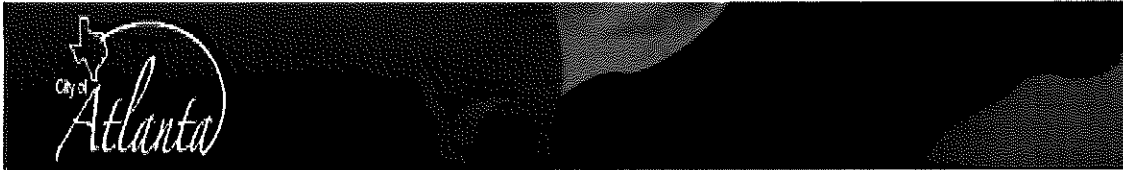


*CITY OF ATLANTA, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2019*

**CITY OF ATLANTA, TEXAS
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FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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CITY OF ATLANTA, TEXAS OFFICIAL DIRECTORY

Mayor

Travis Ransom

City Council

District 1 - Chris Collins

District 2 - Arlie Kyzer

District 3 - Randy Pennington

District 4 - Dean McDuff

At Large Seat - Chad Clements

City Personnel

David Cockrell, City Manager



Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Atlanta, Texas

Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Atlanta (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 did not audit the financial statements of the Atlanta Firefighters' Relief and Retirement Fund, a fiduciary fund of the City of Atlanta, Texas as of and for the year ended December 31, 2018 (latest report available). Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Firefighter's Relief and Retirement Fund, is based solely on the report of the other auditors. 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.

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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Atlanta 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 4-11, budgetary comparison information on page 56, TMRS schedules of changes in net pension (asset) liability and related ratios on page 57, TMRS schedules of pension contributions and related notes on pages 58-59, Fire Pension schedules of changes in net pension (asset) liability and related notes on page 60, and Fire Pension schedules of pension contributions on page 61 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.

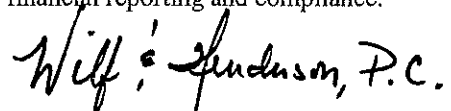
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Atlanta's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements 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 financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of the City of Atlanta'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 of Atlanta's internal control over financial reporting and compliance.


WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

November 12 , 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The assets of the City of Atlanta, Texas exceeded its liabilities at the close of the most recent fiscal year by \$15,534,931 (net position). Of this amount, \$11,296,639 is invested in capital assets, net of related debt, \$1,318,892 (restricted) may be used for debt service, court security and technology, police, cemetery maintenance, library trust, public facilities, economic development, and tourism with \$2,919,400 (unrestricted). The remaining balance may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$590,988.
- As of the close of the current fiscal year, the City of Atlanta, Texas' governmental funds reported combined ending fund balances of \$3,765,604 (\$2,256,845 is unassigned and available for use within the City's designation and policies.)

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 liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the 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 earned but unused and compensated absences).

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 administration, police, fire, public facilities and public works. The business-type activities of the City include water and sewer operations.

The government-wide financial statements include not only the City of Atlanta, Texas itself (known as the primary government), but also a legally separate Atlanta City Development Corporation, and legally separate Atlanta Economic Development Corporation for which the City of Atlanta, Texas is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental 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 twenty-two 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, Home Grant, and Debt Service. Data from the other funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds – The City maintains one type of proprietary fund. The Enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City does not utilize internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, since it is considered to be a major fund of the City.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Atlanta, Texas’ own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its employees.

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 of Atlanta, Texas, assets exceeded liabilities by \$15,534,931 as of September 30, 2019. The City’s investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, office furniture and equipment, vehicles and construction in progress) reflects 73%, (\$11,296,639), of net position, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending.

Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Presented below are comparable columns in the various comparisons and analyses to the prior year.

CITY OF ATLANTA, TEXAS' NET POSITION

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 4,570,650	\$ 4,521,231	\$ 2,125,463	\$ 2,001,068	\$ 6,696,113	\$ 6,522,299
Capital assets	5,942,954	4,882,911	11,992,795	12,119,915	17,935,749	17,002,826
Total Assets	10,513,604	9,404,142	14,118,258	14,120,983	24,631,862	23,525,125
Deferred outflows of resources	1,559,895	79,698	226,397	226,240	1,786,292	305,938
Long-term liabilities outstanding	5,005,208	2,250,225	5,088,181	5,599,469	10,093,389	7,849,694
Other liabilities	404,761	588,695	151,820	185,019	556,581	773,714
Total liabilities	5,409,969	2,838,920	5,240,001	5,784,488	10,649,970	8,623,408
Deferred inflows of resources	196,973	199,247	36,280	64,465	233,253	263,712
Net position:						
Invested in capital assets	3,982,453	3,745,818	7,314,186	6,937,615	11,296,639	10,683,433
Restricted	1,211,904	1,166,486	106,988	86,199	1,318,892	1,252,685
Unrestricted	1,272,200	1,533,369	1,647,200	1,474,456	2,919,400	3,007,825
Total net position	6,466,557	6,445,673	9,068,374	8,498,270	15,534,931	14,943,943

An additional portion of the City’s net position represents resources that are subject to restriction on how they may be used. Both the governmental activity and the business-type activity’s balance of unrestricted net position, \$2,919,400, allows the City to meet the government’s ongoing obligation to citizens and creditors.

