u></u>	<u>49,601</u>	<u>49,601</u>
Total expenditures	<u>14,569</u>	<u>119,831</u>	<u>134,400</u>
Excess of revenues over (under) expenditures	1,630	21,907	23,537
Other Financing Sources (Uses):			
Transfer in	1,000		1,000
Transfer out	<u></u>	<u>(15,574)</u>	<u>(15,574)</u>
Total other financing sources (uses)	<u>1,000</u>	<u>(15,574)</u>	<u>(14,574)</u>
Net changes in fund balances	2,630	6,333	8,963
Fund balances – beginning	<u>27,780</u>	<u>225,141</u>	<u>252,921</u>
Fund balances – ending	<u>\$ 30,410</u>	<u>\$ 231,474</u>	<u>\$ 261,884</u>

General Capital Projects Fund	Total Nonmajor Governmental Funds
\$	\$ 138,779
	2,959
	<u>16,199</u>
<u>-0-</u>	<u>157,937</u>
	14,569
	70,230
<u>39,200</u>	<u>88,801</u>
<u>39,200</u>	<u>173,600</u>
(39,200)	15,663)
40,000	41,000
<u>40,000</u>	(<u>15,574</u>)
<u>40,000</u>	(<u>25,426</u>)
800	9,763
<u>-0-</u>	<u>252,921</u>
\$ <u><u>800</u></u>	\$ <u><u>262,684</u></u>

CITY OF RICHWOOD

Richwood, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 166,333	\$ 166,333	\$ 167,389	\$ 1,056
Investment earnings			739	739
Total revenues	<u>166,333</u>	<u>166,333</u>	<u>168,128</u>	<u>1,795</u>
Expenditures:				
Debt Service:				
Principal	117,392	117,392	117,392	-0-
Interest and fiscal charges	<u>48,941</u>	<u>48,941</u>	<u>148,892</u>	<u>(99,951)</u>
Total expenditures	<u>166,333</u>	<u>166,333</u>	<u>266,284</u>	<u>(99,951)</u>
Excess of revenues over (under) expenditures			(98,156)	(98,156)
Other Financing Sources and (Uses):				
Proceeds from sale of bonds			<u>98,951</u>	<u>98,951</u>
Net changes in fund balances	-0-	-0-	795	795
Fund balances, beginning	<u>108,629</u>	<u>108,629</u>	<u>108,629</u>	<u>-0-</u>
Fund balances, ending	<u>\$ 108,629</u>	<u>\$ 108,629</u>	<u>\$ 109,424</u>	<u>\$ 795</u>

CITY OF RICHWOOD

Richwood, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
BEAUTIFICATION FUND

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ <u>14,520</u>	\$ <u>14,520</u>	\$ <u>16,199</u>	\$ <u>1,679</u>
Total revenues	<u>14,520</u>	<u>14,520</u>	<u>16,199</u>	<u>1,679</u>
Expenditures:				
Parks and recreation	<u>16,000</u>	<u>19,000</u>	<u>14,569</u>	<u>4,431</u>
Total expenditures	<u>16,000</u>	<u>19,000</u>	<u>14,569</u>	<u>4,431</u>
Excess of revenues over (under) expenditures	(<u>1,480</u>)	(<u>4,480</u>)	<u>1,630</u>	<u>6,110</u>
Transfer in	<u>1,480</u>	<u>4,480</u>	<u>1,000</u>	(<u>3,480</u>)
Net changes in fund balances	<u>-0-</u>	<u>-0-</u>	<u>2,630</u>	<u>2,630</u>
Fund balances, beginning	<u>27,780</u>	<u>27,780</u>	<u>27,780</u>	<u>-0-</u>
Fund balances, ending	\$ <u><u>27,780</u></u>	\$ <u><u>27,780</u></u>	\$ <u><u>30,410</u></u>	\$ <u><u>2,630</u></u>

CITY OF RICHWOOD

Richwood, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - TRANSPORTATION FUND

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Transportation	\$ 136,800	\$ 136,800	\$ 138,779	\$ 1,979
Investment earnings			2,959	2,959
Total revenues	<u>136,800</u>	<u>136,800</u>	<u>141,738</u>	<u>4,938</u>
Expenditures:				
Current:				
Street and drainage	136,800	136,800	70,230	66,570
Capital outlay			<u>49,601</u>	(49,601)
Total expenditures	<u>136,800</u>	<u>136,800</u>	<u>119,831</u>	<u>16,969</u>
Excess of revenues over (under) expenditures			21,907	(12,031)
Transfer in			(15,574)	(15,574)
Net changes in fund balances	-0-	-0-	6,333	(27,605)
Fund balances, beginning	<u>225,141</u>	<u>225,141</u>	<u>225,141</u>	<u>-0-</u>
Fund balances, ending	\$ <u>225,141</u>	\$ <u>225,141</u>	\$ <u>231,474</u>	\$ (<u>27,605</u>)

CITY OF RICHWOOD

Richwood, Texas

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL - PROPRIETARY FUND - ENTERPRISE FUND

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Water fees	\$ 923,490	\$ 923,490	\$ 929,500	\$ 6,010
Sewer fees	814,087	814,087	828,865	14,778
Garbage fees	298,657	298,657	281,229	(17,428)
Delinquent charges	23,000	23,000	26,467	3,467
Tap and reconnect fees	18,625	18,625	21,731	3,106
Miscellaneous	<u>3,500</u>	<u>3,500</u>	<u>5,524</u>	<u>2,024</u>
Total revenues	<u>2,081,359</u>	<u>2,081,359</u>	<u>2,093,316</u>	<u>11,957</u>
Operating Expenses:				
Personnel costs	376,460	376,460	377,926	(1,466)
Sewer treatment plant operations	314,575	314,575	348,419	(33,844)
Water costs – BWA	268,351	268,351	267,618	733
Sanitation	273,180	273,180	269,611	3,569
Operating leases	143,642	143,642	143,208	434
Utilities and telephone	57,960	57,960	57,319	641
Repairs and maintenance	128,812	128,812	122,155	6,657
Supplies	34,600	34,600	44,344	(9,744)
Other costs	<u>157,928</u>	<u>82,928</u>	<u>58,733</u>	<u>24,195</u>
Operating expenses before depreciation	1,755,508	1,680,508	1,689,333	(8,825)
Depreciation			<u>296,271</u>	<u>(296,271)</u>
Total operating expenses	<u>1,755,508</u>	<u>1,680,508</u>	<u>1,985,604</u>	<u>(305,096)</u>
Operating income (loss)	<u>325,851</u>	<u>400,851</u>	<u>107,712</u>	<u>(293,139)</u>
Non-Operating Revenues (Expenses):				
Investment income	500	500	23,064	22,564
Interest expense and agent fees	(153,192)	(79,401)	(197,983)	(118,582)
Total non-operating revenues (expenses)	<u>(152,692)</u>	<u>(78,901)</u>	<u>(174,919)</u>	<u>(96,018)</u>
Income (loss) before contributions and operating transfers	173,159	321,950	(67,207)	(389,157)
Capital contributions			16,950	16,950
Transfer In	89,909	89,909	304,995	215,086
Transfer out	(491,260)	(491,260)	(104,410)	<u>386,850</u>
Change in net position	(228,192)	(79,401)	150,328	229,729
Net position, beginning	<u>5,085,779</u>	<u>5,085,779</u>	<u>5,085,779</u>	<u>-0-</u>
Net position, ending	<u>\$ 4,857,587</u>	<u>\$ 5,006,378</u>	<u>\$ 5,236,107</u>	<u>\$ 229,729</u>

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Letter to the Governing Body

January 30, 2020

To the Honorable Mayor and
Members of City Council
City of Richwood
Richwood, TX 77531

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Richwood ("the City") for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 26, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Management's estimate of the allowance for doubtful accounts is based on historical revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Lake Jackson
8 W Way Ct.
Lake Jackson, TX 77566
979-297-4075

El Campo
201 W. Webb St.
El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



- Further, management's estimate of the useful lives of capital assets is based on historical results, and an analysis of the condition of the City's capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements.

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 30, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Members of Council
of the City of Richwood
January 30, 2020
Page 3

Other Matters

We applied certain limited procedures to schedules listed in Required Supplementary Information section of the financial report, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Combining and Individual Fund Statements and Schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Members of City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

KM&L, LLC



CLIENT ADVISORY COMMENTS

January 30, 2020

Lindsay Koskiniemi, Interim City Manager
City of Richwood
Richwood, TX 77531

Dear Ms. Koskiniemi:

The communication of client advisory comments is discretionary and, therefore, differs from the required communications related to internal control. Client advisory comments pertain to findings other than those relating to internal control and other matters which are reportable conditions but are, in our judgment, worthy of mention. The following advisory comments are presented for your consideration:

Pension census data

During the test of control on pension census data, we discovered that one active employee's date of birth and seven active employees' covered payroll on the census data report did not agree with the City's record. The City management must be able to support the underlying census data used by the actuary. As the City has access to the records substantiating the census data provided on active members, the City should have processes and controls in place to determine that complete and accurate information is reported to the plan and the plan actuary regarding active members. Management should obtain on an annual basis the census data file submitted by the plan to the actuary and determine whether the census data is complete and accurate. In evaluating the census data file, the City may compare the information to underlying payroll records and the prior year census data file. The City may also obtain a roll forward of the census data from one year to the next and review a reconciliation for any significant differences.

Opening Fund Balances

During our interim audit field work, we noted that opening fund balances were not in agreement with prior year audited fund balances. This was due to posting of some journal entries into fund balance accounts which should be posted into revenue/expenditures or other accounts. The City needs to post all the adjusted journal entries to proper accounts.

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www.kmandl.com



To the Honorable Mayor and
Members of City Council
City of Richwood
January 30, 2020
Page 2

General Considerations

During the performance of our audit and evaluation of internal accounting and administrative controls, we worked very closely with the accounting and administrative personnel of the City. We found them to be very cooperative, conscientious and concerned with the performance of their duties. We realize that internal control communications and advisory comments are critical by nature and do not in many instances praise the performances of the personnel performing the related functions.

We sincerely appreciate the cooperation and congeniality extended to us during our audit and the opportunity to serve as the City's external auditor. We look forward to a continuing and beneficial relationship.

Sincerely,
KM&L, LLC

KM&L, LLC



Independent Auditor's Report

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*

To the Honorable Mayor and
Members of City Council
City of Richwood
Richwood, TX 77531

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, each major fund, and the aggregate remaining fund information of City of Richwood ("the City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control 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.

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To the Honorable Mayor and
Members of City Council
City of Richwood
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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.

KM&L, LLC

Lake Jackson, Texas
January 30, 2020



1800 Brazosport Blvd
Richwood, TX 77531
(979)265-2082 (979)265-7345 (fax)

APPLICATION FOR REPLAT REQUEST

PLEASE NOTE: The following questions must be answered completely. If additional space is needed, attach extra pages to the application. Contact the City of Richwood at (979) 265-2082 for clarification of terms or for specific zone district requirements.

DATA ON APPLICANT AND OWNER:

Name: Michael Durham & Stephanie Gibson Date: 2-11-2020
Address: 2827 Bayou Dr Angleton, TX 77515
Home Phone: (832) 877-9242 Business Phone: " "

SUBJECT PROPERTY:

Address of property in question: 31426 + 31434 Bayou Bend Richwood, TX
Legal Description of property: Oakwood shores (A0030-A0333)(Richwood) BLK 1 lot 21 + 22 2.05 acres
Current Zone: AE
Zone being requested: N/A

PURPOSE OF THE REPLAT (be specific): Combine both lots for 1 address + build

DUPLICATE TAX RECEIPT



RO'VIN GARRETT, PCC
BRAZORIA COUNTY TAX ASSESSOR - COLLECTOR
111 E. LOCUST
ANGLETON, TEXAS 77515

Certified Owner:

DURHAM MICHAEL WAYNE & STEPHANYE LYNN GI
2827 BAYOU DR
ANGLETON, TX 77515

Legal Description:

OAKWOOD SHORES (A0030-A0333) (RICHWOOD)
 BLK 1 LOT 22 ACRES 1.027

Parcel Address: 31434 BAYOU BEND
Legal Acres: 1.0270

Remit Seq No: 42682267
Receipt Date: 01/07/2020
Deposit Date: 01/08/2020
Print Date: 02/12/2020 09:55 AM
Printed By: LAKE

Deposit No: 2000860C
Validation No: 900000057096981
Account No: **6832-0001-022**
Operator Code: LAKE

Year	Tax Unit Name	Rec Type	Tax Value	Tax Rate	Levy Paid	P&I	Coll Fee Paid	Total
2019	Brazoria County	TL	55,920	0.365233	204.24	0.00	0.00	204.24
2019	Special Road & Bridge	TL	55,920	0.050000	27.96	0.00	0.00	27.96
2019	Angleton Isd	TL	55,920	1.385200	774.60	0.00	0.00	774.60
2019	Angleton - Danbury Hospital	TL	55,920	0.242259	135.47	0.00	0.00	135.47
2019	Port Freeport	TL	55,920	0.040100	22.42	0.00	0.00	22.42
2019	Velasco Drainage Dist. No 2	TL	55,920	0.084550	47.28	0.00	0.00	47.28
2019	City Of Richwood	TL	55,920	0.670204	374.78	0.00	0.00	374.78
					\$1,586.75	\$0.00	\$0.00	\$1,586.75

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- - <

Check Number(s):
 1204

PAYMENT TYPE:

Checks: \$1,586.75

Exemptions on this property:

Total Applied: \$1,586.75

Change Paid: \$0.00

Account No: 6832-0001-022

PAYER:

DURHAM MICHAEL WAYNE & STEPHANYE LYNN GI
2827 BAYOU DR
ANGLETON, TX 77515

ACCOUNT PAID IN FULL

(979) 864-1320, (979) 388-1320, (281) 756-1320

DUPLICATE TAX RECEIPT



RO'VIN GARRETT, PCC
BRAZORIA COUNTY TAX ASSESSOR - COLLECTOR
111 E. LOCUST
ANGLETON, TEXAS 77515

Certified Owner:

DURHAM MICHAEL WAYNE & STEPHANYE LYNN GI
2827 BAYOU DR
ANGLETON, TX 77515

Legal Description:

OAKWOOD SHORES (A0030-A0333) (RICHWOOD)
BLK 1 LOT 21 ACRES 1.027

Parcel Address: 31426 BAYOU BEND
Legal Acres: 1.0270

Remit Seq No: 42682267

Receipt Date: 01/07/2020

Deposit Date: 01/08/2020

Print Date: 02/12/2020 09:55 AM

Printed By: LAKE

Deposit No: 2000860C
Validation No: 900000057096981
Account No: 6832-0001-021
Operator Code: LAKE

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2019	City Of Richwood	TL	55,920	0.670204	374.78	0.00	0.00	374.78
					\$1,586.75	\$0.00	\$0.00	\$1,586.75

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- - <

Check Number(s):
1204

PAYMENT TYPE:

Checks: \$1,586.75

Exemptions on this property:

Total Applied: \$1,586.75

Change Paid: \$0.00

Account No: 6832-0001-021

PAYER:

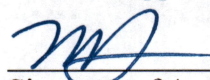
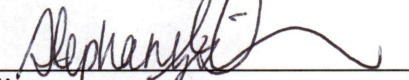
DURHAM MICHAEL WAYNE & STEPHANYE LYNN GI
2827 BAYOU DR
ANGLETON, TX 77515

ACCOUNT PAID IN FULL

(979) 864-1320, (979) 388-1320, (281) 756-1320

I (we) certify that all of the above statements and the statements contained in any papers or plans submitted herewith are true and accurate to the best of my knowledge and belief. I also hereby give permission for the members of the City of Richwood Planning and Zoning and City Staff to access the property in question for the purpose of gathering information to make an informed decision on this request.

Michael W. Durham & Stephonyc Gibson
Name of Applicant

 
Signature of Applicant

2-11-2020
Date

IMPORTANT:

A drawing, including all dimensions and structures, must be attached along with the applicable fee, to be considered. Failure to include both will result in automatic denial of application.

Oakwood Shores Property Owners Association, Inc.

ARCHITECTURAL REVIEW COMMITTEE

2002 W Grand Parkway N, Ste 100

Katy, TX 77449

281-870-0585

02/07/20

Michael W Durham & Stephanye L Gibson
31434 Bayou Bend
Richwood, TX 77531

RE: Oakwood Shores Property Owners Association, Inc.
Architectural Submittal for 31434 Bayou Bend
Account#: 293155
LOT CONSOLIDATION FOR LOST 21-22 - Approved w/condition

Dear Homeowner,

This letter shall evidence receipt of your application in compliance with the architectural review process for the construction and/or placement of the proposed improvement(s) referenced above.

Your application has been reviewed as to conformity with the architectural restrictions set forth in the Declaration, and guidelines adopted by the Association, and harmony of the external design and location with respect to adjacent structures and the overall community. The Committee's review and conclusions are detailed below:

CONDITIONAL APPROVAL is granted for the construction of **LOT CONSOLIDATION FOR LOST 21-22** per your application subject to it complying with the documents of the Association as well as the following condition(s):

Condition(s): CONDITIONAL APPROVAL IS GRANTED FOR THE LOT CONSOLIDATION AT SECTION 1, BLOCK 1, LOTS 21-22 AFTER RECEIVING APPROVAL FROM THE CITY OF RICHWOOD. PLEASE RETURN A COPY OF THE PERMIT TO INFRAMARK FOR OUR RECORDS. PLEASE BE AWARE THAT A SEPARATE ASSESSMENT FEE FOR EACH LOT IS STILL REQUIRED TO BE PAID EACH YEAR.

This conditional approval is solely granted to the modification specifically requested in the application submitted for LOT CONSOLIDATION FOR LOST 21-22 . Should you choose to incorporate additional modifications to your project, you are required to submit an application with all required supporting documentation.

This approval is not in lieu of any other jurisdictional regulations, current or future, which are or may be imposed by any other governmental authority. This is valid for up to six (6) months from the date of this letter.

In the event it is determined that improvement(s) are made without compliance to specific standards provided by the Committee or in contrast to the specifications provided within an application that has been approved, those improvements may be subject to reconstruction and/or the request to remove such improvements. All costs related to the enforcement of this shall be the sole expense of the Owner in violation. The Committee recommends that you retain this correspondence and your request form permanently should a need arise to produce documentation of our communications regarding noted improvement(s).

Should you have any questions, please do not hesitate to contact our office. Your community support and cooperation is very much appreciated, as is your cooperation toward maintaining property values within your community.

Best regards,
Oakwood Shores Property Owners Association, Inc.
ARCHITECTURAL REVIEW COMMITTEE

ARC approval of plans shall not constitute a representation, warranty, or guarantee that such plans and specifications comply with engineering design practices or zoning and building ordinances, or other governmental agency regulations or restrictions. The ARC shall not be responsible for reviewing, nor shall its approval of any plans or design, be deemed approved from the standpoint of structural safety or conformance with building or other codes. By approving such plans and specifications, neither the ARC, the Members thereof, the Association, any Member thereof, their Board of Directors, any Members thereof, or the Declarant

assumes any liability or responsibility therefore or for any defect in the construction or improvement from such plans or specifications. As provided in the CC&R's neither the ARC, the Association, the Board of Directors or the Association or any Members thereof, not the Declarant or Developer shall be liable to any Member, Owner, Occupant, or other person or entity for any damage, loss or prejudice suffered or claimed on account of (1) the approval or disapproval of any plans, drawings, or specifications, whether or not defective, or (2) the construction or performance of any work whether or not pursuant to the approved plans, drawings, or specifications.



City of Richwood
1800 N Brazosport Blvd
Richwood, TX 77531
979-265-2082
www.richwoodtx.gov

XBP Confirmation Number: 74532047

▶ Transaction detail for payment to City of Richwood.		Date: 02/12/2020 - 8:37:35 AM	
Transaction Number: 120207754PT Visa — XXXX-XXXX-XXXX-2510 Status: Successful			
Account #	Item	Quantity	Item Amount
Replat Review	Standard Building Permit	1	\$101.00

TOTAL: \$101.00

Billing Information
MICHAEL WAYNE DURHAM
, 77531

Transaction taken by: ltyner

TAX CERTIFICATE



RO'VIN GARRETT, PCC
BRAZORIA COUNTY TAX ASSESSOR - COLLECTOR
111 E. LOCUST
ANGLETON, TEXAS 77515

Issued To:

DURHAM MICHAEL
2827 BAYOU DR
ANGLETON, TX 77515

Legal Description

OAKWOOD SHORES (A0030-A0333) (RICHWOOD)
BLK 1 LOT 21 ACRES 1.027

Fiduciary Number: 28246703

Parcel Address: 31426 BAYOU BEND

Legal Acres: 1.0270

Account Number: 6832-0001-021

Certificate No: 242263426

Certificate Fee: \$10.00 CASH

Print Date: 02/19/2020 10:52:00 AM

Paid Date: 02/19/2020

Issue Date: 02/19/2020

Operator ID: LCASTRO

TAX CERTIFICATES ARE ISSUED WITH THE MOST CURRENT INFORMATION AVAILABLE. ALL ACCOUNTS ARE SUBJECT TO CHANGE PER SECTION 26.15 AND 11.43(i) OF THE TEXAS PROPERTY TAX CODE. THIS IS TO CERTIFY THAT ALL TAXES DUE ON THE ABOVE DESCRIBED PROPERTY HAVE BEEN EXAMINED, UP TO AND INCLUDING THE YEAR 2019. TAXES THRU 2019 ARE PAID IN FULL. TAXES HAVE NOT BEEN CREATED FOR YEAR(S): 2020.

Exemptions:

Certified Owner:

DURHAM MICHAEL WAYNE & STEPHANYE LYNN GI
2827 BAYOU DR
ANGLETON, TX 77515

Certified Tax Unit(s):

1 BRAZORIA COUNTY
9 SPECIAL ROAD & BRIDGE
21 ANGLETON ISD
32 ANGLETON - DANBURY HOSPITAL
41 PORT FREEPORT
52 VELASCO DRAINAGE DIST. NO 2
91 CITY OF RICHWOOD

2019 Value:	55,920
2019 Levy:	\$1,586.75
2019 Levy Balance:	\$0.00
Prior Year Levy Balance:	\$0.00
Total Levy Due:	\$0.00
P&I + Attorney Fee:	\$0.00
Total Amount Due:	\$0.00

Reference (GF) No: N/A

Issued By:

RO'VIN GARRETT, PCC
BRAZORIA COUNTY TAX ASSESSOR - COLLECTOR
(979) 864-1320, (979) 388-1320, (281) 756-1320



TAX CERTIFICATE



RO'VIN GARRETT, PCC
BRAZORIA COUNTY TAX ASSESSOR - COLLECTOR
111 E. LOCUST
ANGLETON, TEXAS 77515

Issued To:

DURHAM MICHAEL
2827 BAYOU DR
ANGLETON, TX 77515

Legal Description

OAKWOOD SHORES (A0030-A0333) (RICHWOOD)
BLK 1 LOT 22 ACRES 1.027

Fiduciary Number: 28246703

Parcel Address: 31434 BAYOU BEND

Legal Acres: 1.0270

Account Number: **6832-0001-022**

Certificate No: 242263435

Certificate Fee: \$10.00 CASH

Print Date: 02/19/2020 10:52:51 AM

Paid Date: 02/19/2020

Issue Date: 02/19/2020

Operator ID: LCASTRO

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DURHAM MICHAEL WAYNE & STEPHANYE LYNN GI
2827 BAYOU DR
ANGLETON, TX 77515

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Total Amount Due:	\$0.00

Reference (GF) No: N/A

Issued By:

RO'VIN GARRETT, PCC
BRAZORIA COUNTY TAX ASSESSOR - COLLECTOR
(979) 864-1320, (979) 388-1320, (281) 756-1320



RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE – ONE-TO-FOUR FAMILY RESIDENCES

ISSUED BY
STEWART TITLE GUARANTY COMPANY

OWNER'S COVERAGE STATEMENT

This Policy insures your title to the land described in Schedule A – if that land is a one-to-four family residential property or condominium unit. Your insurance, as described in this Coverage Statement, is effective on the Policy Date shown in Schedule A.

This document is title insurance. It is not an opinion or report of your title. It is a contract of indemnity, meaning a promise to pay you or take other action if you have a loss resulting from a covered title risk.

Your insurance under this contract is limited by the following:

- Exclusions on page 2.
- Exceptions on Schedule B.
- Conditions on pages 2, 3 and 4

We insure you against actual loss resulting from:

- Any title risks covered by this Policy – up to the Policy Amount, and
- Any costs, attorneys' fees and expenses we have to pay under this Policy. We must approve the attorney before the attorney begins to work. You have the right to disapprove our choice of attorney for reasonable cause.

COVERED TITLE RISKS

This Policy covers the following title risks subject to the Exceptions (Schedule B) and Exclusions (p. 2), if they affect your title to the land on the Policy Date. We do not promise that there are no covered risks. We do insure you if there are covered title risks.

1. Someone else owns an interest in your title.
2. A document is invalid because of improper signature, acknowledgment, delivery, or recording.
3. A document is invalid because of forgery, fraud, duress, incompetency, incapacity or impersonation.
4. Restrictive covenants apply to your title.
5. There is a lien on your title because of:
 - a mortgage or deed of trust,
 - a judgment, tax, or special assessment, or
 - charge by a homeowner's or condominium association.
6. There are liens on your title for labor and material which have their inception before the policy date. However, we will not cover liens for labor and material that you agreed to pay for.
7. Others have rights in your title arising out of leases, contracts or options.
8. Someone else has an easement on your land.
9. You do not have good and indefeasible title.
10. There are other defects in your title.
11. There are other liens or encumbrances on your title.

This Policy also covers the following title risk:

You do not have any legal right of access to and from the land.

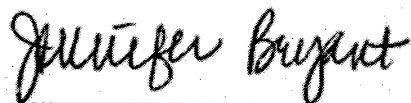
OUR DUTY TO DEFEND AGAINST COURT CASES

We will defend your title in the part or parts of a court case involving a Title Risk covered by this Policy. We will pay the costs, attorneys' fees, and expenses that we incur in that defense. We will not pay for the parts of a case not involving a covered title risk. You may disapprove our choice of attorney for reasonable cause.

We can end this duty to defend your title by exercising any of our options listed in Item 4 of the Conditions, see page 3.

This Policy is not complete without Schedules A and B.

Signed under seal for the company, but this Policy is to be valid only when it bears an authorized countersignature.



Authorized Countersignature
Stewart Title Company
190 Abner Jackson Parkway Suite 100
Lake Jackson, TX 77566





Matt Morris
President and CEO



Denise Carraux
Secretary

For coverage information or assistance resolving a complaint, call (800) 729-1902 or visit www.stewart.com. To make a claim, furnish written notice in accordance with Section 3 of the Conditions. For purposes of this form the "Stewart Title" logo featured above is the represented logo for the underwriter, Stewart Title Guaranty Company,

EXCLUSIONS

In addition to the Exceptions in Schedule B, we do not insure you against loss, costs, attorney's fees, and expenses resulting from these Exclusions:

1. We do not cover loss caused by the exercise of governmental police power or the enforcement or violation of any law or government regulation. This includes building and zoning ordinances and laws and regulations concerning:
 - a. Land use
 - b. Improvements on the land
 - c. Land division
 - d. Environmental protectionThis exclusion does not apply to notices of violations or notices of enforcement that appear in the public records at Policy Date. However, there may be an Exception in Schedule B.
2. We do not cover the right to take the land by condemning it, unless:
 - a. a notice of exercise of the right appears in the public records on the Policy Date, or
 - b. the taking happened before the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. We do not cover title risks:
 - a. that are created, allowed, or agreed to by you,
 - b. that are known to you, but not to us on the Policy Date unless they appeared in the public records,
 - c. that result in no loss to you, or
 - d. that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 6 of the Covered Title Risks.
4. We do not cover the effect of failure to pay value for your title.
5. We do not cover lack of a right:
 - a. to any land outside the area specifically described and referred to in Item 3 of Schedule A,
 - b. in streets, alleys, or waterways that touch your landThis exclusion does not limit the access coverage in the Covered Title Risks.
6. We do not cover any claim based upon allegations that your purchase of title (or acquisition of title by gift or otherwise):
 - a. was a fraudulent conveyance, fraudulent transfer, voidable distribution, or voidable dividend;
 - b. should be subordinated or recharacterized as a result of equitable subordination;
 - c. was a preferential transfer unless
 - (1) the Company or its issuing agent failed to timely file for record the deed to you after delivery or
 - (2) the recordation of the deed to you is not legal record notice.(We do cover the two types of claims described in c.(1) and c.(2) above.)
7. We do not cover the refusal of any person to buy, lease or lend money on your land because of unmarketability of the title.
8. We do not cover claims concerning the physical condition of your land or of the access to your land.

CONDITIONS

1. DEFINITIONS

- a. Actual Loss. This is the difference between the value of your land without the covered title risk and the value of your land with the covered title risk. These values are the respective values at the time you must furnish proof of your loss.
- b. Document. A deed or other conveyance of title to you or a prior owner.
- c. Easement. A portion of your land someone else has the right to use for a special purpose.
- d. Government Regulation. Any federal, state, or local law, constitutional provision, regulation, ordinance, or guideline.
- e. Land. The land or condominium unit described in Schedule A and any improvements on the land that are real property.
- f. Knowledge or known. Actual knowledge, not constructive knowledge or notice that may be imputed to an insured by the public records.
- g. Mortgage. A type of lien on the land such as a deed of trust or other security instrument.
- h. Public Records. Those records required by Texas law and maintained by public officials in the county where the property is located that give legal notice of matters affecting your title.
- i. Title. The ownership interest in the land, as shown in Schedule A.
- j. We, us or our. The title insurance company. This is Stewart Title Guaranty Company.
- k. You, your. The insured.

2. CONTINUATION OF COVERAGE

We insure you as long as you:

- a. own your Title,
- b. own a mortgage from anyone who buys your Title, or
- c. are liable for any Title warranties you make.

We insure your transferee or assignee only as follows:

- a. A person who inherits the original named insured's title on the original named insured's death;
- b. the original named insured's spouse who receives title in a dissolution of marriage with the original named insured;
- c. the trustee or successor of a trust established by the original named insured to whom the original named insured transfers title after the date of policy; or
- d. the beneficiaries of a trust described by Subdivision (c) on the death of the original named insured.