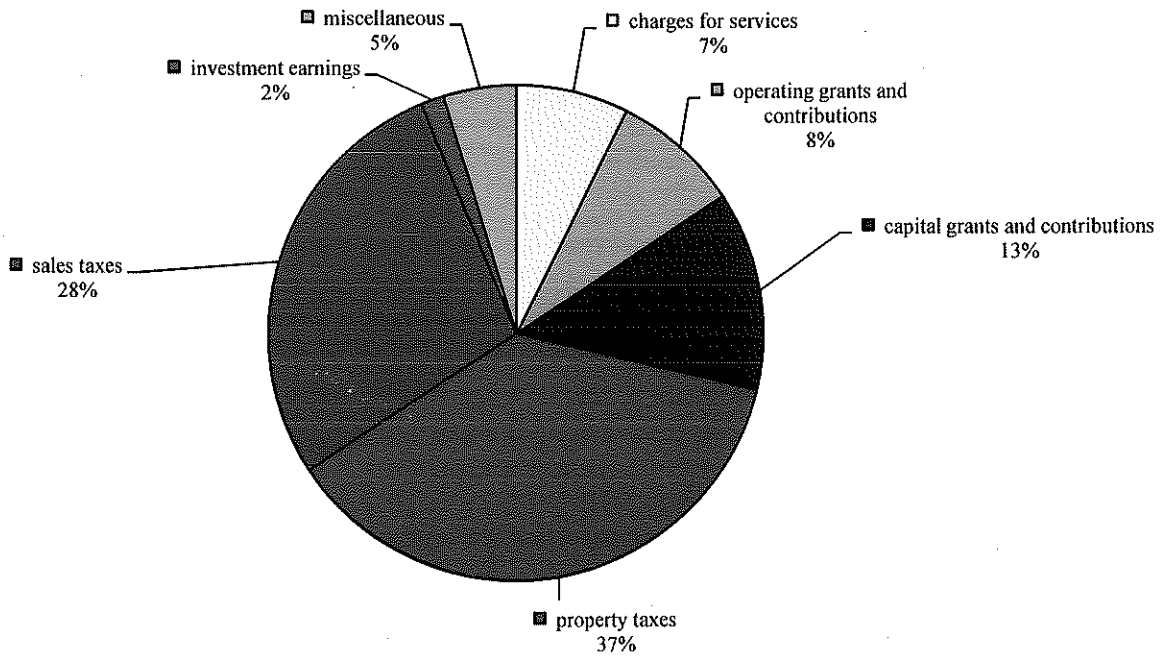
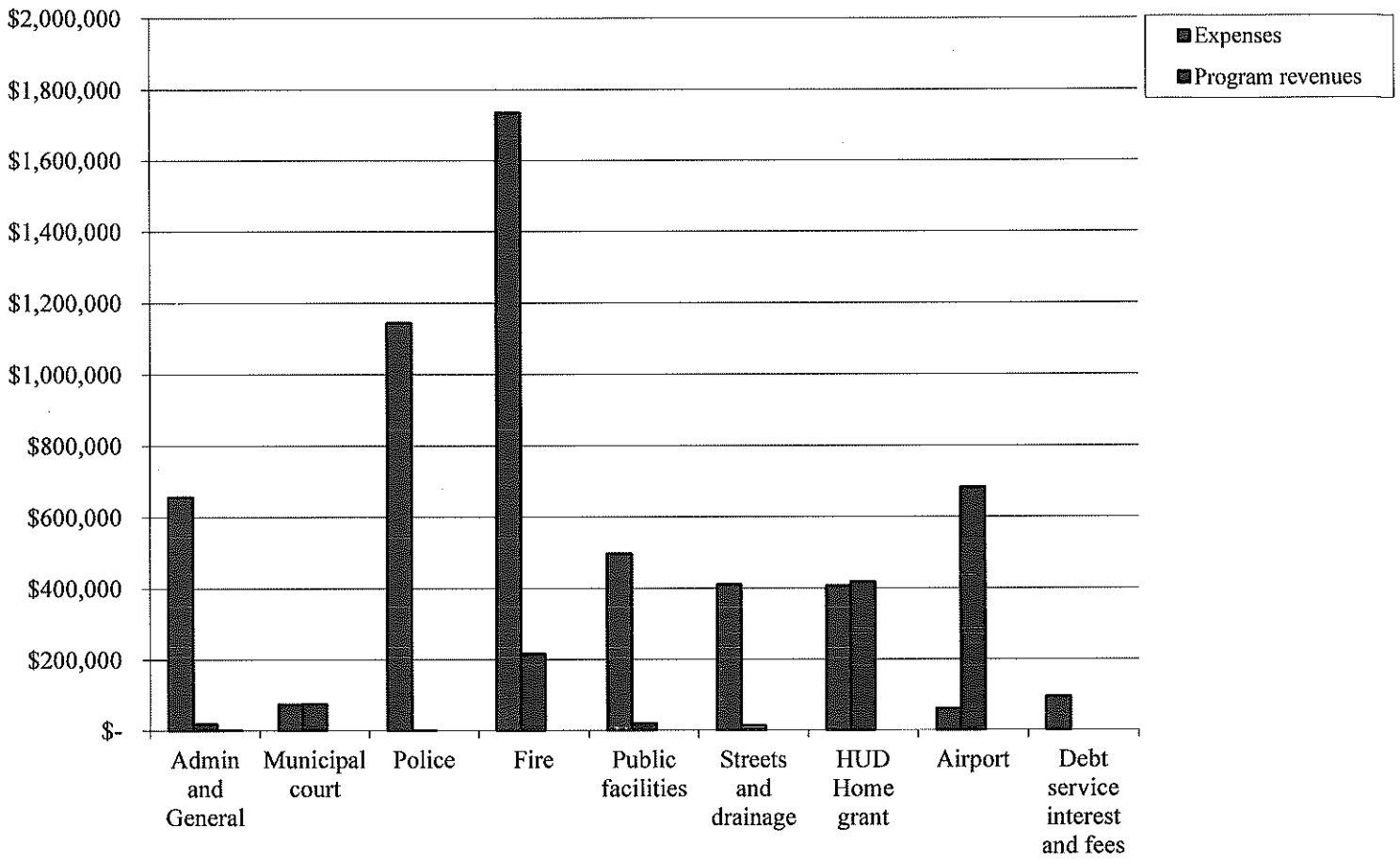
At September 30, 2019, the City is able to report positive balances in all three categories of net position for its governmental activities and in all three categories for its business-type activities.

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 \$20,884. Business-type activities increased the City's net position by \$570,104.

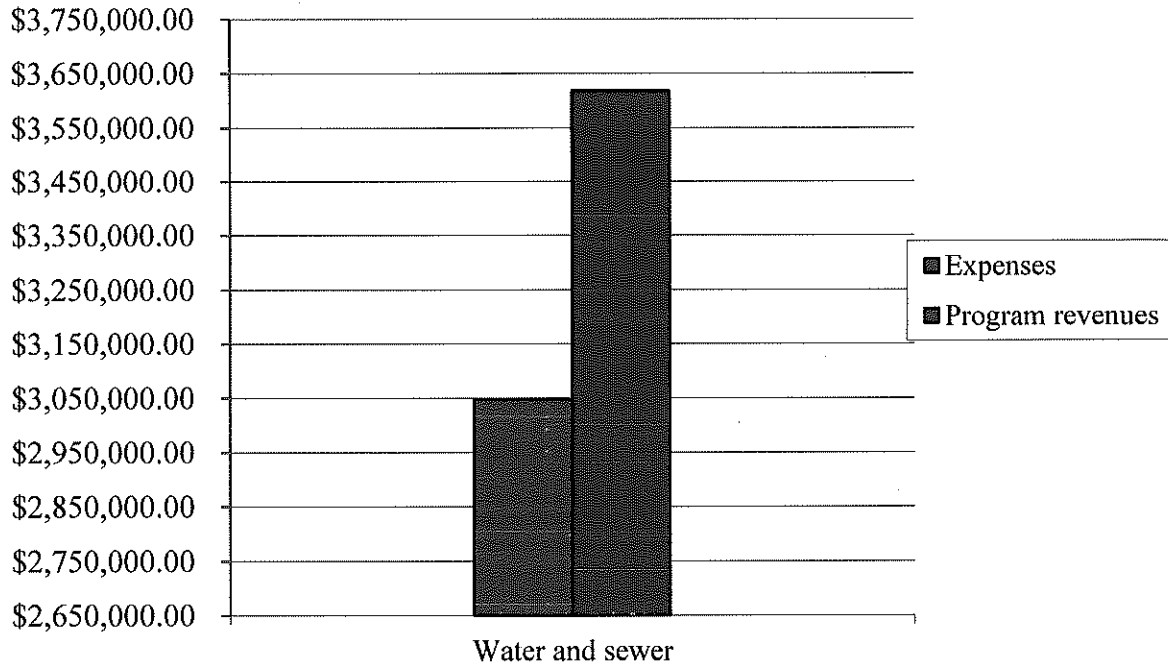
CITY OF ATLANTA, TEXAS' CHANGE IN NET POSITION

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	370,211	356,762	3,428,354	3,281,961	3,798,565	3,638,723
Operating grants and contributions	417,804	806,602	-	-	417,804	806,602
Capital grants and contributions	653,992	141,409	148,915	79,281	802,907	220,690
General revenues:						
Property taxes	1,849,405	1,839,860	-	-	1,849,405	1,839,860
Sales and other taxes	1,405,840	1,156,377	-	-	1,405,840	1,156,377
Franchise taxes	-	233,251	-	-	-	233,251
Grants and contributions not restricted	-	105,952	-	-	-	105,952
Investment earnings	75,795	79,727	40,818	26,112	116,613	105,839
Miscellaneous	237,942	121,759	-	18,802	237,942	140,561
Total revenues	<u>5,010,989</u>	<u>4,841,699</u>	<u>3,618,087</u>	<u>3,406,156</u>	<u>8,629,076</u>	<u>8,247,855</u>
Expenses:						
Administration & Court	729,857	737,321	-	-	729,857	737,321
Police	1,144,256	1,199,318	-	-	1,144,256	1,199,318
Fire	1,734,704	1,217,581	-	-	1,734,704	1,217,581
Public facilities	497,057	428,725	-	-	497,057	428,725
Streets & Drainage	410,393	369,400	-	-	410,393	369,400
HUD Home Grant	406,851	779,160	-	-	406,851	779,160
Airport	60,493	-	-	-	60,493	-
Interest on long-term debt	94,115	45,000	-	-	94,115	45,000
Water, sewer and garbage	-	-	3,047,983	2,976,371	3,047,983	2,976,371
Total expenses	<u>5,077,726</u>	<u>4,776,505</u>	<u>3,047,983</u>	<u>2,976,371</u>	<u>8,125,709</u>	<u>7,752,876</u>
Change in net position before transfer	(66,737)	65,194	570,104	429,785	503,367	494,979
Transfers	85,628	151,946	-	(84,513)	85,628	67,433
Loss on Disposal of LESO Capital Assets	1,993	(457,718)	-	-	1,993	(457,718)
Change in net position	<u>20,884</u>	<u>(240,578)</u>	<u>570,104</u>	<u>345,272</u>	<u>590,988</u>	<u>104,694</u>
Beginning Net Position	6,445,673	6,686,251	8,498,270	8,152,998	14,943,943	14,839,249
Prior Period Adjustment	-	-	-	-	-	-
Ending Net Position	<u>6,466,557</u>	<u>6,445,673</u>	<u>9,068,374</u>	<u>8,498,270</u>	<u>15,534,931</u>	<u>14,943,943</u>

Expenses and Program Revenues for Governmental Activities by Source



Expenses and Program Revenues for Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds – The focus of the City of Atlanta, Texas’ 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.