3. YOUR DUTIES IF YOU MAKE A CLAIM

You must follow this process to make a claim:

- a. You Must Give Us Notice of your Claim.

If anyone claims a right against your insured title, you must notify us promptly.

Send the notice to P.O. Box 2029, Houston, Texas 77252 or call 1-800-729-1902 and ask for a claims attorney. If you initially notify us by phone, we recommend that you also notify us in writing. Please include the Policy number shown in Schedule A, and the county where the land is.

Our obligation to you is reduced or ended if:

(1) you fail to give prompt notice, and

(2) your failure affects our ability to dispose of or to defend you against the claim.

Our obligation is reduced only to the extent that your failure affects our ability to dispose of or to defend you against the claim.

b. You Must Give Us Proof of Your Loss if We Request It

You must send to us, if we request, your signed proof of loss within 91 days of our request on a standard form supplied by us. Within 15 days after we receive your notice of claim, we must request a signed proof of loss. If not, we waive **our right** to require a proof of loss.

This waiver will not waive our other rights under the policy. The statement must have the following information to the best of your knowledge:

(1) the Covered Title Risks which resulted in your loss,

(2) the dollar amount of your loss, and

(3) the method you used to compute the amount of your loss.

c. You Must Provide Papers We Request.

We may require you to show us your records, checks, letters, contracts, and other papers that relate to your claim of loss.

We may make copies of these papers.

If you tell us the information is confidential, we will not disclose it to anyone else unless we reasonably believe the disclosure is necessary to administer the claim.

d. You Must Answer Questions Under Oath.

We may require you to answer questions under oath.

e. Effect of Failure to Cooperate.

Our obligation to you reduces or ends if you fail to refuse to:

(1) (a) provide a statement of loss.

(b) answer our questions under oath, or

(c) show us the papers we request, and

(2) your failure or refusal affects our ability to dispose of or to defend you against the claim.

4. OUR CHOICES WHEN YOU NOTIFY US OF A CLAIM

a. After we receive your claim notice or in any other way learn of a matter for which we are liable, we can do one or more of the following:

(1) Pay the claim against your title

(2) Negotiate a settlement.

(3) Prosecute or defend a court case related to the claim.

(4) Pay you the amount required by this Policy.

(5) Take other action under Section 4b.

(6) Cancel this policy by paying the Policy Amount, then in force, and only those costs, attorneys' fees and expenses incurred up to that time that we were obligated to pay.

We can choose which of these to do.

b. If you report to us that a covered title risk exists, we will promptly investigate to determine if that covered title risk is valid and not barred by law or statute. A covered title risk is a title risk that this Policy does not exclude or except.

If we conclude that your claim, or any part of your claim, is covered by the policy, we will take one or more of the following actions to the extent that it is covered:

(1) Institute all necessary legal proceedings to clear the title to the property;

(2) Indemnify you pursuant to the terms of the policy;

(3) Issue a new title policy without making exception to the covered title risk. If another insurer issues the new title policy to your purchaser, lender or other transferee without making exception to the covered title risk, we will indemnify the other insurer.

(4) Secure a release of the covered title risk.

c. If we deny your claim, or any part of your claim, not more than 15 days after we deny the claim, we will:

(1) notify you in writing, and

(2) give you the reasons for denial of your claim in writing.

5. HANDLING A CLAIM OR COURT CASE

You must cooperate with us in handling any claim or court case and give us all relevant information.

We must repay you only for those settlement costs, attorneys' fees and expenses that we approve in advance.

When we defend or sue to clear your title, we have a right to choose the attorney. You have the right to disapprove our choice of attorney for reasonable cause. We can appeal any decision to the highest court. We do not have to pay your claim until your case is finally decided.

We do not agree that the matter is a covered title risk by defending.

6. LIMITATIONS OF OUR LIABILITY

Our liability is limited by the following:

a. We will pay up to your actual loss or the Policy Amount in force when the claim is made -- whichever is less.

b. If we remove the claim against your title with reasonable diligence or take other action under this policy after receiving notice of it, we will have no further liability for it.

c. All payments we make under this policy -- except for costs, attorneys' fees and expenses -- will be subtracted from your Policy Amount.

d. If the Covered Title Risk is an easement, we may pay an insured mortgage holder instead of paying you when a written agreement between you and the mortgage holder allows. If the claim involves another Covered Title Risk, we may pay the mortgage holder instead of paying you. The amount paid to the mortgage holder is considered a payment to you under your policy and will be subtracted from your policy amount.

e. If you do anything to affect any right of recovery or defense you may have, we can subtract from our liability the amount by which you reduced the value of that right or defense. But we must add back to our liability any amount by which our expenses are reduced as a result of your action.

7. TRANSFER OF YOUR RIGHTS

When we settle a claim, we have all the rights you had against any person or property related to the claim. You must transfer these rights to us when we ask, and you must not do anything to affect these rights. You must let us use your name in enforcing these rights.

We will not be liable to you if we do not pursue these rights or if we do not recover any amount that might be recoverable.

With the money we recover from enforcing these rights, we will pay whatever part of your loss we have not paid. We have a right to keep what is left.

8. ARBITRATION

If it is permitted under Texas or federal law, you and we may agree to arbitration when you file a claim.

The arbitration may decide any matter in dispute between you and us.

Arbitration is one means of alternative dispute resolution. It may lessen the time and cost of claims settlement. You may wish to consider another form of mediation or use the court system. If you choose arbitration, you may give up some discovery rights and your right to sue.

The arbitration award may:

a. include attorneys' fees if allowed by state law, and/or

b. be entered as a judgment in the proper court.

The arbitration shall be under the Title Insurance Arbitration Rules of the American Arbitration Association. You may choose current Rules or Rules in existence on Policy Date.

The law used in the arbitration is the law of the place where the property is located.

You can get a copy of the Rules from us.

9. ENTIRE CONTRACT PROVISION

This policy and any endorsements we attach are the entire contract between you and us.

Any claim you make against us must be under this Policy and subject to its terms.

10. COMPLAINT NOTICE

Should any dispute arise about your premium or about a claim that you have filed, contact the agent or write to us. OUR TOLL-FREE NUMBER IS 1-800-729-1902. If we do not resolve the problem, you also may write the Texas Department of Insurance, P.O. Box 149104 Austin, TX 78714-9104, Fax No. (512) 490-1007. THE TOLL-FREE NUMBER FOR THE TEXAS DEPARTMENT OF INSURANCE IS 1-800-252-3439.

This notice of complaint procedure is for information only. It does not become a part or condition of this policy.

STEWART TITLE GUARANTY COMPANY

1. IMPORTANT NOTICE

To obtain information or make a complaint:

2. You may contact your title insurance agent at (979) 297-6426
3. You may call Stewart Title Guaranty Company's toll-free number for information or to make a complaint at:
(800) 729 1902
4. You may also write to Stewart Title Guaranty Company at P.O. Box 2029, Houston, TX 77252-2029
5. You may contact the Texas Department of Insurance to obtain information on companies, coverage's, rights or complaints at:

(800) 252-3439

6. You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007
Web: www.tdi.texas.gov
E-mail: Consumerprotection@tdi.texas.gov

7. PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim, you should contact the (agent) (company) (agent or the company) first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

8. ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

1. AVISO IMPORTANTE

Para obtener informacion o para presentar una queja:

2. Usted puede comunicarse con su agente al: (979) 297-6426
3. Usted puede llamar al numero de telefono gratuito de Stewart Title Guaranty Company's para obtener informacion o para presentar una queja al:
1-800-729-1902
4. Usted tambien puede escribir a Stewart Title Guaranty Company, P.O. Box 2029, Houston, TX 77252-2029
5. Usted puede comunicarse con el Departamento de Seguros de Texas para obtener informacion sobre companias, coberturas, derechos, o quejas al:

(800) 252-3439

6. Usted puede escribir al Departamento de Seguros de Texas a:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007
Web: www.tdi.texas.gov
E-mail: Consumerprotection@tdi.texas.gov

7. DISPUTAS POR PRIMAS DE SEGUROS O RECLAMACIONES:

Si tiene una disputa relacionada con su prima de seguro o con una reclamacion usted debe comunicarse con (el agente) (la compania) (el agente o la compania) primero. Si la disputa no es resuelta, usted puede comunicarse con el Departamento de Seguros de Texas (TDI).

8. ADJUNTE ESTE AVISO A SU POLIZA:

Este aviso es solamente para proposito informativos y no se convierte en parte o en condicion del documento adjunto.

OWNER'S INFORMATION SHEET

Your Title Insurance Policy is a legal contract between you and Stewart Title Guaranty Company. This policy is not an opinion or report of your title. It is a contract of indemnity, meaning a promise to pay you or to take other action if you have a loss resulting from a covered title risk. It applies only to an improved one-to-four family residential property or condominium unit. If your land is not either of these, contact us immediately.

Su Poliza de Seguro de Titulo es un contrato legal entre usted y Stewart Title Guaranty Company. Esta poliza no es una opinion o reporte en relacion a su titulo de propiedad. Es un contrato de indemnificacion, esto es, la promesa de reembolsarle o de tomar cualquier otro tipo de accion si usted sufre una perdida como resultado de cualquier riesgo cubierto por la poliza.

Esta forma de poliza ha sido designada para ser utilizada exclusivamente en los casos de propiedades en las cuales hay construidas viviendas para no mas de cuatro familias o en los casos de unidades en condominios. Si su propiedad no es ninguna de las anteriores, por favor, notifiquenos inmediatamente.

We insure you against certain risks to your land title. We list these risks on page 1. The following limit your coverage:

- Exclusions on page 2.
- Exceptions on Schedule B.
- Conditions on pages 2, 3 and 4.

You should keep the policy even if you transfer the title to your land. If you want to make a claim, see section 3 under Conditions on page 3.

You do not owe any more premiums for the Policy.

This sheet is not your insurance Policy. It is only a brief outline of some of the important Policy features. The Policy explains in detail your rights and obligations and our rights and obligations. The Policy -- and not this sheet -- is the legal document. **YOU SHOULD READ THE POLICY VERY CAREFULLY.**

THE TOLL-FREE NUMBER OF STEWART TITLE GUARANTY COMPANY IS 1-800-729-1902. YOU MAY CALL THIS NUMBER TO DISCUSS THIS POLICY OR TO MAKE A COMPLAINT. YOU MAY WRITE TO STEWART TITLE GUARANTY COMPANY AT THE ADDRESS IN SECTION 3 UNDER CONDITIONS ON PAGE 3.

STEWART TITLE GUARANTY COMPANY

TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE ONE-TO-FOUR FAMILY RESIDENCES

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**T1-R TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE
ONE-TO-FOUR FAMILY RESIDENCES
SCHEDULE A**

ISSUED BY
STEWART TITLE GUARANTY COMPANY

File No.: 485615

Policy Date: July 30, 2019

Policy No.: O-5968-453921

Policy Amount: \$104,500.00

Premium: \$ 900.00

1. Name of Insured:

Michael Wayne Durham and Stephanye Lynn Gibson

2. We insure your interest in the land covered by this Policy is:

FEE SIMPLE

3. Legal Description of land:

See Exhibit "A" Attached Hereto

**T-1R TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE
ONE-TO-FOUR FAMILY RESIDENCES
EXHIBIT "A"
LEGAL DESCRIPTION**

ISSUED BY
STEWART TITLE GUARANTY COMPANY

File No.: 485615

Policy No.: O-5968-453921

Lots Twenty-one (21) and Twenty-two (22), Block One (1), Oakwood Shores, according to the recorded map or plat thereof in Clerk's File No. 2008019216 of the Official Records, Brazoria County, Texas.

**T1-R TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE
ONE-TO-FOUR FAMILY RESIDENCES
SCHEDULE B**

EXCEPTIONS FROM COVERAGE

We do not cover loss, costs, attorney's fees and expenses resulting from:

1. The following restrictive covenants of record itemized below:
 - a. Those recorded under Clerk's File No. 2008019216 and No. 2008023001, 2010029285, 2013038295, 2017027617, 2019016322, 2019016334 of the Official Records of Brazoria County, Texas; but omitting any covenants, condition, or restriction, if any, based on race, color, religion, sex, handicap, familial status or national origin unless and to the extent that the covenant, condition or restriction (a) is exempt under Title 42 of the United States Code or (b) relates to handicap, but does not discriminate against handicapped persons.
2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.
3. Homestead or community property or survivorship rights, if any, of any spouse of any insured. (Applies to the Owner's Policy only.)
4. Any titles or rights asserted by anyone, including but not limited to, persons, the public, corporations, governments or other entities,
 - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
 - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
 - c. to filled-in lands, or artificial islands, or
 - d. to statutory water rights, including riparian rights, or
 - e. to the area extending from the line of mean low tide to the line of vegetation, or the right of access to that area or easement along and across that area.
5. Standby fees, taxes and assessments by any taxing authority for the year 2019, and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year.
6. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):
 - a. Rights of parties in possession.
 - b. Annual maintenance charge and special assessments for capital improvements reserved under Clerk's File No. 2008023001 of the Official Records of Brazoria County, Texas. This lien having been subordinated therein to all first lien mortgages.
 - c. Agreement with CenterPoint Energy Houston Electric, LLC for the installation, operation and maintenance of an underground/overhead electrical service distribution system, as set forth in instrument recorded in Clerk's File No. 2008033199, of the Official Records of Brazoria County, Texas.
 - d. All terms, conditions, and provisions of that certain City of Freeport Ordinance No. 2006-2150 recorded under Clerk's File No. 2007008486, in the Official Records of Brazoria County, Texas.

**T1-R TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE
ONE-TO-FOUR FAMILY RESIDENCES
SCHEDULE B**

- e. Building setback lines shall be 15 feet along the side property line as reflected by the recorded plat in Clerk's File No. 2008019216 of the Official Records, Brazoria County, Texas. On those lots where an easement extends beyond the required building line, then the outermost easement line shall be considered the building setback line. Amended under Clerk's File No. 2017027617 for Lots on Bayou to be 7.5 feet along the side property line.
- f. Building setback lines shall be 25 feet along the rear property line as reflected by the recorded plat in Clerk's File No. 2008019216 of the Official Records, Brazoria County, Texas. On those lots where an easement extends beyond the required building line, then the outermost easement line shall be considered the building setback line.
- g. There is hereby dedicated a 15 foot drainage and utility easement along each side and rear lot line (7.5 feet each side of lot line) on all lots, except when other easements are shown and dedicated on the face of this plat. A 30 foot unobstructed aerial easement is hereby dedicated along all 15 foot drainage and utility easements created by this note. These aerial easements shall extend horizontally 15 feet each side of the lot line from a plane 16 feet above ground level upward whereby the aerial easements total 30 feet in width as reflected by the recorded plat in Clerk's File No. 2008019216 of the Official Records, Brazoria County, Texas.
- h. Building setback line 100 feet in width along the front and rear property lines as reflected by the recorded plat in Clerk's File No. 2008019216 of the Official Records of Brazoria County, Texas.
- i. An easement 16 feet wide north of and adjacent to 10 foot road and drainage easement along the front property line for the use of public utilities as reflected by the recorded plat in Clerk's File No. 2008019216 of the Official Records of Brazoria County, Texas.
- j. A road and drainage easement 10 feet wide along the front property line as reflected by the recorded plat in Clerk's File No. 2008019216 of the Official Records of Brazoria County, Texas.
- k. Easement conveyed to or reserved by Houston Lighting & Power Co., described in instrument recorded in Volume 724, Page 105 of the Deed Records of Brazoria County, Texas.
- l. Subject to any easements, rights-of-way, roadways, encroachments, etc., which a survey or physical inspection of the premises might disclose.
- m. This Company shall have no liability for, nor any responsibility to defend, any portion of the property described herein against any right, title, interest, or claim (valid or invalid) of any character had or asserted by the State of Texas or by any governmental authority or by the public generally, (1) in and to portions of the above described property that may be within the bed, shore, or banks of a perennial stream or lake, whether navigable in fact or law; or within the bed or shore or the beach adjacent thereto of a body of water affected by the ebb and flow of the tide; and (2) in and to portions of the above described property which may be between the water's edge and a line of vegetation on the upland or for any claim or right for ingress and egress thereto.
- n. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interests that are not listed.
- o. Deed of Trust to the extent of \$39,600.00 (as to Lot 21) and \$44,000.00 (as to Lot 22) executed by Michael Wayne Durham, a single man and Stephanye Lynn Gibson, a single woman to Robert A. Perryman, Trustee for First State Bank securing the original principal amount of \$83,600.00 dated July 19, 2019 and recorded on July 30, 2019 under Instrument No. 2019036269 (as to Lot 21) and Instrument No. 2019036270 (as to Lot 22) of the Official Public Records of Brazoria County, Texas.

STATE OF TEXAS - COUNTY OF BRAZORIA

I, MICHAEL W. DURHAM & STEPHANYE L. GIBSON, THE OWNERS OF LOTS 21 AND 22, BLOCK 1, OF OAKWOOD SHORES SUBDIVISION, SECTION 1 AS RECORDED IN COUNTY CLERK'S FILE NO. 2008-019216, O.R.B.C. DO HEREBY MAKE RE-PLAT OF SAID PROPERTY ACCORDING TO THE LINES, LOTS, BUILDING LINES, STREETS, EASEMENTS, AND RIGHT-OF-WAY SHOWN HEREON AND DO HEREBY DEDICATE TO THE PUBLIC USE ALL STREETS, EASEMENTS AND RIGHT-OF-WAY SHOWN HEREON, FOR THEIR USE FOREVER; AND DO HEREBY WAIVE ANY CLAIMS FOR DAMAGES OCCASIONED BY THE ESTABLISHING OF GRADES AS APPROVED FOR THE STREETS OR ALLEYS, OR OCCASIONED BY THE ALTERATION OF THE SURFACE OF ANY PORTION OF STREETS OR ALLEYS TO CONFORM TO SUCH GRADES, AND DO HEREBY BIND MYSELF, MY HEIRS, SUCCESSORS AND ASSIGNS, TO WARRANT AND DEFEND THE TITLE OF THE LAND SO DEDICATED.

MICHAEL W. DURHAM

STEPHANYE L. GIBSON

STATE OF TEXAS - COUNTY OF BRAZORIA

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED MICHAEL W. DURHAM, KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSE AND CONSIDERATION THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____ DAY OF _____ 2020.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS.
MY COMMISSION EXPIRES _____

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED STEPHANYE L. GIBSON, KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSE AND CONSIDERATION THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____ DAY OF _____ 2020.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS.
MY COMMISSION EXPIRES _____

PLANNING AND ZONING COMMISSION

THIS IS TO CERTIFY THAT THE PLANNING AND ZONING COMMISSION (OR THE CITY COUNCIL IF THERE IS NO PLANNING AND ZONING COMMISSION) OF THE CITY OF RICHWOOD, TEXAS, HAS APPROVED THIS REPLAT AND SUBDIVISION OF 2.05 ACRES KNOWN AS LOTS 21 AND 22, BLOCK 1 CONVEYED TO MICHAEL W. DURHAM AND STEPHANYE L. GIBSON AS SHOWN HEREIN

"IN TESTIMONY WHEREOF, WITNESSES THE OFFICIAL SIGNATURES OF THE CHAIRMAN AND THE SECRETARY OF THE PLANNING AND ZONING COMMISSION, THIS THE _____ DAY OF _____, 2020."

CHAIRMAN

SECRETARY

RICHWOOD CITY COUNCIL

"THIS IS TO CERTIFY THAT THE CITY COUNCIL OF THE CITY OF RICHWOOD, TEXAS, HAS APPROVED THIS REPLAT AND SUBDIVISION OF 2.05 ACRES KNOWN AS LOTS 21 AND 22, BLOCK 1 CONVEYED TO MICHAEL W. DURHAM AND STEPHANYE L. GIBSON AS SHOWN HEREIN"

"IN TESTIMONY WHEREOF, WITNESS THE OFFICIAL SIGNATURES OF THE MAYOR, CITY COUNCIL, SECRETARY OF THE CITY OF RICHWOOD, TEXAS, THIS THE _____ DAY OF _____, 2020."

MAYOR

POSITION 1

POSITION 2

POSITION 3

POSITION 4

POSITION 5

SECRETARY

STATE OF TEXAS - COUNTY OF BRAZORIA

THIS IS TO CERTIFY THAT I, GEORGE K. LANE, A REGISTERED PROFESSIONAL LAND SURVEYOR OF THE STATE OF TEXAS, HAVE PLATTED THE ABOVE SUBDIVISION FROM AN ACTUAL SURVEY ON THE GROUND; AND THAT ALL LOTS, ARE, OR WILL BE UPON COMPLETION OF CONSTRUCTION, PROPERLY MARKED WITH 5/8-INCH IRON RODS FOUND UNLESS NOTED OTHERWISE AND TWO (2) FEET LONG; AND THAT ALL BOUNDARY CORNERS AND TANGENTS ARE, OR WILL BE UPON COMPLETION OF CONSTRUCTION, PROPERLY MARKED WITH MINIMUM 1/2-INCH IRON RODS; AND THAT THIS PLAT CORRECTLY REPRESENTS THE SURVEY BY ME." TO THE SURVEYORS CERTIFICATION.

GEORGE K. LANE, RPLS
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6086

STATE OF TEXAS - COUNTY OF BRAZORIA

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED GEORGE K. LANE, KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSE AND CONSIDERATION THEREIN EXPRESSED.

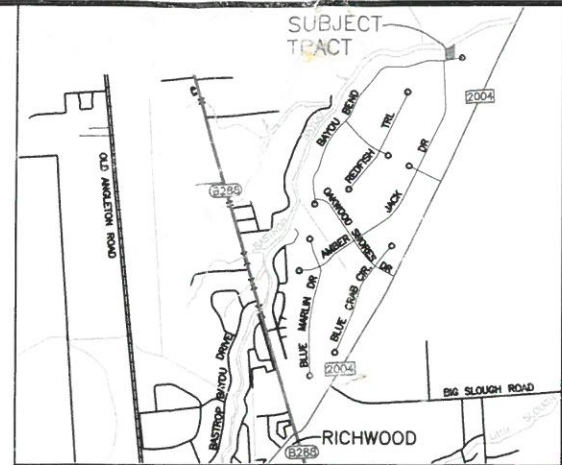
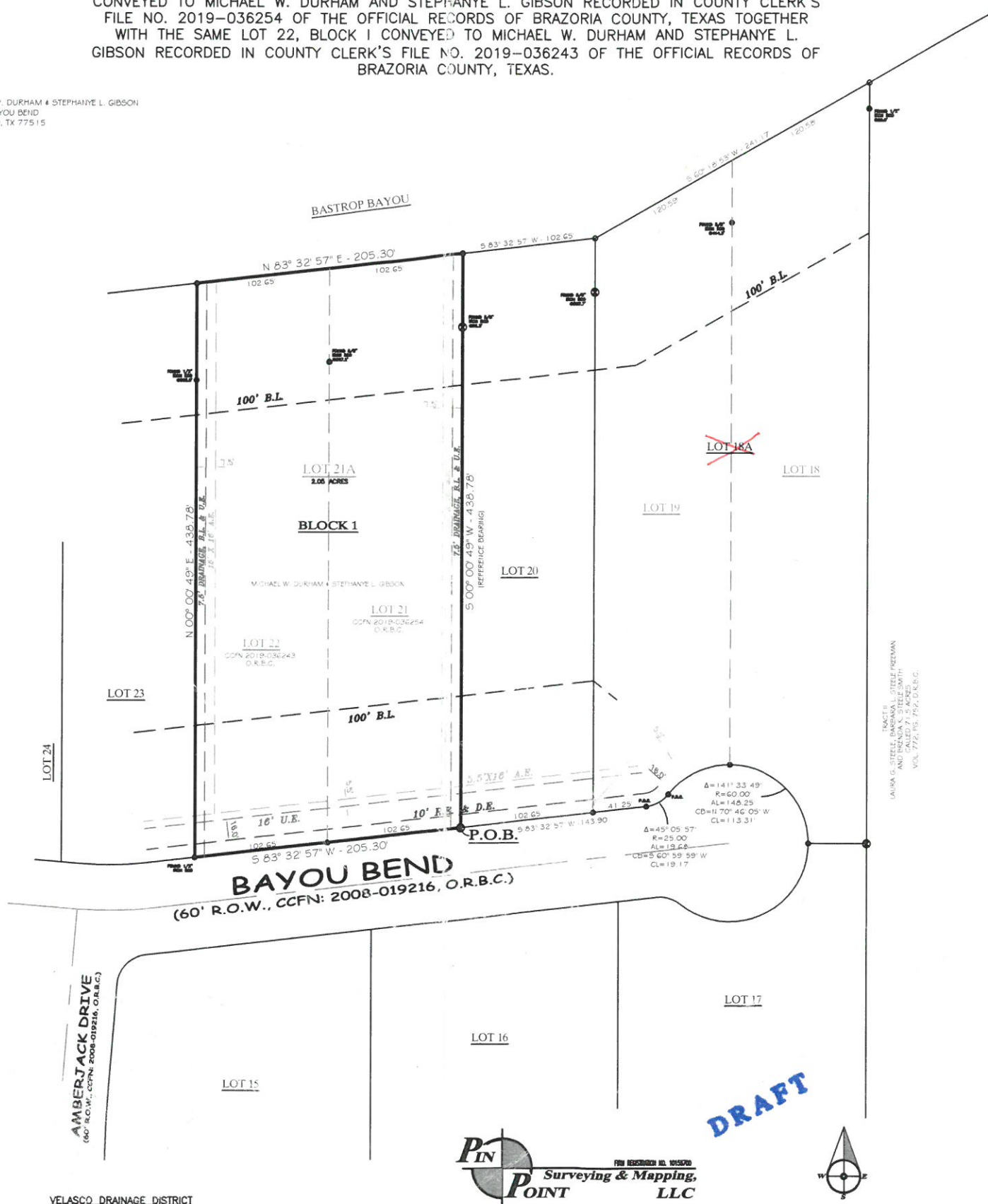
GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____ DAY OF _____ 2020.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS.
MY COMMISSION EXPIRES _____

REPLAT OF LOTS 21 & 22, BLOCK 1 OF OAKWOOD SHORES SUBDIVISION, SECTION 1

BEING A 2.05 ACRE TRACT OF LAND KNOWN AS LOTS 21 AND 22, BLOCK 1, OF OAKWOOD SHORES SUBDIVISION, SECTION 1, RECORDED IN COUNTY CLERK'S FILE NO. 2008-019216 OF THE OFFICIAL RECORDS OF BRAZORIA COUNTY, TEXAS, BEING THE SAME LOT 21, BLOCK 1 CONVEYED TO MICHAEL W. DURHAM AND STEPHANYE L. GIBSON RECORDED IN COUNTY CLERK'S FILE NO. 2019-036254 OF THE OFFICIAL RECORDS OF BRAZORIA COUNTY, TEXAS TOGETHER WITH THE SAME LOT 22, BLOCK 1 CONVEYED TO MICHAEL W. DURHAM AND STEPHANYE L. GIBSON RECORDED IN COUNTY CLERK'S FILE NO. 2019-036243 OF THE OFFICIAL RECORDS OF BRAZORIA COUNTY, TEXAS.

OWNER: MICHAEL W. DURHAM & STEPHANYE L. GIBSON
31434 BAYOU BEND
RICHWOOD, TX 77515



VICINITY MAP
NOT TO SCALE

METES & BOUNDS DESCRIPTION OF LOT 21A:

Being a 2.05 acre tract of land known as Lots 21 and 22, Block 1, of Oakwood Shores Subdivision recorded in County Clerk's File No. 2008-019216 of the Official Records of Brazoria County, Texas being the same Lot 21, Block 1 conveyed to Michael W. Durham and Stephanye L. Gibson recorded in County Clerk's File No. 2019-036254 of the Official Records of Brazoria County, Texas together with the same Lot 22, Block 1 conveyed to Michael W. Durham and Stephanye L. Gibson recorded in County Clerk's File No. 2019-036243 of the Official Records of Brazoria County, Texas and being more fully described by metes and bounds as follows: (All bearings based on the common line of Lots 20 and 21, Block 1 of Oakwood Shores S/D being - South 00° 00' 49" West.)

BEGINNING at a 5/8" iron rod found in the Northwest right-of-way line of Bayou Bend (60' R.O.W., CCFN 2008-019216, O.R.B.C.) at the common corner of Lots 20 and 21, Block 1 of said S/D for the Southeast corner and **TRUE PLACE OF BEGINNING** of the herein described tract, said iron rod bears South 83° 32' 57" West - 143.90 feet from a 5/8" iron rod found at the point of curvature of the Northwest R.O.W. line same being the Southeast line of Lot 19, Block 1 of said S/D;

THENCE South 83° 32' 57" West - 205.30 feet along the Northwest R.O.W. line of Bayou Bend to a 1/2" iron rod found at the common corner of Lots 22 and 23, Block 1 for the Southwest corner of the herein described tract;

THENCE North 00° 00' 49" East, along the common line of Lots 22 and 23, Block 1 at 365.0 feet pass a 1/2" iron rod found on-line and continue for a total distance of - 438.78 feet to a point in the South bank of Bastrop Bayou at the common corner of Lots 22 and 23, Block 1 for the Northwest corner of the herein described tract;

THENCE North 83° 32' 57" East - 205.30 feet along the South bank of Bastrop Bayou same being the Northwest line of Lots 21 and 22, Block 1 of said S/D to a point at the common corner of Lots 20 and 21, Block 1 for the Northeast corner of the herein described tract;

THENCE South 00° 00' 49" West [Reference Bearing], along the common line of Lots 20 and 21, Block 1 at 56.3 feet pass a 5/8" iron rod found on-line and continue for a total distance of - 438.78 feet to the **PLACE OF BEGINNING** and containing 2.05 acres of land, more or less. This description is based on an actual survey made on the ground and is accompanied by a plat prepared under the direct supervision of George K. Lane, RPLS No. 6086 on January 13th, 2020.

NOTES:

1) THERE WAS NO PHYSICAL EVIDENCE OF ANY PIPELINE OR PIPELINE EASEMENTS WITHIN THE BOUNDARIES OF THIS PLAT.