At the end of the current fiscal year, the City of Atlanta, Texas’ governmental funds reported combined ending fund balances of \$3,765,604. Approximately 60% of this total amount (\$2,256,845) constitutes unassigned fund balance.

The remainder of the fund balance is restricted, committed or assigned to indicate that is not available for new spending because it has already been 1) restricted to provide police, debt service, capital improvements, court technology and security, community development, tourism and construction (\$4,512,310); 2) committed to provide for parks (\$4,918); 3) assigned to provide for cemetery and library (\$277,606); and 4) non-spendable for permanent principal (\$600,000), and noncurrent loans receivable (\$113,925).

Proprietary funds – The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position in respective proprietary funds have a balance of \$1,647,200. The proprietary funds had a net position increase in 2019 of \$570,104.

General Fund Budgetary Highlights

The City made several revisions to the original appropriations approved by the City Council. The City’s overall budgeted revenue and expenditures increased by the same. The actual fund balance increased \$338,884. Actual expenditures did not exceed the budget.

Capital Assets

The City of Atlanta, Texas’ investment in capital assets for its governmental and business-type activities as of September 30, 2019 amounts to \$17,718,979 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, machinery and equipment, office furniture and equipment, vehicles, facilities and construction in progress. Major capital asset events during the current fiscal year included the following:

- The City purchased fire equipment for a total of \$146,276, a new fire truck for \$551,062 and an airport fuel pump for \$20,000.
- The Police Department spent \$15,778 on a new security system and \$16,950 on a 2016 Dodge Charger.
- The City entered into an agreement with the Texas Department of Transportation to rehabilitate the airport runway. The total cost of this project was \$726,657.
- The City installed a 2” water line for a total cost of \$12,600, also purchased two new trucks for the water department at a cost of \$49,062 and completed the CDBG grant sewer project at a cost of \$255,780.

CITY OF ATLANTA, TEXAS’ CAPITAL ASSETS
(net of depreciation)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2019	2018	2019	2018	2019	2018
Land	\$ 465,099	\$ 465,099	\$ 70,399	\$ 70,399	\$ 535,498	\$ 535,498
Construction in progress	-	88,500	-	39,011	-	127,511
Buildings	1,430,614	1,504,551	51,284	54,201	1,481,898	1,558,752
Infrastructure	355,973	362,446	11,677,366	11,755,916	12,033,339	12,118,362
Improvements other than buildings	2,270,973	1,718,407	-	-	2,270,973	1,718,407
Machinery and equipment	637,318	390,797	121,803	142,833	759,121	533,630
Vehicles	782,976	353,111	71,943	57,555	854,919	410,666
Total	\$ 5,942,953	\$ 4,882,911	\$ 11,992,795	\$ 12,119,915	\$ 17,935,748	\$ 17,002,826

Additional information on the City of Atlanta, Texas’ capital assets can be found in Note 8 in this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Atlanta, Texas had a total bonded debt of \$6,228,000 and notes payable of \$552,501. Of this amount, \$1,408,000 comprises bonded debt backed by the full faith and credit of the government and \$4,820,000 represents bonds secured solely by water and sewer revenues.

CITY OF ATLANTA, TEXAS' OUTSTANDING DEBT
Certificates of Obligation, Revenue Bonds and Notes Payable

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Total</i>	
	2019	2018	2019	2018	2018	2018
Certificates of obligation	\$ 255,000	\$ 380,000	\$ 700,000	\$ 930,000	\$ 955,000	\$ 1,310,000
General obligation refunding bonds	198,000	234,000	4,120,000	4,409,000	4,318,000	4,643,000
Tax & Revenue Certificate of obligation bond	955,000	-	-	-	955,000	-
Total bonded debt	1,408,000	614,000	4,820,000	5,339,000	6,228,000	5,953,000
Notes payable	552,501	523,093	-	45,080	552,501	568,173
Total outstanding debt	1,960,501	1,137,093	4,820,000	5,384,080	6,780,501	6,521,173

Additional information on the City of Atlanta, Texas' long-term obligations can be found in Note 9 in this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate in Cass County rose sharply during the year due to COVID 19. The unemployment rate in Cass County in August, 2020 was 7.3% which is slightly higher than the State of Texas' rate of 6.8%, but lower than the national average of 8.4%.
- Due to the uncertainties surrounding COVID 19, staff budgeted a lowered sales tax forecast for FY 2021.

Residential construction rates are the highest in more than a decade. During the preparation of next year's budget there were 16 residential units under construction and more units being planned. The residential real estate market is rising and there is a shortage of housing according to our local real estate professionals. School enrollments have risen the past three years, while other districts in the County have decreased.

The City lowered the property tax rate for fiscal year FY 2021 from \$0.660641 to \$0.655375. This was primarily due to the annexation of new properties increasing the overall tax base and the new rate will increase tax revenues.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Danica Porter, Finance Officer at P.O. Box 669, Atlanta, Texas, call (903) 796-2192 ext. 118, or email dporter@atlantatexas.org.