2) ALL DRAINAGE EASEMENTS AND RIGHT-OF-WAYS SHALL BE KEPT CLEAR OF FENCES, BUILDINGS, FOUNDATIONS, PLANTINGS AND OTHER OBSTRUCTIONS TO THE OPERATION AND MAINTENANCE OF THE DRAINAGE FACILITY.

3) THIS PROPERTY IS LOCATED WITHIN ZONE "AE" AND IS WITHIN THE 100 YEAR FLOOD PLAIN, ACCORDING TO THE FLOOD HAZARD MAP OF BRAZORIA COUNTY, TEXAS, COMMUNITY NO. 485502, PANEL NO. 0610, SUFFIX "H", DATED: JUNE 5TH, 1989. *FLOODPLAIN STATUS IS SUBJECT TO CHANGE AS FEMA FIRM MAPS ARE UPDATED.

4) ALL CORNERS ARE ESTABLISHED ON THE GROUND BY A 5/8" IRON ROD FOUND UNLESS OTHERWISE LABELED.

5) THE PURPOSE OF THIS REPLAT IS TO MAKE 1 LOT OUT OF 2 LOTS (LOTS 21 AND 22, BLOCK 1 CONVEYED TO MICHAEL W. DURHAM AND STEPHANYE L. GIBSON AS RECORDED IN CCFN'S 2019-036254 AND 2019-036243, O.R.B.C., INTO ONE LOT BEING LOT 21A)

6) REFERENCE BEARING BEING THE COMMON LINE OF LOTS 20 AND 21, BLOCK 1, OF OAKWOOD SHORES BEING - S 00° 00' 49" W.

7) ALL SIDE LOT BUILDING SETBACK LINES SHALL BE 15 FEET AND ALL REAR LOT BUILDING SETBACK LINES SHALL BE 100 FEET, ON THOSE LOTS WHERE AN EASEMENT EXTENDS BEYOND THE REQUIRED BUILDING LINE, THEN THE OUTERMOST EASEMENT LINE SHALL BE CONSIDERED THE BUILDING SETBACK LINE, PER PLAT. [15' SIDE B.L. CHANGED TO 7.5' SIDE B.L. ALONG BASTROP BAYOU WITH 100' ROAD FRONTAGE PER CITY OF RICHWOOD MINUTES DATED JUNE 9, 2008.]

8) A 15 FOOT DRAINAGE AND UTILITY EASEMENT ALONG EACH SIDE LINE (7.5 FEET EACH SIDE OF THE LOT LINE) ON ALL LOTS EXCEPT WHEN SHOWN OTHERWISE ON FACE OF PLAT. EASEMENTS PER PLAT, COUNTY CLERK'S FILE NO. 2008-033199 & 2010-029285, O.R.B.C., AS SHOWN ABOVE A 7.5'X16' AERIAL EASEMENT ALONG THE 7.5' D.E. & U.E. AND A 5.5'X16' AERIAL EASEMENT ALONG THE FRONT 16' U.E. PER PLAT.

9) TEMPORARY BENCHMARK ESTABLISHED BY PINPOINT SURVEY BEING SQUARE CHISSELED IN THE ASPHALT BEING IN THE NORTHERN PORTION OF THE CUL-DE-SAC OF BAYOU BEND APPROXIMATELY 2.5 FEET OFF THE EDGE OF ASPHALT MARKED "TBM" (9.4' ABOVE MEAN SEA LEVEL) AND IN FRONT OF LOT 18, BLOCK 1, OF OAKWOOD SHORES SUBDIVISION, JUST LEFT OF ITS DRIVEWAY.

MEMORANDUM

To: Richwood City Council

From: Clif Custer

Date: February 11th, 2020

Subject: Road repair efforts within the subdivision of Oakwood Shores

This Memo is to inform City Council that discussion and possible action might be necessary during the February 2020 Council meeting. As a response to Oakwood Shores residents request for clarity on the 2019 Proposed Bond Program I'll be present to discuss any matters that are in question regarding any proposed projects that will be funded utilizing General Obligation Bond Funds. Matt Allen with Cordoba Law Firm will be in attendance to answer any legal questions regarding ballot language and any other legality concerns.

Reasons for road reconstruct selection,

1. Reconstructing a continuous path of roads
2. Minimize start and stop points
3. Impact the maximum number of households with the four miles of road reconstruct

Item 1.

A continuous path of reconstructed roadway will have the best chances of maintaining integrity throughout the majority of that repaired roadway. Treating subbase involves the process of applying Lime in order to achieve a certain degree of subbase compaction. This creates a solid foundation for all types of traffic to traverse Oakwood Shores roads in the future. The ability to establish a good starting and stopping point when creating a solid foundation for roads will only compliment the ability to consistently and continually prepare road subbase in preparation of the other aspects of complete road reconstruction (base layer and asphalt). To jump around based on a perception of what road is worst will create a situation of moving men, equipment and material in an inefficient manner. This not only results in loss of time; it also results in undue pressure by heavy equipment traversing streets that are already in poor condition.

Item 2.

This relates to Item 1. Oakwood Shores roadways are made up of seven miles worth of roads. Based the research performed utilizing ground penetrating radar, Geotechnical Engineering, City Engineers perspectives and assessment, and Brazoria County Precinct 1 lengthy involvement with road construction in Oakwood Shores, it has been determined that all seven miles of road within the subdivision can be considered "failed". Once a section of road has been repaired, a transition point of new road and old road is created. Road failure occurs at these transition points 100% of the time. This presents a situation of complicated repair where Public Works' goal is not only to attempt to preserve the condition of the newly constructed street but to also perform a repair that minimizes driving hazards for individuals traversing Oakwood Shores' roads. A Plan has been developed for four miles of road reconstruct in Oakwood Shores to minimize these road transitions.

Item 3.

There are no further funding sources for future road reconstruction in Oakwood Shores beyond an estimated \$1,000,000.00 of General Obligation Bond Funds it will take to complete the four miles of road reconstruction. Unless in the future there is a funding source developed to specifically fund road repair in Oakwood Shores, the four miles of road repair provided by Brazoria County will be the most significant repair effort to be seen within the subdivision of Oakwood Shores. It is the goal of Richwood staff to utilize this repair effort to not only impact the maximum amount households but also attempt to develop a plan that is most equitable for all residents obligated to pay for the bond.

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How were these projects selected?

In August 2017 the Richwood City Council appointed 15 residents to serve on the Bond Task Force and gave them the following charge:

- Review & prioritize capital improvement projects for a potential bond election
- Review the City's debt capacity & the potential impact of the various proposals on the tax rate
- Provide opportunities for citizen input
- Present their recommendations to City Council

The Bond Task Force worked on developing the bond proposal package from November 2017 to August 2018.

Why do we have bond elections?

Bond elections are held to finance the City's major capital improvements. When a city issues bonds, this is the equivalent of an individual borrowing money from a bank. To pay for these projects on a "pay as you go plan" would require a very large increase in taxes. Since the benefits of major capital improvements last for many years, the issuing of bonds spreads the cost over all residents, present and future.

Will the proposed bonds raise my taxes?

If the bond program is approved, up to a 11.44 cent property tax rate increase per \$100 evaluation may be necessary over the course of the next three years.

The table below shows the cost of the peak projected tax rate on various home values.

Value of Home	2018 Tax Rate 0.670204	Projected 2021 Tax Rate 0.784604	Projected Monthly Increase
\$100,000	\$55.85	\$65.38	\$9.53
\$150,000	\$83.78	\$98.08	\$14.30
\$200,000	\$111.70	\$130.77	\$19.07
\$250,000	\$139.63	\$163.46	\$23.83
\$300,000	\$167.55	\$196.15	\$28.60

How does our tax rate compare to other cities?

City	2015 Tax Rate	City	2015 Tax Rate
Holiday Lakes	1.010761	Clute	0.625000
West Columbia	0.820000	Manvel	0.570000
Alvin	0.788000	Brookside Village	0.528600
Danbury	0.765672	Jones Creek	0.410000
Sweeny	0.747062	Hillcrest Village	0.407932
Brazoria	0.721976	Surfside Beach	0.359506
Angleton	0.707598	Lake Jackson	0.337500
Pearland	0.685059	Oyster Creek	0.303816
Richwood	0.670204	Liverpool	0.189288
Freeport	0.628005	Quintana	0.013830

How long will it take to do these projects?

The design and construction of the projects would begin shortly after the bonds are approved. We anticipate that construction would be completed within five years.

What will happen if a bond proposition does not pass?

If the City's voters reject a bond proposition, bonds will not be issued for the projects included in the proposition and such projects will remain unfunded.

Whom can I contact if I have more questions about the bond Program?

For more information feel free to contact the City Hall at (979) 265-2082.

Ballot Language for Bond Election

PROPOSITION NO. 1

"THE ISSUANCE OF \$3,000,000 OF GENERAL OBLIGATION BONDS FOR STREET AND ROAD CONSTRUCTION AND IMPROVEMENTS AND THE LEVY OF A TAX THEREFOR"

FOR ☐ AGAINST ☐

PROPOSITION NO. 2

"THE ISSUANCE OF \$500,000 OF GENERAL OBLIGATION BONDS FOR SIDEWALK CONSTRUCTION AND IMPROVEMENTS, INCLUDING, BUT NOT LIMITED TO, SIDEWALKS ALONG STREETS LEADING TO GLADYS POLK ELEMENTARY SCHOOL SUCH AS MOORE STREET AND OYSTER CREEK DRIVE, AND THE LEVY OF A TAX THEREFOR"

FOR ☐ AGAINST ☐

PROPOSITION NO. 3

"THE ISSUANCE OF \$1,500,000 OF GENERAL OBLIGATION BONDS FOR DRAINAGE IMPROVEMENTS AND FLOOD CONTROL PROJECTS AND THE LEVY OF A TAX THEREFOR"

FOR ☐ AGAINST ☐

The Richwood City Council has called for an election to be held on November 6, 2018 to allow citizens the opportunity to vote on three (3) propositions for a proposed \$5 million bond program.

We invite you to please study the information below and to participate in the election on November 6, 2018.

Highlight of Bond Propositions

Proposition 1: Street & Road Construction (\$3.0 million)

Over the years as the streets have aged the City's operating budget has not been able to keep pace with the needed street repairs due to deterioration. This project would help fund the needed repairs to over 25,000 linear feet, or just over 4.7 miles, of roadways. The table to the right shows the proposed road repairs. If the City were to systematically address these repairs with the annual budgets in the General Fund and the Transportation Fund, it's estimated that the listed repairs may not be completed until 2037.

Resurfacing & Stabilization	Spot Repairs
Cypress	Brazos Ct.
Cypress Ct.	Brazos Dr.
W. Mahan	Braircreek
Schley	Quail Run
Cedar Ct.	Wisteria
June Ct.	
Blue Crab Ct.	
Blue Marlin	
Redfish Trl.	
Bayou Bend	



Proposition 2: Sidewalk Construction & Improvements (\$0.5 million)

Many areas in Richwood are not serviced by sidewalks, meaning there are not many safe paths for children to walk to and from Gladys Polk Elementary. This project would add about 2,000 linear feet of sidewalk on Moore St. to connect N. Mahan to Oyster Creek Dr. Cost permitting, additional sidewalk improvements would also be made along Oyster Creek Dr. Installing sidewalk in these areas would also require enclosing the respective drainage ditches.

The image to the right shows the future sidewalk projects that are being considered by the City and their potential funding sources. This bond proposition would be used for the projects highlighted in yellow and the projects in red would be funded overtime out of the Transportation Fund.

Proposition 3: Drainage Improvements & Flood Control Projects (\$1.5 million)

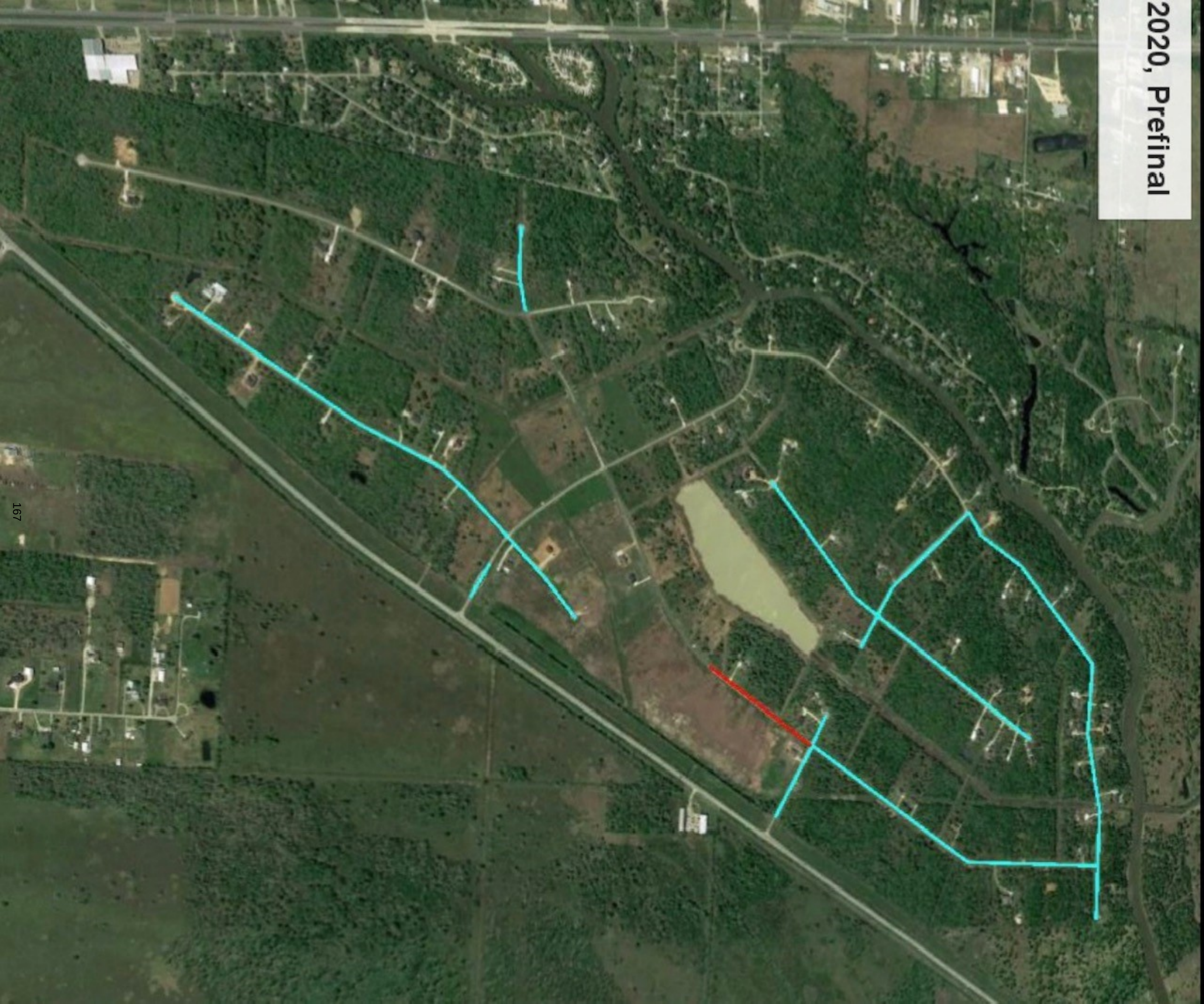
The City currently owns 4.6 acres of property along the section of the Magnolia St. right-of-way that is located just west of Audubon Woods I. It is proposed that this land be used to create a retention pond that would provide an additional 10.5-acre feet of storage, which should provide enough storage to keep the streets in the Audubon Woods I and the northern part of the Glenwood Bayou Subdivision from flooding during heavy rain events.

The City is also working with FEMA to determine the feasibility of a multi-million-dollar diversion channel that could potentially mitigate future flooding. If the diversion channel project is funded by FEMA, these bond dollars would first be used as the City's matching requirement for the diversion channel project.



Four complete
miles of rebuild
can be done in
Oakwood Shores
by 2021, latest.





MEMORANDUM

To: The Honorable Steve Boykin, Mayor and Members of the Richwood City Council

From: Kirsten Garcia, City Secretary

Date: February 6, 2020

Subject: HGAC Representative Designation

H-GAC is the regional organization through which local governments consider issues and cooperate in solving area wide problems. Through H-GAC, local governments also initiate efforts in anticipating and preventing problems, saving public funds. The 13-county H-GAC service region is growing, becoming more diverse, and constantly changing. In order to address the needs of citizens and businesses, local governments are providing leadership to guide regional development wisely and manage change constructively.

H-GAC's Bylaws provide that each member Home Rule city with a population under 25,000 as of the last 2010 Federal Census is entitled to designate one representative and one alternate to the H-GAC General Assembly, which will meet in early 2020.

The Board of Directors is composed of 36 elected officials representing the 13 counties, 107 cities, and 11 member independent school districts in the region. The Board meets monthly.

Last year Mark Brown was appointed as representative and Frank Blanks was appointed as alternate.

RESOLUTION 20-R-2

**A RESOLUTION DESIGNATING REPRESENTATIVE AND ALTERNATE
TO SERVE ON THE HOUSTON-GALVESTON AREA COUNCIL 2019
GENERAL ASSEMBLY BOARD OF DIRECTORS**

BE IT RESOLVED, by the Mayor and the City Council of Richwood, Texas, that
_____ be, and is hereby designated as its Representative to
the GENERAL ASSEMBLY of the Houston-Galveston Area Council for the year 2020.

FURTHER, that the Official Alternate authorized to serve as the voting representative should the
hereinabove name representative become ineligible, or should he/she resign, is
_____.

AND FURTHER MORE, that the Executive Director of the Houston-Galveston Area Council be
notified of the designation of the hereinabove named representative and alternate.

PASSED AND APPROVED this 24th day of February 2020.

Steve Boykin, Mayor

ATTEST:

Kirsten Garcia, City Secretary



City of Richwood

1800 Brazosport Blvd.
Richwood, TX 77531
Phone (979) 265-2082
Fax (979) 265-7345

MEMORANDUM

TO: Honorable Mayor and Members of Council

FROM: Lindsay Koskiniemi, Director of Finance

DATE: FEBRUARY 18, 2020

ENCLOSURE(S): 1) Appraisal report from Angleton Real Estate Appraisal

RE: Commercial value of 5 City-owned parcels at Oyster Creek and FM 2004 re-platted as one property

Overview

At the regular Council meeting on December 9, 2019, Council was presented with several discussion and action items to relocate Freedom Park and its monuments to the 5 City-owned parcels on Oyster Creek and FM 2004 (Subject "1541 FM 2004"), to sell or retain the City-owned property located at 215 Halbert, and to deed the existing City-owned property known as Freedom Park to the Richwood Volunteer Fire Department to use as a training site. Additionally, Council was presented with a request from Keep Richwood Beautiful to use 1541 FM 2004 for a community garden.

Council acted, approving the sale of 215 Halbert, which the Fire Department has used for overflow parking. The City's legal counsel research the property and confirmed to deed restrictions would prevent the sale of the property. 215 Halbert will be listed on a municipal auction website, consistent with Council action on December 9, 2019.

Prior to taking further action, Council wanted to know the commercial value of the five (5) City-owned parcels located at FM 2004 and Oyster Creek, if the 5 parcels were re-platted as one lot. Angleton Real Estate was contacted for a professional opinion of the value of the land.

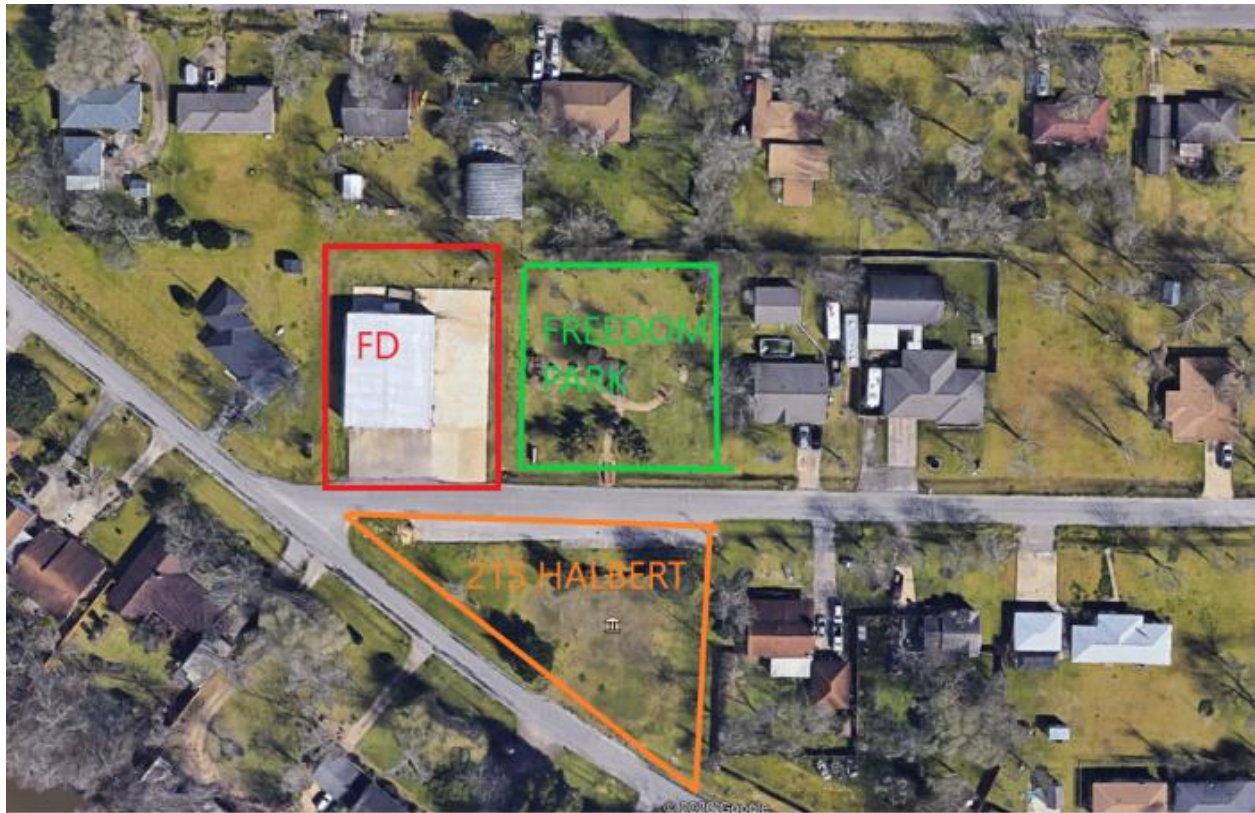
The report was comprised using comparable properties with a final reconciliation of value appraised at \$82,735, or \$1.30 per square foot 63,642.

Recommendation to Council

The subject property 1541 FM2004 is a relatively abnormal shape, and the appraised commercial value is less than I anticipated for a total of 1.46 acres. While I can not place a dollar amount on the goodwill of a city park amenity at this time, I believe the usage of this property would be best utilized as a prominent park site with the monuments relocated from Freedom Park, which include flag poles and a memorial bench. Further, with consideration to the sale of 215 Halbert and its impact on the reduction in available parking spaces at the fire department and need for training grounds, deeding the existing Freedom Park

space would benefit the Richwood Volunteer Fire Department. This would also benefit residents, as there would be less cars parked along the road.

The existing Freedom Park is located in a residential area with low visibility from an arterial roadway, which limits foot traffic/usage. Additionally, Freedom Park is not visible from three sides. A benefit of relocating the monuments to the proposed park site known as 1541 FM 2004, would provide a higher visibility site from FM 2004 and from the northeast-bound traffic descending the overpass.



Aerial perspective of Freedom Park visibility, loss parking space from 215 Halbert, limited training space at the fire station.



Proposed re-platted site for a future City park

Thank you,

Lindsay Koskiniemi
Director of Finance

FROM: Barry Coleman Angleton Real Estate Appraisal 217 Sebesta Rd. Angleton, TX 77515 Telephone Number: (979) 849-9600Fax Number:			INVOICE <table><tr><th>INVOICE NUMBER</th></tr><tr><td>15397</td></tr><tr><th>DATE</th></tr><tr><td>01/23/2020</td></tr><tr><th>REFERENCE</th></tr><tr><td>Internal Order #: 15397</td></tr><tr><td>Lender Case #:</td></tr><tr><td>Client File #: 15397</td></tr><tr><td>Main File # on form: 15397</td></tr><tr><td>Other File # on form:</td></tr><tr><td>Federal Tax ID:</td></tr><tr><td>Employer ID:</td></tr></table>		INVOICE NUMBER	15397	DATE	01/23/2020	REFERENCE	Internal Order #: 15397	Lender Case #:	Client File #: 15397	Main File # on form: 15397	Other File # on form:	Federal Tax ID:	Employer ID:
INVOICE NUMBER																
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Main File # on form: 15397																
Other File # on form:																
Federal Tax ID:																
Employer ID:																
TO: City of Richwood 1800 N Brazosport Blvd Richwood, TX 77531 Telephone Number: 979.265.2082Fax Number: Alternate Number:E-Mail: gcantu@richwoodtx.gov																
DESCRIPTION																
Lender: N/A		Client: City of Richwood														
Purchaser/Borrower: N/A																
Property Address: 1541 FM 2004																
City: Richwood																
County: Brazoria		State: TX		Zip: 77531												
Legal Description: See attached addenda																
FEES				AMOUNT												
Land				1,800.00												
SUBTOTAL				1,800.00												
PAYMENTS				AMOUNT												
Check #:	Date:	Description: Payment - Thank you!		1,800.00												
Check #:	Date:	Description:														
Check #:	Date:	Description:														
SUBTOTAL				1800												
TOTAL DUE				\$ 0.00												

Angleton Real Estate Appraisal
217 Sebesta Rd
Angleton, TX 77515

02/04/2020

City of Richwood
1800 N Brazosport Blvd
Richwood, TX 77531

Re: Property: 1541 FM 2004
Richwood, TX 77531
Borrower: N/A
File No.: 15397

Opinion of Value: \$ 83,000
Effective Date: 01/16/2020

In accordance with your request, we have appraised the above referenced property. The report of that appraisal is attached.

The purpose of the appraisal is to develop an opinion of market value for the property described in this appraisal report in unencumbered fee simple title of ownership.

This report is based on a physical analysis of the site and improvements, a locational analysis of the neighborhood and city, and an economic analysis of the market for properties such as the subject. The appraisal was developed and the report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice.

The opinion of value reported above is as of the stated effective date and is contingent upon the certification and limiting conditions attached.

It has been a pleasure to assist you. Please do not hesitate to contact me or any of my staff if we can be of additional service to you.

Sincerely,

A handwritten signature in blue ink that reads "William E. Coleman". The signature is fluid and cursive, with a long horizontal stroke at the end.

William E Coleman
SRA, AI-RRS
License or Certification #: 1360034
State: TX Expires: 04/30/2021
bill@angletonrealestateappraisal.com

USPAP Compliance Addendum

Loan #
File # 15397

Client	City of Richwood				
Property Address	1541 FM 2004				
City	Richwood	County	Brazoria	State	TX Zip Code 77531
Appraiser	Willliam E Coleman				

APPRAISAL AND REPORT IDENTIFICATION

This Appraisal Report is one of the following types:

☒ Appraisal Report

This report was prepared in accordance with the requirements of the Appraisal Report option of USPAP Standards Rule 2-2(a).

☐ Restricted Appraisal Report

This report was prepared in accordance with the requirements of the Restricted Appraisal Report option of USPAP Standards Rule 2-2(b). The intended user of this report is limited to the identified client. This is a Restricted Appraisal Report and the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without the additional information in the appraiser's workfile.

ADDITIONAL CERTIFICATIONS

I certify that, to the best of my knowledge and belief:

☐ The statements of fact contained in this report are true and correct.

☐ The report analyses, opinions, and conclusions are limited only by the reported assumptions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

☐ I have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or specified) personal interest with respect to the parties involved.

☐ I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.

☐ My engagement in this assignment was not contingent upon developing or reporting predetermined results.

☐ My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

☐ My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

☐ This appraisal report was prepared in accordance with the requirements of Title XI of FIRREA and any implementing regulations.

PRIOR SERVICES

☐ I have NOT performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

☒ I HAVE performed services, as an appraiser or in another capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Those services are described in the comments below.

PROPERTY INSPECTION

☐ I have NOT made a personal inspection of the property that is the subject of this report.

☒ I HAVE made a personal inspection of the property that is the subject of this report.

APPRAISAL ASSISTANCE

Unless otherwise noted, no one provided significant real property appraisal assistance to the person signing this certification. If anyone did provide significant assistance, they are hereby identified along with a summary of the extent of the assistance provided in the report.

ADDITIONAL COMMENTS

Additional USPAP related issues requiring disclosure and/or any state mandated requirements: The income approach to value is not utilized within this report, as houses within the subject neighborhood are typically purchased for occupancy, not income.

This report is made under the following Extraordinary Assumptions:

-The subject site is not affected or encumberanced by any health or environmental issues.

-All Multiple Listing Services Data used within this report is true and accurate.

-All public and / or private utilities servicing the subject site satisfy typical market participants expectations.

Should any of the Extraordinary Assumptions stated above be found false, the conclusions as stated within this report are subject to change.

MARKETING TIME AND EXPOSURE TIME FOR THE SUBJECT PROPERTY

☒ A reasonable marketing time for the subject property is 0-90 day(s) utilizing market conditions pertinent to the appraisal assignment.

☒ A reasonable exposure time for the subject property is 0-90 day(s).

APPRaiserSUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature



Name

William E Coleman

Date of Signature

02/04/2020

State Certification #

1360034

or State License #

State

TX

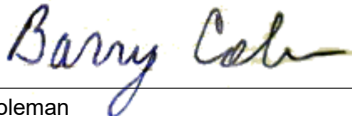
Expiration Date of Certification or License

04/30/2021

Effective Date of Appraisal

01/16/2020

Signature



Name

Barry A Coleman

Date of Signature

02/04/2020

State Certification #

or State License #

1324203

State

TX

Expiration Date of Certification or License

12/31/2020

Supervisory Appraiser Inspection of Subject Property

☐ Did Not

☐ Exterior-only from Street

☐ Interior and Exterior

LAND APPRAISAL REPORT

File No. 15397

SUBJECT

Borrower

N/A

Census Tract

6637.00

Map Reference

26420

Property Address

1541 FM 2004

City

Richwood

County

Brazoria

State

TX

Zip Code

77531

Legal Description

See attached addenda

Sale Price \$

Date of Sale

Loan Term

N/A

yrs.