CITY OF ATLANTA, TEXAS
BASIC FINANCIAL STATEMENTS

CITY OF ATLANTA, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	City Development Corporation
ASSETS					
Cash and Cash Equivalents	\$ 2,687,032	\$ 1,575,522	\$ 4,262,554	\$ 1,307,736	763,504
Investments - Current	669,033	-	669,033	-	-
Accounts Receivable (Net)	984,898	460,929	1,445,827	100,000	287
Loan Receivable (Net)	113,925	-	113,925	1,450,000	-
Grant Receivable	-	70,281	70,281	-	-
Internal Balances	88,257	(88,257)	-	-	-
Due from Other Governments	8,301	-	8,301	113,911	-
Due from Primary Government	-	-	-	108,619	66,384
Fuel Inventory	19,204	-	19,204	-	-
Restricted Cash and Cash Equivalents	-	106,988	106,988	-	-
Capital assets:					
Land Purchase and Improvements	465,099	70,399	535,498	406,658	25,260
Infrastructure	369,539	19,326,855	19,696,394	-	-
Buildings	2,625,850	92,019	2,717,869	-	-
Improvements other than Buildings	7,144,198	-	7,144,198	1,397,017	1,090,337
Furniture and Equipment	3,080,247	786,723	3,866,970	-	-
Construction in Progress	-	255,780	255,780	-	-
Accumulated Depreciation	(7,741,979)	(8,538,981)	(16,280,960)	(550,406)	(380,414)
Total assets	<u>\$ 10,513,604</u>	<u>\$ 14,118,258</u>	<u>\$ 24,631,862</u>	<u>\$ 4,333,535</u>	<u>\$ 1,565,358</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge for Refunding	\$ -	\$ 150,729	\$ 150,729	\$ -	\$ -
Deferred Outflow Related to TMRS Pension Plan	189,954	75,668	265,622	-	-
Deferred Resource Outflow - Firemen's Pension	1,369,941	-	1,369,941	-	-
Total deferred outflows of resources	<u>\$ 1,559,895</u>	<u>\$ 226,397</u>	<u>\$ 1,786,292</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Accounts Payable	\$ 63,792	\$ 38,641	\$ 102,433	\$ 5,058	\$ 1,585
Wages and Salaries Payable	36,211	-	36,211	-	-
Grant Payable	-	95,136	95,136	-	-
Due to Component Unit	175,003	-	175,003	-	-
Due to Other Governments	52,355	-	52,355	-	-
Accrued Interest Payable	40,731	18,043	58,774	-	-
Other Current Liabilities	36,669	-	36,669	-	-
Non-current liabilities:					
Customer Deposits	-	147,318	147,318	-	-
Debt Due Within One Year	296,915	542,000	838,915	213,000	-
Long Term Debt and Liabilities	1,897,245	4,344,459	6,241,704	925,000	-
Net Pension Liability - TMRS Pension Plan	121,995	54,404	176,399	-	-
Net Pension Liability - Firemen's Pension	2,689,053	-	2,689,053	-	-
Total liabilities	<u>\$ 5,409,969</u>	<u>\$ 5,240,001</u>	<u>\$ 10,649,970</u>	<u>\$ 1,143,058</u>	<u>\$ 1,585</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflow Related to TMRS Pension Plan	\$ 81,355	\$ 36,280	\$ 117,635	\$ -	\$ -
Deferred Resource Inflow - Firemen's Pension	115,618	-	115,618	-	-
Total deferred inflows of resources	<u>\$ 196,973</u>	<u>\$ 36,280</u>	<u>\$ 233,253</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 3,982,453	\$ 7,314,186	\$ 11,296,639	\$ 328,269	\$ 735,183
Restricted net position					
Federal and State Programs	18,968	-	18,968	-	-
Community development	65,832	-	65,832	-	-
Capital Acquisition	2,162	-	2,162	-	-
Debt Service	34,374	106,988	141,362	-	-
Tourism	376,643	-	376,643	-	-
Cemetery	600,000	-	600,000	-	-
Other Purposes	113,925	-	113,925	-	-
Unrestricted	1,272,200	1,647,200	2,919,400	2,862,208	828,590
Total net position	<u>\$ 6,466,557</u>	<u>\$ 9,068,374</u>	<u>\$ 15,534,931</u>	<u>\$ 3,190,477</u>	<u>\$ 1,563,773</u>

The accompanying notes are an integral part of this statement.

**CITY OF ATLANTA, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position													
	Program Revenues				Primary Government				Component Units					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Economic Develop Corp	City Develop Corp	Economic Develop Corp	City Develop Corp	Economic Develop Corp			
Expenses	\$ 656,266	\$ 18,503	\$ -	\$ -	\$ (637,763)	\$ -	\$ (637,763)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	73,591	74,795	-	-	1,204	-	1,204	-	-	-	-	-	-	-
Municipal Court	497,057	19,477	-	-	(477,580)	-	(477,580)	-	-	-	-	-	-	-
Public facilities	406,851	-	417,804	-	10,953	-	10,953	-	-	-	-	-	-	-
HUD Home grant	1,144,256	241	-	-	(1,144,015)	-	(1,144,015)	-	-	-	-	-	-	-
Police Department	1,734,704	216,370	-	-	(1,518,334)	-	(1,518,334)	-	-	-	-	-	-	-
Fire Department	410,393	12,253	-	-	(398,140)	-	(398,140)	-	-	-	-	-	-	-
Streets and Drainage	60,493	28,572	-	653,992	622,071	-	622,071	-	-	-	-	-	-	-
Airport	94,115	-	-	-	(94,115)	-	(94,115)	-	-	-	-	-	-	-
Debt Service Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total governmental activities	5,077,726	370,211	417,804	653,992	(3,635,719)	-	(3,635,719)	-	-	-	-	-	-	-
Business-type activities:														
Water, Sewer, and Garbage	3,047,983	3,428,354	-	148,915	-	529,286	529,286	-	-	-	-	-	-	-
Total business-type activities	3,047,983	3,428,354	-	148,915	-	529,286	529,286	-	-	-	-	-	-	-
Total primary government	\$ 8,125,709	\$ 3,798,565	\$ 417,804	\$ 802,907	\$ (3,635,719)	\$ 529,286	\$ (3,106,433)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Component Units:														
Economic Development Corporation	229,515	10,775	-	-	-	-	-	-	(218,740)	-	-	-	-	-
City Development Corporation	286,048	11,448	-	-	-	-	-	-	-	-	-	-	-	(274,600)
Capital contribution to the City	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total component units	\$ 515,563	\$ 22,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (218,740)	\$ -	\$ (218,740)	\$ -	\$ (274,600)	\$ (274,600)
General revenues:														
Property taxes	-	-	1,849,405	-	-	-	1,849,405	-	-	-	-	-	-	-
Other taxes	-	-	1,405,840	-	-	-	1,405,840	-	-	542,484	-	-	542,484	-
Investment earnings	-	-	75,795	-	40,818	-	116,613	-	-	19,748	-	-	8,919	-
Miscellaneous	-	-	237,942	-	-	-	237,942	-	-	868	-	-	837	-
Gain (Loss) on disposal of assets	-	-	1,993	-	-	-	1,993	-	-	-	-	-	-	-
Operating transfers in (out)	-	-	85,628	-	-	-	85,628	-	-	(13,485)	-	-	(72,143)	-
Total general revenues	-	-	3,656,603	-	40,818	-	3,697,421	-	-	549,615	-	-	480,097	-
Change in net position	-	-	20,884	-	570,104	-	590,988	-	-	330,875	-	-	205,497	-
Net position at beginning of year	-	-	6,445,673	-	8,498,270	-	14,943,943	-	-	2,859,602	-	-	1,358,276	-
Net position at end of year	-	-	\$ 6,466,557	-	\$ 9,068,374	-	\$ 15,534,931	-	-	\$ 3,190,477	-	-	\$ 1,563,773	-

The accompanying notes are an integral part of this statement

CITY OF ATLANTA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	HUD HOME Grant	Other Non-major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,885,770	\$ 47,586	\$ -	\$ 753,676	\$ 2,687,032
Investments - Current	-	-	-	669,033	669,033
Taxes Receivable	713,815	27,628	-	-	741,443
Allowance for Uncollectible Taxes	(270,276)	(26,509)	-	-	(296,785)
Accounts Receivable, net of allowances	127,173	-	7,063	24,133	158,369
Fuel Inventory	19,204	-	-	-	19,204
Loans receivable	-	-	-	113,925	113,925
Due from Other Funds	198,471	-	-	-	198,471
Due from Component Units	-	-	-	-	-
Due from Other Governments	8,301	-	-	-	8,301
Other receivables	4,723	-	-	-	4,723
Total Assets	<u>\$ 2,687,181</u>	<u>\$ 48,705</u>	<u>\$ 7,063</u>	<u>\$ 1,560,767</u>	<u>\$ 4,303,716</u>
LIABILITIES					
Accounts Payable	\$ 61,514	\$ -	1,750	\$ 528	\$ 63,792
Wages and Salaries Payable	36,211	-	-	-	36,211
Due to Other Funds	-	-	5,313	104,901	110,214
Due to Component Unit	175,003	-	-	-	175,003
Due to Other Governments	52,355	-	-	-	52,355
Other Current Liabilities	36,669	-	-	-	36,669
Total Liabilities	<u>361,752</u>	<u>-</u>	<u>7,063</u>	<u>105,429</u>	<u>474,244</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflow Related to Warrants	63,868	-	-	-	63,868
Total Deferred Inflows of Resources	<u>63,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,868</u>
FUND BALANCES					
Non-Spendable:					
Permanent principal	-	-	-	600,000	600,000
Noncurrent loans receivable	-	-	-	113,925	113,925
Restricted Fund Balance:					
Police Grant	4,716	-	-	-	4,716
Debt Service	-	48,705	-	-	48,705
Home Grant	-	-	-	-	-
Court Technology and Security	-	-	-	14,252	14,252
Community Development	-	-	-	65,832	65,832
Tourism	-	-	-	376,643	376,643
Construction	-	-	-	2,162	2,162
Committed Fund Balance:					
Parks	-	-	-	4,918	4,918
Assigned:					
Cemetery	-	-	-	271,115	271,115
Library	-	-	-	6,491	6,491
Unassigned:					
Total Fund Balances	<u>2,256,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,256,845</u>
Total Fund Balances	<u>2,261,561</u>	<u>48,705</u>	<u>-</u>	<u>1,455,338</u>	<u>3,765,604</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,687,181</u>	<u>\$ 48,705</u>	<u>\$ 7,063</u>	<u>\$ 1,560,767</u>	<u>\$ 4,303,716</u>

The accompanying notes are an integral part of this statement.

CITY OF ATLANTA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total Fund Balances - Governmental Funds	\$ 3,765,604
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$12,268,226 and the accumulated depreciation was (\$7,385,315). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. At the beginning of the year, the balances of these liabilities were (\$1,137,093). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.</p>	3,745,818
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlay additions of \$1,548,224, deletions of \$10,007 (net) and debt principal payments of \$271,592 is to increase net position.</p>	1,809,809
<p>The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.</p>	(478,174)
<p>The net effect of change in pension liabilities and the net effect of the change in deferred outflows and inflows in the governmental activities is to increase (decrease) net position.</p>	(1,448,126)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of debt as an increase in debts payable and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.</p>	(928,374)
Net Position of Governmental Activities	<u>\$ 6,466,557</u>

The accompanying notes are an integral part of this statement.

CITY OF ATLANTA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	HUD HOME Grant	Other Non-major Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$1,683,190	\$ 161,940	\$ -	\$ -	\$1,845,130
General Sales and Other Taxes	1,084,969	-	-	102,300	1,187,269
Franchise Tax	218,571	-	-	-	218,571
Intergovernmental Revenue and Grants	762,259	-	417,804	-	1,180,063
Charges for Services	286,530	-	-	8,887	295,417
Fines	55,593	-	-	11,070	66,663
Investment Earnings	48,808	5,935	-	21,052	75,795
Other Revenue	123,434	-	-	6,240	129,674
Total Revenues	<u>4,263,354</u>	<u>167,875</u>	<u>417,804</u>	<u>149,549</u>	<u>4,998,582</u>
EXPENDITURES					
Current					
Administration	394,519	-	-	38,356	432,875
Municipal Court	70,981	-	-	2,610	73,591
Public Facilities	322,801	-	-	102,530	425,331
HOME Grant Expenses	-	-	406,851	-	406,851
Police Department	1,080,109	-	-	-	1,080,109
Fire Department	1,100,965	-	-	-	1,100,965
Street & Drainage	381,703	-	-	-	381,703
Airport Expenses	60,493	-	-	-	60,493
Capital Outlay	1,530,823	-	-	5,400	1,536,223
Debt Service Principal	-	271,592	-	-	271,592
Debt Service Interest	-	32,109	-	-	32,109
Debt Service Bond Issuance Costs	39,460	-	-	-	39,460
Total Expenditures	<u>4,981,854</u>	<u>303,701</u>	<u>406,851</u>	<u>148,896</u>	<u>5,841,302</u>
Excess (deficiency) of revenues over expenditures	<u>(718,500)</u>	<u>(135,826)</u>	<u>10,953</u>	<u>653</u>	<u>(842,720)</u>
OTHER FINANCING SOURCES (USES)					
Capital Related Bond Issued	955,000	-	-	-	955,000
Loan Proceeds	140,000	-	-	-	140,000
Transfers In	25,486	169,238	-	97,198	291,922
Transfers Out (Use)	(63,102)	-	(10,953)	(132,239)	(206,294)
Total Other Financing Sources (Uses)	<u>1,057,384</u>	<u>169,238</u>	<u>(10,953)</u>	<u>(35,041)</u>	<u>1,180,628</u>
Net change in fund balance	338,884	33,412	-	(34,388)	337,908
Fund balance, beginning of year	1,922,677	15,293	-	1,489,726	3,427,696
Fund balance, end of year	<u>\$ 2,261,561</u>	<u>\$ 48,705</u>	<u>\$ -</u>	<u>\$ 1,455,338</u>	<u>\$ 3,765,604</u>

The accompanying notes are an integral part of this statement.

CITY OF ATLANTA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Total Net Change in Fund Balances - Governmental Funds	\$ 337,908
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2019 capital outlay additions and deletions and debt principal payments is to increase net position.	1,809,809
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net position.	(478,174)
The net effect of change in pension liabilities and the net effect of the change in deferred outflows and inflows in the governmental activities is to increase (decrease) net position.	(527,190)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include eliminating interfund transactions, reclassifying the proceeds of new debt, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	<u>(1,121,469)</u>
Change in Net Position of Governmental Activities	<u>\$ 20,884</u>

The accompanying notes are an integral part of this statement

CITY OF ATLANTA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Enterprise Fund	Total Proprietary Funds
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 1,575,522	\$ 1,575,522
Restricted Cash and Cash Equivalents	106,988	106,988
Accounts Receivable, net of allowances	460,929	460,929
Grant Receivable	70,281	70,281
Total current assets	\$ 2,213,720	\$ 2,213,720
Capital assets:		
Land Purchase and Improvements	70,399	70,399
Infrastructure	19,326,855	19,326,855
Buildings	92,019	92,019
Furniture and Equipment	786,723	786,723
Construction in Progress	255,780	255,780
Accumulated Depreciation - Capital Assets	(8,538,981)	(8,538,981)
Total capital assets	11,992,795	11,992,795
Total assets	\$14,206,515	\$ 14,206,515
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge for Refunding	150,729	150,729
Deferred Outflow Related to TMRS Pension Plan	75,668	75,668
Total deferred outflows of resources	\$ 226,397	\$ 226,397
LIABILITIES		
Current liabilities		
Accounts Payable and Wages Payable	\$ 38,641	\$ 38,641
Grant Payable	95,136	95,136
Due to Other Funds	88,257	88,257
Accrued Interest Payable	18,043	18,043
Bonds Payable - Current	542,000	542,000
Total current liabilities	782,077	782,077
Non-current liabilities		
Customer deposits	147,318	147,318
Bonds Payable - Noncurrent	4,287,338	4,287,338
Compensated Absences Payable	57,121	57,121
Net Pension Liability	54,404	54,404
Total non-current liabilities	4,546,181	4,546,181
Total liabilities	\$ 5,328,258	\$ 5,328,258
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow Related to TMRS Pension Plan	36,280	36,280
Total deferred inflows of resources	\$ 36,280	\$ 36,280
NET POSITION		
Net investment in capital assets	\$ 7,314,186	\$ 7,314,186
Restricted:		
Debt service	106,988	106,988
Unrestricted	1,647,200	1,647,200
Total net position	\$ 9,068,374	\$ 9,068,374

The accompanying notes are an integral part of this statement.

CITY OF ATLANTA, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Funds	Total Proprietary Funds
OPERATING REVENUES		
Charges for Services	\$ 3,364,583	\$ 3,364,583
Other Revenue	63,771	63,771
Total Operating Revenues	3,428,354	3,428,354
OPERATING EXPENSES		
Personnel Services - Salaries and Wages	493,593	493,593
Personnel Services - Employee Benefits	177,899	177,899
Purchased Professional and Technical Services	22,675	22,675
Purchased Property Services	252,289	252,289
Other Operating Costs	1,227,681	1,227,681
Supplies	250,924	250,924
Depreciation	405,551	405,551
Total Operating Expenses	2,830,612	2,830,612
Net operating income (loss)	597,742	597,742
NONOPERATING REVENUES (EXPENSES)		
Investment Earnings	40,818	40,818
Interest Expense	(217,371)	(217,371)
Total nonoperating revenues (expenses)	(176,553)	(176,553)
Income (loss) before contributions and transfers	421,189	421,189
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital Grants and Contributions	148,915	148,915
Non-Operating Transfers In	306,761	306,761
Non-Operating Transfers Out (Use)	(306,761)	(306,761)
Total capital contributions and transfers	148,915	148,915
Changes in net position	570,104	570,104
Net position, beginning of year	8,498,270	8,498,270
Net position, end of year	\$ 9,068,374	\$ 9,068,374

The accompanying notes are an integral part of this statement.