Property Rights Appraised

☒ Fee

☐ Leasehold

☐ De Minimis PUD

Actual Real Estate Taxes \$

3,561

(yr)

Loan charges to be paid by seller \$

0

Other sales concessions

0

Lender/Client

N/A

Address

2320 6th Street, Bay City, TX 77414

Occupant

N/A

Appraiser

William E Coleman

Instructions to Appraiser

Ascertain market value.

NEIGHBORHOOD

Location

☐ Urban

☐ Suburban

☒ Rural

Good

Avg.

Fair

Poor

Built Up

☐ Over 75%

☒ 25% to 75%

☐ Under 25%

Employment Stability

☐

☒

☐

☐

Growth Rate

☐ Fully Dev.

☐ Rapid

☒ Steady

☐ Slow

Convenience to Employment

☐

☒

☐

☐

Property Values

☐ Increasing

☒ Stable

☐ Declining

Convenience to Shopping

☐

☒

☐

☐

Demand/Supply

☐ Shortage

☒ In Balance

☐ Oversupply

Convenience to Schools

☐

☒

☐

☐

Marketing Time

☐ Under 3 Mos.

☐ 4-6 Mos.

☒ Over 6 Mos.

Adequacy of Public Transportation

☐

☒

☐

☐

Present

50 % One-Unit

% 2-4 Unit

% Apts.

% Condo

5 % Commercial

Recreational Facilities

☐

☒

☐

☐

Land Use

% Industrial

3 % Vacant

42 % Vacant

Adequacy of Utilities

☐

☒

☐

☐

Change in Present

☒ Not Likely

☐ Likely (*)

☐ Taking Place (*)

Property Compatibility

☐

☒

☐

☐

Land Use

(*) From

To

Protection from Detrimental Conditions

☐

☒

☐

☐

Predominant Occupancy

☒ Owner

☐ Tenant

0 % Vacant

Police and Fire Protection

☐

☒

☐

☐

One-Unit Price Range

\$ 63,000

to \$ 498,000

Predominant Value \$ 174,000

General Appearance of Properties

☐

☒

☐

☐

One-Unit Age Range

0 yrs. to 87 yrs.

Predominant Age 42 yrs.

Appeal to Market

☐

☒

☐

☐

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise)

The subject is located inside of the city limits of Richwood, Brazoria County, Texas. Proximity to schools, shopping, medical and employment centers is average. Local school bus pickup is available to Brazosport ISD. Local police and fire protection is adequate, and provided by Brazoria County.

SITE

Dimensions

Survey not provided.

=

1.46 ac

☐ Corner Lot

Zoning Classification

None

Present Improvements

☒ Do

☐ Do Not

Conform to Zoning Regulations

Highest and Best Use

☒ Present Use

☐ Other (specify)

Elec.

☐ None

OFF SITE IMPROVEMENTS

Street Access

☐ Public

☒ Private

Topo

Typical

Gas

☐ None

Surface

Asphalt

Size

Typical

Water

☐ None

Maintenance

☐ Public

☒ Private

Shape

Irregular

San. Sewer

☐ None

☐ Storm Sewer

☐ Curb/Gutter

View

Residential/Commercial

☐ Underground Elect. & Tel.

☐ Sidewalk

☐ Street Lights

Drainage

Adequate

Is the property located in a FEMA Special Flood Hazard Area?

☐ Yes

☒ No

Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions)

No adverse easements or conditions noted. The subject is located within a federally designated Zone Shaded "X" per FEMA map. The specific flood designation does not have negative impact on the subject site and marketability. Local governing authorities should be contacted for specific buildup requirements.

MARKET DATA ANALYSIS

The undersigned has recited the following recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made, thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	1541 FM 2004 Richwood, TX 77531	0 Johnson Cook Rd Clute, TX 77531	1710 Brazosport Blvd N Richwood, TX 77531	1704 Brazosport Blvd N Richwood, TX 77531
Proximity to Subject		4.29 miles SE	1.09 miles SE	1.14 miles SE
Sales Price	\$	\$.82	\$ 1.15	\$ 1.65
Price Total	\$ 48,000	\$ 250,000	\$ 125,000	\$ 80,000
Data Source(s)	Contract/Inspection	NAV #59557	NAV #58614	NAV #60302
ITEM	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Date of Sale/Time Adj.		04/04/2017	08/24/2015	09/23/2015
Location	Commercial	Commercial	Commercial	Commercial
Site/View	63,642	304,920	108,900	48,352
SIZE	Typical	Typical	Typical	Typical
Access	Oyster Creek Dr	Johnson Cook	Brazosport Blvd N	Brazosport Blvd N
Utilities	Public	Public	Public	Public
Improvements	None	None	None	None
Sales or Financing	None	ArmLth	ArmLth	Arms Length
Concessions	0	0	0	0
Net Adj. (Total)		☒ + ☐ - \$ 0.45	☐ + ☐ - \$	☐ + ☒ - \$ -0.3
Indicated Value of Subject		\$ 1.27	\$ 1.15	\$ 1.35

Comments on Market Data

The appraiser focused on commercial lots in Richwood and the surrounding area.

RECONCILIATION

Comments and Conditions of Appraisal

The subject and comparable sales share similar desirability and utility.

Final Reconciliation

Sales indicate a value range of \$1.15 per square foot to \$1.80 per square foot. The weighted mean indicates a value of \$1.30 per square foot. 63,642 sf X \$1.30 = \$82,735 or \$83,000 (Rounded).

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE SUBJECT PROPERTY AS OF

01/16/2020

TO BE \$

83,000

Appraiser

William E Coleman

Supervisory Appraiser (if applicable)

Barry A Coleman

Date of Signature and Report

02/04/2020

Date of Signature

02/04/2020

Title

SRA, AI-RRS

Title

State Certification #

1360034

ST

TX

State Certification #

1324203

ST

Or State License #

ST

Or State License #

1324203

ST

TX

Expiration Date of State Certification or License

04/30/2021

Expiration Date of State Certification or License

12/31/2020

Date of Inspection (if applicable)

01/16/2020

☒ Did

☐ Did Not

Inspect Property

Date of Inspection

01/16/2020

File No. 15397

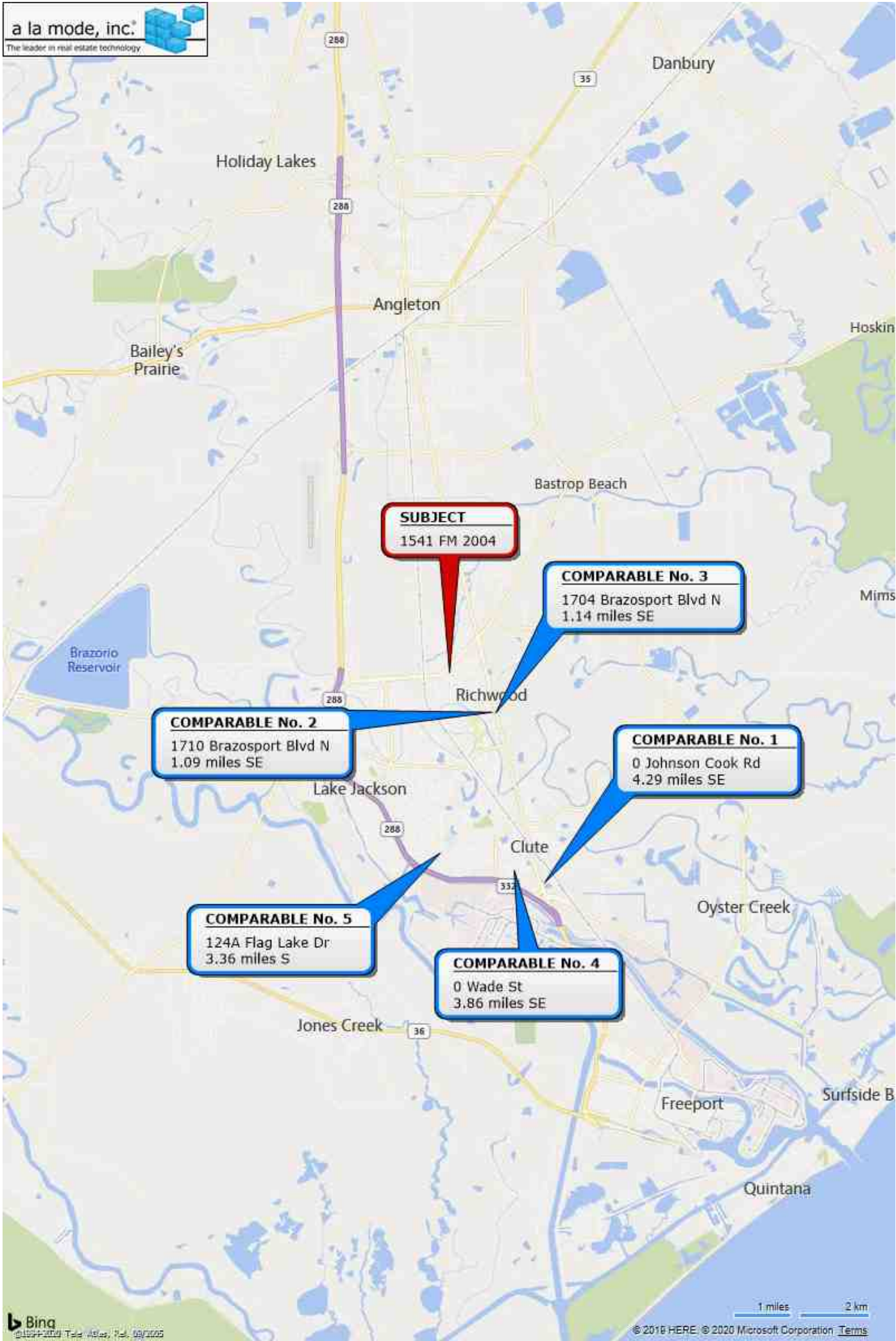
MARKET DATA ANALYSIS

Client	City of Richwood					
Property Address	1541 FM 2004					
City	Richwood	County	Brazoria	State	TX	Zip Code 77531
Appraiser	William E Coleman					

- Property ID 211765 GLENWOOD BAYOU (A0066 J E GROCE)(RICHWOOD), RESERVE F3, ACRES 0.360
- Property ID 211764 GLENWOOD BAYOU (A0066 J E GROCE)(RICHWOOD), RESERVE F2-F5, ACRES 0.506
- Property ID 554039 GLENWOOD BAYOU (A0066 J E GROCE)(RICHWOOD), RESERVE H, ACRES 0.11
- Property ID 211761 GLENWOOD BAYOU (A0066 J E GROCE)(RICHWOOD), RESERVE F, ACRES 0.085
- Property ID 211763 GLENWOOD BAYOU (A0066 J E GROCE)(RICHWOOD), RESERVE F1, ACRES 0.400

Location Map

Client	City of Richwood				
Property Address	1541 FM 2004				
City	Richwood	County	Brazoria	State	TX Zip Code 77531
Appraiser	William E Coleman				



Photograph Addendum

Client	City of Richwood				
Property Address	1541 FM 2004				
City	Richwood	County	Brazoria	State	TX Zip Code 77531
Appraiser	William E Coleman				