CITY OF ATLANTA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Enterprise Fund</u>	<u>Total Proprietary Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$3,323,089	\$3,323,089
Cash payments to suppliers for goods and services	(1,741,379)	(1,741,379)
Cash payments to employees for services and benefits	(666,381)	(666,381)
Net cash provided by operating activities	<u>915,329</u>	<u>915,329</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net increase operating transfers in (out)	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition or construction of capital assets	(278,431)	(278,431)
Capital grant contributions	148,915	148,915
Note and bond principal retirement	(564,879)	(564,879)
Interest paid during current year	(158,715)	(158,715)
Net cash (used) by capital and related financing activities	<u>(853,110)</u>	<u>(853,110)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	40,818	40,818
Net cash provided by investing activities	<u>40,818</u>	<u>40,818</u>
Net increase (decrease) in cash and cash equivalents	103,037	103,037
Cash and cash equivalents, beginning of year	<u>1,579,473</u>	<u>1,579,473</u>
Cash and cash equivalents, end of year	<u>\$1,682,510</u>	<u>\$1,682,510</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 597,742	\$ 597,742
Adjustment to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation and amortization	405,551	405,551
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(36,039)	(36,039)
Increase (decrease) in accounts payable and accrued expenses	(126,488)	(126,488)
Increase (decrease) in customer deposits	1,055	1,055
Increase (decrease) in interfund transactions	42,857	42,857
Increase (decrease) in grant receivable and payable	24,855	24,855
Increase (decrease) in pension plan liabilities, outflows and inflows	5,796	5,796
Net cash provided by operating activities	<u>\$ 915,329</u>	<u>\$ 915,329</u>

The accompanying notes are an integral part of this statement.

CITY OF ATLANTA
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2018

		Firemen's Relief Pension Trust Fund
<hr/>		
ASSETS		
Cash and cash equivalents	\$	220,297
Investments at fair value:		
Common Trust Fund		
Westwood all cap growth fund		545,287
Westwood income opportunity fund		184,245
Westwood emerging markets fund		267,688
Westwood global equity fund		501,580
Westwood large cap value equity fund		175,843
Westwood real estate investment trust fund		143,850
Westwood smid cap value equity fund		169,827
Westwood small cap value equity fund		203,653
Westwood strategic global convertibles fund		192,646
Westwood core investment grade bond fund		578,848
Westwood short duration high yield bond fund		257,799
Westwood international fixed income		230,023
Westwood master limited partnership		132,195
Total investments at fair value		<u>3,583,484</u>
Contributions receivable		6,492
		<u>3,810,273</u>
LIABILITIES		
Accounts Payable		<u>9,230</u>
Total liabilities		<u>9,230</u>
NET POSITION		
Restricted for pension benefits		<u>3,801,043</u>
Total net position	\$	<u><u>3,801,043</u></u>

The accompanying notes are an integral part of this statement.

CITY OF ATLANTA, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Firemen's Relief Pension Trust Fund
<hr/>	
ADDITIONS	
Contributions	
Employer	\$ 97,072
Employee	86,632
Total contributions	183,704
Investment income	
Net appreciation (depreciation) in fair value of investments	(348,563)
Dividend income	104,222
Less investment expense	(47,578)
Net investment income	(291,919)
Total additions	(108,215)
DEDUCTIONS	
Benefits and refunds paid directly to participant	222,594
Administrative expenses	14,292
Total deductions	236,886
Change in net position	(345,101)
Net position at beginning of year	4,146,144
Net position at end of year	\$ 3,801,043

The accompanying notes are an integral part of this statement.

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Note 1 - Summary of Significant Accounting Policies

The City of Atlanta, Texas was incorporated on November 12, 1968 under the provisions of Vernon's Civil Statutes Article 1175(1) as amended (Home Rule Enabling Act) as a city government operating under the applicable laws and regulations of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, 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 and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants.

GASB Statement 68, *Accounting and Financial Reporting for Pensions*, issued June 2012 was adopted for the year ending September 30, 2015. The City participates in the Texas Municipal Retirement System and the Atlanta Firefighter's Relief and Retirement Fund. This Statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) in which:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

GASB Statement 68 requires the employer to report the net pension asset or liability, pension expense, and related deferred inflows and outflows of resources associated with providing retirement benefits to their employees and former employees in their basic financial statements. This statement required governmental entities to record the net pension asset or liability and the related outflows and inflows retroactively.

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015 was adopted for the year ending September 30, 2018. The City participates in the TMRS Supplemental Death Benefits (SDB) plan. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Because the OPEB calculated amounts are immaterial for the City of Atlanta, these amounts are not recorded in the financial statements.

A. Reporting Entity

The City Council is elected by the public and it has the authority to make decisions and significantly influence operations. It 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 Statement No. 14, "The Financial Reporting Entity." The City has component units, entities for which the City is considered financially accountable. These discretely presented component units are reported in separate columns of the financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures- Blended and Discrete Component Units

Blended component units are, in substance, part of the City's operations. Discretely presented component units are reported in separate columns in the combined financial statements to emphasize they are legally separate from the City.

CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

The financial statements of the following organizations are included in the accompanying financial statements as blended component units:

Atlanta Public Library – The twelve members of the Atlanta Public Library Advisory Board are appointed by the City Council. The Library Advisory Board does not approve transactions of a financial nature. These transactions require approval by the City Council. Library employees are paid by the City and are under the supervision of the City Manager. The operating budget of the Library is incorporated into the City's annual budget and approved by the City Council.

Atlanta Hotel/Motel Tax Committee – The five members of the Hotel/Motel Committee are appointed by the City Council. The City is obligated for the debt of the Hotel/Motel Committee. This committee expends the hotel/motel tax funds to promote tourism and the City of Atlanta in general.

The financial statements of the following organizations are included in the accompanying government-wide financial statements as discretely presented component units:

Atlanta Economic Development Corporation (AEDC) – The five members of the AEDC are appointed by the City Council. The Corporation is organized exclusively for the purpose of promoting and developing commercial, industrial, and manufacturing enterprises which will benefit the citizens of the City of Atlanta, Texas. The Corporation does not provide services to the primary government; therefore, the Corporation is considered a discretely presented component unit. Separately issued audited financial statements for the AEDC are not available.

Atlanta City Development Corporation (ACDC) – The seven members of the ACDC are appointed by the City Council. The Corporation is a non-profit corporation, and is an economic development corporation organized under the Development Corporation Act of 1979, and is governed by Section 4B of the Act. The Corporation is organized exclusively for the purposes of the promotion and development of commercial, industrial, and manufacturing enterprises to promote and encourage employment and the public welfare. The Corporation meets the criteria to be reported as a discretely presented component unit of the City. Separately issued financial statements for the ACDC are not available.

C. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Atlanta with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, charges for services, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. Examples include fees charged for water, sewer, and garbage service. The "grants and contributions" column includes amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers.

CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary and fiduciary. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

E. Fund Accounting

The City reports the following major governmental funds:

The General Fund – The general fund is the City's primary operating fund. It accounts for financial resources except those required to be accounted for in another fund.

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

HUD Home Grant Fund – The City accounts for resources from state or federal granting agencies for a specific purpose for the City in a special revenue fund. The Home Investment Partnerships Program awarded the City a federal grant to provide new construction for qualifying single family homes.

Debt Service Fund – The City accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the City reports the following non-major governmental fund type(s):

Governmental Funds:

Special Revenue Funds – The City accounts for resources restricted to, or designated for, specific purposes by the City or a grantor in a special revenue fund.

Capital Project Funds - The proceeds from long-term debt financing and revenue and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the City reports the following major proprietary fund:

Enterprise Funds – The City's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The City's major Enterprise Fund is the water and sewer fund.