Subject Property



Subject Property



Subject Property



Subject Property



Subject Property



Subject Property



Subject Property



Subject Property



Subject Property



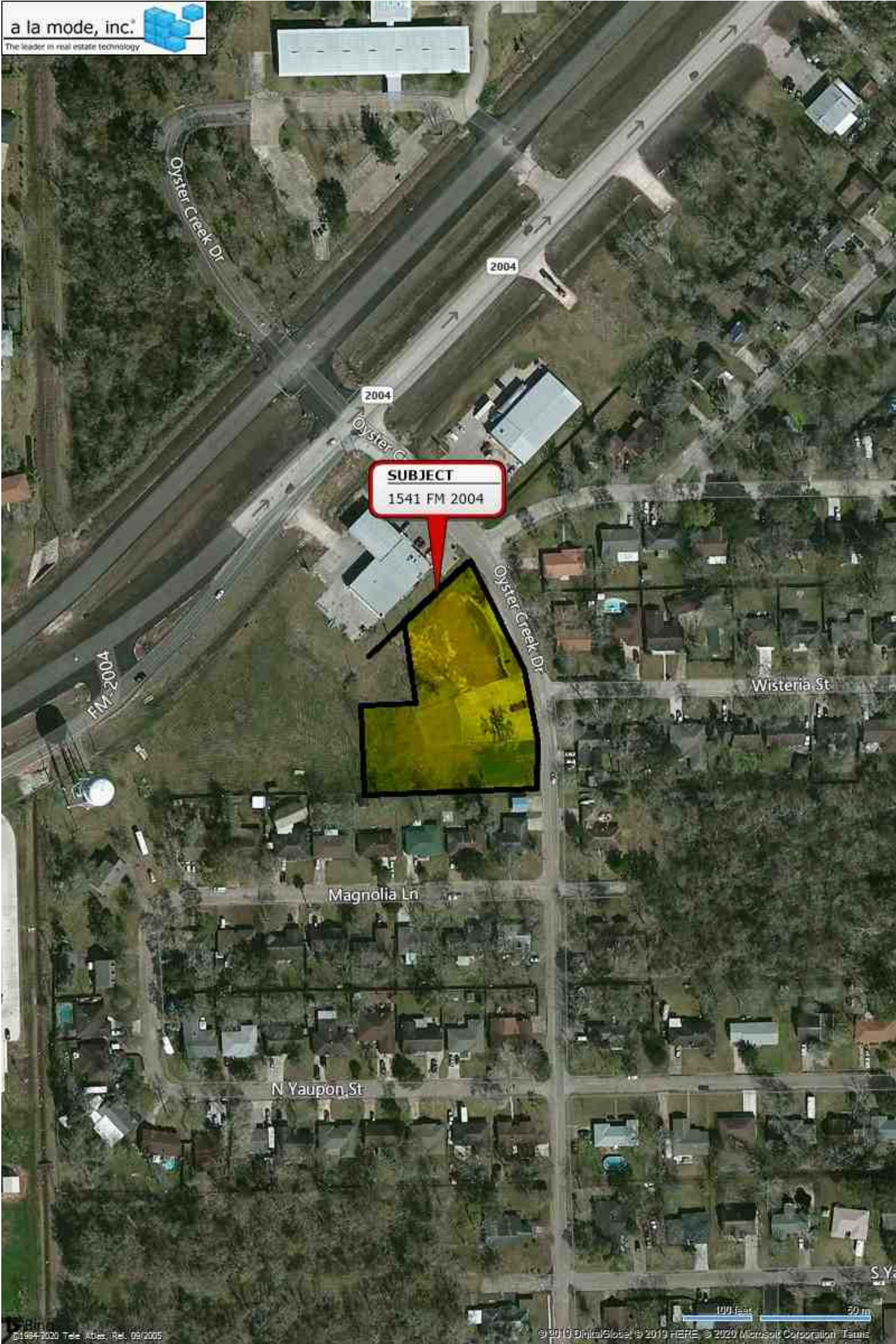
Subject Property



Subject Property

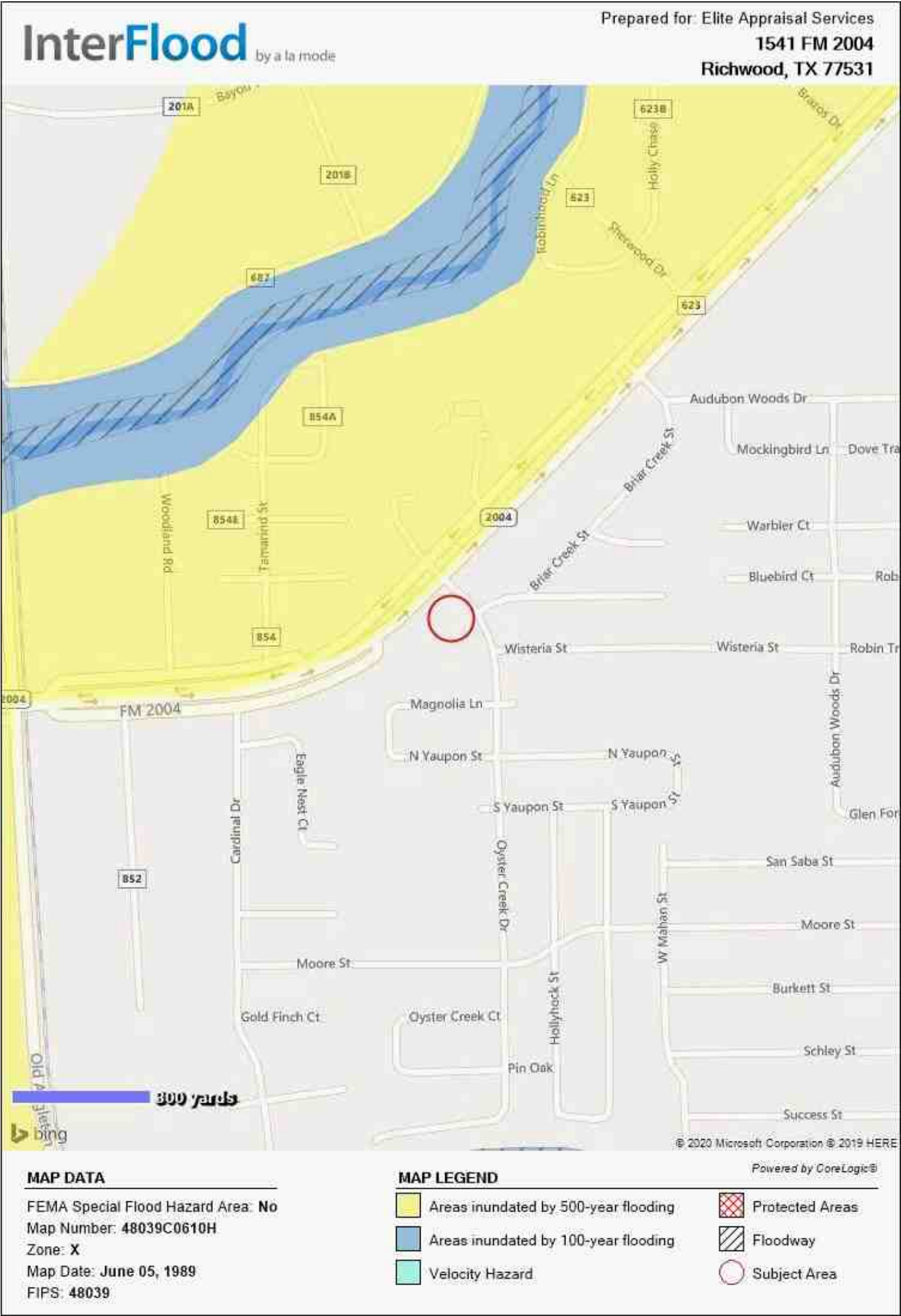
Aerial Map

Client	City of Richwood				
Property Address	1541 FM 2004				
City	Richwood	County	Brazoria	State	TX
Appraiser	William E Coleman			Zip Code	77531



Flood Map

Client	City of Richwood				
Property Address	1541 FM 2004				
City	Richwood	County	Brazoria	State	TX
Appraiser	William E Coleman	Zip Code	77531		



Client:	City of Richwood	Client File #:	15397
Subject Property:	1541 FM 2004, Richwood, TX 77531	Appraisal File #:	15397

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purposes of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, we have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. We will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment or contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.
- A true and complete copy of this report contains 18 pages including exhibits which are considered an integral part of the report. The appraisal report may not be properly understood without access to the entire report.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below)

☐ Alternate Value Definition (attached)

MARKET VALUE is defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: The Dictionary of Real Estate Appraisal, 4th ed., Appraisal Institute

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute plays no role in completing the form and disclaims any responsibility for the data, analysis or any other work product provided by the individual appraiser(s).

Client:	City of Richwood	Client File #:	15397
Subject Property:	1541 FM 2004, Richwood, TX 77531	Appraisal File #:	15397

APPRAISER CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon the developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☒ None ☐ Name(s) _____

As previously identified in the Scope Of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property inspected by Appraiser ☒ Yes ☐ No

Property inspected by Co-Appraiser ☒ Yes ☐ No

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS

Appraisal Institute Member Certify:

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Designated Appraisal Institute Member Certify:

- As of the date of this report, I ☒ have / ☐ have not completed the continuing education program of the Appraisal Institute.

Designated Appraisal Institute Member Certify:

- As of the date of this report, I ☐ have / ☐ have not completed the continuing education program of the Appraisal Institute.

APPRAISER:

Signature

William E. Coleman

Name William E Coleman

Report Date 02/04/2020

Trainee ☐ Licensed ☐ Certified Residential ☒ Certified General ☐

License # 1360034 State TX

Expiration Date 04/30/2021

CO-APPRAISER:

Signature

Barry A. Coleman

Name Barry A Coleman

Report Date 02/04/2020

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1324203 State TX

Expiration Date 12/31/2020

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute plays no role in completing the form and disclaims any responsibility for the data, analysis or any other work product provided by the individual appraiser(s).

AI Reports® AI-900.03 Assumptions and Limiting Conditions/Certification

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December 2008

WILLIAM EUGENE COLEMAN
325 CALDWELL CIR
ANGLETON, TX 77515



**Certified Residential
Real Estate Appraiser**

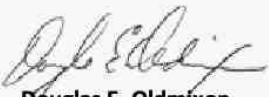
Appraiser: **William Eugene Coleman**

License #: **TX 1360034 R**

License Expires: **04/30/2021**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.



Douglas E. Oldmixon
Commissioner

William E. Coleman, SRA

Elite Appraisal Services, Inc.

P.O. Box 841215

Pearland, Texas 77584

CERTIFICATIONS/LICENSES

- Texas Appraising and Licensing Board authorized Appraiser Certification Number TX-1360034-R.

BACKGROUND

Real Estate Appraiser involved primarily with residential and commercial properties, as well as mass appraisal and taxation processes. Experienced in Brazoria, Brazos, Fort Bend, Galveston, Harris, Matagorda and Wharton Counties, with duties in all residential and commercial appraisal processes, as well as land valuation. Other experience includes residential and commercial consulting.

EDUCATION

- Graduate of Angleton High School 1999
- Brazosport College - Dual Enrollment / Core Curriculum
- Alvin Community College - Completed Core Curriculum
- Texas A&M University - Completed Coursework in Agricultural Engineering
- Texas Association of Appraisal Districts - Completed Courses In Appraisal Practice and Cost Analysis
- Board of Tax Professional Examiners - courses in Introduction to Texas Property Tax System, Appraisal of Real Property, Mass Appraisal Concepts

APPRAISAL INSTITUTE COURSES

- Uniform Standards of Professional Appraisal Practice
- Basic Appraisal Procedures
- Basic Appraisal Principles
- FHA and the Appraisal Process
- Residential Market Analysis and Highest and Best Use
- Residential Site Valuation and Cost Approach
- Residential Report Writing and Case Studies I
- Residential Sales Comparison and Income Approach
- Real Estate Finance and Valuation Modeling
- Advanced Residential Applications and Case Studies I
- Advanced Residential Report Writing II

EXPERIENCE

<u>Elite Appraisal Services, Inc</u> - Pearland, Texas Owner/Appraiser	01/11 - Present
<u>Angleton Real Estate Appraisal</u> - Angleton, Texas Residential Appraiser	07/08 - Present 12/03 – 11/04
<u>Brazoria County Appraisal District</u> - Angleton, Texas Commercial Appraiser	03/06 - 11/06
<u>Brazos County Appraisal District</u> - Bryan, Texas Commercial Appraiser	11/04 - 03/06

PARTIAL LIST OF CLIENTS

Texas Dow Employees Credit Union; First State Bank - Brazoria; Countrywide Mortgage Company; Texas Gulf Bank; DTI Mortgage Company; Dailey Mortgage Company; Lone Star Bank - Angleton; Lowery Bank; Brazoswood National Bank - Richwood; First National Bank - Lake Jackson, NTFN Inc., Acquisition Funding, Wells Fargo, Prosperity Bank.

Cert

You may wish to laminate the pocket identification card to preserve it.

BARRY ALBERT COLEMAN
217 SEBESTA RD
ANGLETON, TX 77515

The person named on the reverse is licensed by the Texas Appraiser Licensing and Certification Board.

Inquiry as to the status of this license may be made to:

Texas Appraiser Licensing and Certification Board
P.O. Box 12188
Austin, Tx 78711-2188
www.talcb.texas.gov
(512) 936-3001
Fax:(512) 936-3899

Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188

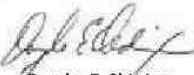
Certified General Real Estate Appraiser

Number#: **TX 1324203 G**

Issued: **12/28/2018** Expires: **12/31/2020**

Appraiser: **BARRY ALBERT COLEMAN**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

Texas Appraiser Licensing and Certification Board

P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number: **TX 1324203 G**

Issued: **12/28/2018** Expires: **12/31/2020**

Appraiser: **BARRY ALBERT COLEMAN**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

QUALIFICATIONS OF THE APPRAISER

Barry A. Coleman is the owner of Angleton Real Estate Appraisal, with offices located at 217 Sebesta Road, Angleton, Texas. He has been actively engaged in the full time real estate appraisal business since April 1985.

CERTIFICATIONS/LICENSES:

Texas Real Estate Salesman License No. 362589-03
State Certified General Real Estate Appraiser, Certification Number TX-1324203-G

EDUCATION:

Graduate of Angleton High School - 1982
Successfully completed required courses and acquired salesman license - 1985.
Brazosport College - TREC Courses
28 hours of mandatory continuing education courses and USPAP update courses are required every two years by the Appraisal Standards Board and I have met these requirements since 1990.

EXPERIENCE:

Appraisal experience includes assignments as follows:

Country Clubs, Motels, Medical Offices, Office buildings and office complexes, Convenience Stores, Shopping centers, Industrial complexes, Office-warehouses, Subdivisions, Farms and ranches, Single family dwellings, Multi-family dwellings, Churches, Restaurants and fast foods, Fabricating shops, Mobile home parks, Automobile dealerships, Estates, Grain elevators, Carwashes, Mini-storage facilities, Marinas, Day care centers, Airports, Hospitals, Community water systems, Private schools, Lumber yards, Ball rooms, Service stations and special use properties such as Docking facilities, Material yards and Bulk stations. Also included are Eminent Domain Appraisals for drainage easements, Powerline easements and Pipeline rights-of-way.

PARTIAL LIST OF CLIENTS:

Financial Institutions:

First Prosperity Bank, N.A.; Texas Gulf Bank, N.A.; First State Bank - Clute; Brazoswood National Bank - Richwood; Express Bank; Bank of America; First National Bank - Alvin; First State Bank of Moulton; First National Bank - Lake Jackson; NCNB Texas National Bank; Ameritrust Texas, N.A.; Commercial State Bank; LaPort State Bank; Wells Fargo Bank; Texas National Bank - Tomball; First National Bank - Eagle Lake; Colorado Valley Bank - LaGrange; Compass Bank; Marchants Bank; NationsBank; First Community Bank, N.A.; Texas Independent Bank - Dallas; Union Planters Bank.

Mortgage Companies:

First Interstate Mortgage Company; Prudential Relocation; Manufacturers Hanover Servicing, Inc.; Great Southwest Savings; Banc One Mortgage; Coldwell Banker Relocation; Greater Houston Financial Services, Inc.; I.T.T. Small Business Finance; PNL Credit Company, LLC - Fort Worth; Phoenix Mortgage Company; Metropolitan Mortgage and Securities Company, Inc.; Chemical National Mortgage Corporation; The Lending Center-Houston; Texas Independent Mortgage Company, Irving; Strategic Mortgage Services, California; Inspections Over America, Livingston; Acquisition Funding, Angleton; Mortgage Specialists, Inc., Fort Worth; Bayside Mortgage, Deer Park; Wells Fargo Mortgage.

Credit Unions:

Houston Chronicle Employee Credit Union; Texas Department of Corrections Credit Union; Amoco Employee Credit Union; Chocolate Bayou Credit Union; Texas Dow Employee Credit Union.

Governmental:

Federal Deposit Insurance Corporation; Resolution Trust Corporation; Angleton - Danbury Hospital District; City of Angleton; City of Brazoria; City of West Columbia; City of Lake Jackson; City of Clute; City of Freeport; City of Surfside; City of Wharton; Angleton Drainage District; Velasco Drainage District; Brazoria Conservation and Reclamation District No. 3, Alvin; County of Brazoria; Brazos River Harbor Navigation District; Angleton Independent School District; Columbia - Brazoria ISD; Brazosport ISD; U.S. Small Business Administration; U.S. Postal Service.

Corporations:

Phillips 66 Company; Shell Oil Company; Conoco, Inc.; Texaco Exploration and Production; Texas-New Mexico Power Company; South Texas Electric Coop.; Gulf Coast Center; Swift whips, Inc.; Dow Chemical Company; ARC Pipeline Company; Exxon Pipeline Company; International Paper Company; Gulf Coast Water Authority.

Attorneys:

Buddy Stevens; Patterson and Itchiest; Gilbert & Gilbert; Robert Rice; Floyd H. Christian, Jr.; Keep and Neal; Robert L. LaBoeff; James W. Bradford, Jr.; David C. Bonnen; Stevens and Rau; John J. Davis; Tom Watson; Everett Stoval; Charles T. Richardson; Samuel L. Lee; Ed Denman; Toby Wommack; Michael Phillips; Jimmy Phillips, Jr.; and Gregory Donnell.



City of Richwood

1800 Brazosport Blvd.
Richwood, TX 77531
Phone (979) 265-2082
Fax (979) 265-7345

MEMORANDUM

TO: Honorable Mayor and Members of Council

FROM: Kirsten Garcia, City Secretary

DATE: February 18, 2020

RE: Call May 2, 2020 General Election

The races for the **May 2, 2020** elections are **City Council Positions 1, 4 and 5**. The term of office for these positions is two years from May 2020 to May 2022.

The filing period for a place on the ballot ended on February 14, 2020 at 5:00 p.m. Applications for place on the ballot received are:

Position 1: Mike Johnson and David Rafalski

Position 4: Mark Brown II and Rodrigo "Rory" Escalante

Position 5: Katie Johnson

Thank you,

Kirsten Garcia