Additionally, the City reports the following fiduciary fund:

Atlanta Firefighters' Relief and Retirement Fund – The Atlanta Firefighters' Relief and Retirement Fund (plan) was established pursuant the Texas Local Firefighter's Retirement Act of 1937. The plan is administered by a seven-member Board of Trustees (Board), which includes three members elected from and by the fund members, two representatives of the City, and two citizen members. The plan has a different year end (December 31) from the City and has separately issued financial statements. Complete financial statements for the plan can be obtained from the City finance department. The plan is reported as a fiduciary fund based on the audited financial statements as of December 31, 2018.

The financial statements of the following organizations are excluded from the accompanying financial statements:

Atlanta Housing Authority – The City Council appoints the Board; however, the Authority has complete legal, budgetary, and administrative control over its affairs and is primarily responsible to the Federal government. Its operations are financed by Federal government subsidies and rents.

F. Budget and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the general fund. This budget is adopted on a basis consistent with generally accepted accounting principles. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

The budgets for the general fund and proprietary fund operations are prepared on the cash basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on these basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

The City does not record encumbrances as part of its accounting records.

**CITY OF ATLANTA, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

G. Other Accounting Policies

1. For purposes of the statement of cash flows for proprietary funds, the City considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
3. Capital assets, which include land, buildings, machinery and equipment and roads and bridges, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Buildings, machinery and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-30
Infrastructure	20-30
Machinery and equipment	3-10
Water and sewer system	10-50

4. Some cash and investments are restricted for future debt payments.
5. When the City incurs an expense for which it may use either restricted or unrestricted position, it uses the restricted assets first whenever they will have to be returned if they are not used.
6. Investments are recorded at fair market value.
7. Compensated absences – The City allows employees to accumulate earned but unused vacation and sick pay benefits. The City’s full-time employees are granted vacation and sick leave. Vacation leave is accrued indefinitely. Sick leave is accrued indefinitely at a rate of ½ day per each month of service. Employees are eligible to be paid for 25% of any earned but unused sick leave and all unused vacation time upon termination of employment with the City. Although accrual begins at original date of employment, benefits are not granted until six months of service have been completed. Compensation time is awarded as requested and approved. No liability is recorded for non-vesting vacation leave. In addition, fire and police department employees earn holiday time if these employees work on a day which is considered a “holiday” for all other City employees. All vested vacation pay and 25% of the sick leave liability is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured or become “due”. Compensated absences liabilities become “due” upon the occurrence of related events such as resignations, retirements, and uses on leave balances by covered employees. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, “Accounting for Compensated Absences,” no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of cumulative sick leave benefits that it is estimated will be taken as “terminal leave” prior to retirement.

CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

8. Bond issuance costs are expensed in the year the debt is issued.
9. Deferred Outflows/Inflows of Resources – The City implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended September 30, 2014. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

10. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the respective pension plans and additions to/deductions from the respective Fiduciary Net Position have been determined on the same basis as they are reported by the pension plans. 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.
11. Fund Equity – The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as following:

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the City's highest level of decision-making authority, the Council. Committed resources cannot be used for any other purposes unless the Council removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amount the City intends to use for specific purposes as expressed by the Council or an official delegated with the authority.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where 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 is as follows: restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

12. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

13. Comparative Data - Governments are required to present comparative data only in connection with Management's Discussion and Analysis (MD&A).

Note 2 – Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments (Excluding Firemen's Relief and Retirement Fund)

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy regarding types of deposits allowed and collateral requirements is that the funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping in an amount sufficient to protect the City's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Deposits of the City are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the name of the City.

The captions and amounts of cash and cash equivalents including amounts in the Lone Star Investment Pool on the Statement of Net Position at September 30, 2019, consist of the following:

	General Fund	Debt Service Fund	HUD HOME Grant	Other Governmental Funds	Balance Sheet Total	Proprietary Fund	Component Units
Cash and Cash Equivalent	1,885,770	47,586	-	753,676	2,687,032	1,682,510	2,071,240
Total	1,885,770	47,586	-	753,676	2,687,032	1,682,510	2,071,240

The City's cash deposits at September 30, 2019 and during the year ended September 30, 2019 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Credit Risk: Quality Ratings - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Atlanta Firefighters' Relief and Retirement Fund (Fund) does not have a formal policy limiting investment credit risk, but rather mandates such limits within the Investment Policy and the Investment Advisor agreement.

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

The City's investment policy for funds other than pensions allows for investment in obligations of the U.S. Government, not to exceed one year stated maturity, excluding collateralized mortgage obligations (CMO's), fully insured or collateralized certificates of deposit from a bank doing business in the state of Texas and under the terms of a written depository agreement with the bank, not to exceed one year to maturity, commercial paper rated A-1/P-1 or equivalent by at least two nationally recognized rating agencies not to exceed 180 days to stated maturity, repurchase agreements and reverse repurchase agreements as defined by the Public Funds Investment Act, not to exceed 180 days to stated maturity, No-load, SEC registered money market funds, with approval by City Council, and constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act.

The City's investment in Government Overnight Funds in Lone Star Investment Pool was rated AAAM by Standard and Poor's. The City's investments in the Common Trust Funds are not rated by an investor service.

Interest-Rate Risk - Interest-rate risk occurs when potential purchases of debt securities do not agree to pay face value for these securities if interest rates rise. The City does not purchase investment where the face value is not guaranteed.

Concentration Risk - Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments in external investment pools are not subject to concentration risk. The City is exposed to concentration risk of 5% or more to Westwood Trust, Guaranty Bond Bank and Cass County Bank.

City Funds (Excluding Firemen's Relief and Retirement Fund)

As of September 30, 2019, the City had the following debt security investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Certificates of deposit	-	103,121	-	-	-
Cemetery Permanent Trust					
Government and Agency Bonds	669,033	-	-	-	669,033
	\$ 669,033	-	-	-	669,033

Investment Type	Investment Maturities (in Days)	
Lone Star Investment Pool	\$ 2,441,299	Weighted-average 33(1)

(1) This weighted average maturity calculation uses the industry standard definition of stated maturity for floating rate instruments, the number of days until the next reset date.

(2) This weighted average maturity calculation uses the final maturity of any floating rate instrument, as opined in Texas Attorney General Opinion No. JC3059.

**CITY OF ATLANTA, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the investment portfolio as follows:

Investment Type	Not to exceed
U.S. Treasury Obligations	10%
U.S. Government agencies and instrumentalities	50%
Fully insured collateralized CD's	30%
Commercial paper	25%
Maximum per commercial paper issuer	10%
Repurchase agreements	100%
Money market funds:	100%
Local government investment pools	100%

The City's investment policy covers all funds except for the Firemen's Relief and Retirement Fund. The City's funds are managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification, and yield.

Firemen's Relief and Retirement Fund

The Atlanta Firefighters' Relief and Retirement Fund (Fund) invests in fixed income securities with maturities greater than one year. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The Fund's Investment Policy sets limits on exposure to certain securities as a way of managing its exposure to potential fair value losses arising from future changes in interest rates.

Credit Risk: Concentrations

The asset allocation guide of the Atlanta Firefighters' Relief and Retirement Fund's (Fund) Investment Policy contains guideline percentages, at market value, of total Fund Assets to be invested in various asset classes, with the objective of optimizing the investment return of the Fund within framework of acceptable risk and diversification. Actual asset allocations will be dictated by current and anticipated market conditions, the independent actions of Board and/or investment managers, and the required cash flow to and from the Fund.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City's investment policy pertaining to funds other than pension funds does not allow non-dollar denominated issues (i.e. foreign currency). The City's Firemen's Relief and Pension fund's investment policy requires that foreign currency exposure of the non-dollar denominated issues may be hedged.

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Note 3 – Disaggregation of Receivables and Payables

Receivables at September 30, 2019, were as follows:

	Property Taxes	Sales & Other Taxes	Accounts Receivable	Other Funds	Loan Receivable	Other Receivables	Total Receivables
Governmental Activities:							
General Fund	281,454	432,361	319,637	198,471	-	13,024	1,244,947
Debt Service Fund	27,628	-	-	-	-	-	27,628
HUD Home Grant	-	-	7,063	-	-	-	7,063
Non-Major Special Revenue	-	-	24,629	-	113,925	-	138,554
Total - Governmental Activities	309,082	432,361	351,329	198,471	113,925	13,024	1,418,192
Amounts not scheduled for collection during the subsequent year	(296,785)	-	(192,960)	-	-	-	(489,745)
Business-Type Activities:							
Major Enterprise Fund	-	-	979,507	-	-	-	979,507
Total - Business-Type Activities	-	-	979,507	-	-	-	979,507
Amounts not scheduled for collection during the subsequent year	-	-	(518,578)	-	-	-	(518,578)
Component Units:							
AEDC	-	-	100,000	108,619	1,240,000	113,911	1,562,530
ACDC	-	-	287	66,384	-	-	66,671
Total - Component Units	-	-	100,287	175,003	1,240,000	113,911	1,629,201

Payables at September 30, 2019, were as follows:

	Accounts Payable	Salaries & Benefits	Other Liabilities	Other Governments	Other Funds	Total Payables
Governmental Activities:						
General Fund	61,514	36,211	36,669	52,355	175,003	361,752
HUD Home Grant	1,750	-	-	-	5,313	7,063
Non-Major Special Revenue	528	-	-	-	104,901	105,429
Total - Governmental Activities	63,792	36,211	36,669	52,355	285,217	474,244
Business-Type Activities:						
Major Enterprise Fund	26,736	11,905	113,179	-	88,257	240,077
Total - Business-Type Activities	26,736	11,905	113,179	-	88,257	240,077
Component Units:						
ACDC / AEDC	6,643	-	-	-	-	6,643
Total - Component Units	6,643	-	-	-	-	6,643

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Note 4 – Interfund Balances

Interfund balances are as follows as of September 30, 2019:

	<u>Receivables</u> <u>(Due From)</u>	<u>Payables</u> <u>(Due To)</u>
General Fund:		
Non-Major Special Revenue Fund	8,884	-
Non-Major Capital Projects Fund	96,017	-
Major Special Revenue Fund	5,313	
Major Enterprise Fund	88,257	-
	<u>198,471</u>	<u>-</u>
Component Unit - AEDC	-	108,619
Component Unit - ACDC	-	66,384
	<u>-</u>	<u>175,003</u>
Fiduciary Fund	-	-
Non-Major Capital Project:		
General Fund	-	96,017
Non-Major Special Revenue Fund:		
General Fund	-	8,884
Major Special Revenue Fund:		
General Fund	-	5,313
Major Enterprise Fund:		
General Fund	-	88,257
Component Unit - AEDC:		
General Fund	108,619	-
Component Unit - ACDC:		
General Fund	66,384	-
Total	<u><u>373,474</u></u>	<u><u>373,474</u></u>

Interfund transactions were for payment on the Sportsplex Paving project and payment of sales tax revenue. Balances will be repaid currently.

Note 5 – Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

**CITY OF ATLANTA, TEXAS
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FOR THE YEAR ENDED SEPTEMBER 30, 2019**

As of August 1993, the Cass County Appraisal District bills and collects property taxes for the City of Atlanta. The State of Texas Constitution limits the City's ad valorem tax rate for all purposes to \$2.50 per one hundred dollars of assessed valuation. Ad valorem tax revenue during the year ended September 30, 2019, was levied using a rate of \$0.660000 per one hundred dollars of assessed valuation. Based on 100% of estimated market value, the City has a tax margin of \$1.840000 per \$100 of valuation. Taxes were allocated between the Maintenance and Operations \$0.601632 and Debt Service \$0.059009. The City could raise an additional \$5,079,864 per year from the present assessed valuation of \$276,079,545 before the limit is reached. The amount levied for the 2018 tax roll was \$1,806,399.

Note 6 – Delinquent Taxes Receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property 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.

Note 7 – Loans Receivable

Governmental Funds – Non-Major Special Revenue Fund - The City has a loan receivable from a local restaurant to which the City provided grant funded redevelopment monies. In 2012, the City made a loan to the restaurant for \$88,500, which was forgivable over a four year period at \$22,125 each year on the anniversary date of the opening of the restaurant. The first payment was forgiven on February 1, 2013. At September 30, 2018 the City had a loan receivable for \$0.

The City made another loan to the restaurant described above with USDA revolving loan funds. The grant funds were received in FY 2011 and disbursed to the restaurant in FY 2012 in the amount of \$150,000 due in monthly installments of \$1,448 beginning in November 2011 and maturing in October 2021 at an interest rate of 3%. The loan receivable balance at September 30, 2019 is \$0.

The City has a loan receivable from a local café. In September 2017, the City made a loan to the café for \$90,000 with USDA loan funds, which is to be distributed in three \$30,000 lump sums. The loan is due in monthly installments at an interest rate of 3% once the entire amount is distributed. The loan receivable balance at September 30, 2018 is \$77,463.

The City has another loan receivable from a local business owner. In October 2018, the City made a loan to the cosmetic shop for \$40,000 with USDA loan funds. The loan is due in monthly installments of \$386 beginning in November 2018 and maturing in May 2028 at an interest rate of 3.00%. The loan receivable balance at September 30, 2019 is \$36,462.

Component Unit - Atlanta Economic Development Corporation (AEDC) - A loan agreement was made in February 2013 with a corporation which located a new manufacturing facility in the City's business park, in the amount of \$1,250,000 due in 7 annual installments of \$178,571 beginning February 15, 2016 and maturing February 15, 2022. The note bears no interest. In February 2016, the AEDC extended the due date for the first payment by six (6) months. In February 2013, the AEDC amended the original loan agreement and made an additional \$200,000 available to the corporation. The corporation had drawn down all of the additional funds by September 30, 2014. The first amendment amount is due on or before December 31, 2018 at a flat interest rate of 50%. The loan receivable balance at September 30, 2017 was \$1,450,000. Accrued interest receivable on the notes total \$100,000 at September 30, 2019. The loan agreement also provides for AEDC to reimburse property taxes paid by the corporation to the City of Atlanta during the first 36 months, if after the initial three years of the loan term the corporation meets the additional provisions described as follows. By the end of the first 36 months of the term and for the remaining months of the terms, the corporation will employ and maintain a minimum of 35 full-time employment positions working at the facility having average salaries of \$35,000 per year including benefits if offered by the corporation. The AEDC also loaned the corporation funds to pay property taxes for the year. The balance of the accumulated property taxes not paid at September 30, 2019 was \$113,911.

The AEDC made forgivable loan receivable #2 in September 2013 to a corporation for \$25,000 which does not require repayment so long as the corporation meets specific benchmarks defined in the loan agreement. The terms of the agreement expire on November 1, 2015. The requirements include use of the loan funds for qualified expenditures associated with establishing an industrial equipment maintenance and machine shop business, purchasing a specific facility for the shop,

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

agreeing to operate the shop, and agreeing to employ a minimum of 8 full-time positions for 12 consecutive months with the average salary of \$35,000 or more per year including benefits if offered. The AEDC agrees to completely forgive repayment of the loan if the borrower complies with the terms of the agreements.

If borrower defaults on the agreement, the entire balance is due prior to November 15, 2015. The requirements of this note receivable were fulfilled and the balance was forgiven subsequent to year end.

Component Unit – Atlanta City Development Corporation (ACDC) – A loan agreement was made in December 2014 with a local non-profit organization. The Agreement makes funds in the amount to \$85,000 available to the borrower at an annual flat interest rate of 2.00% with monthly payments due over a ten (10) year period. The loan receivable balance at September 30, 2019 was \$0.

The annual requirements for the loans receivable outstanding at September 30, 2019 are as present in the following schedule:

<u>Year Ending</u> <u>September 30.</u>	<u>Non-Major Governmental Fund</u>	
	<u>Revolving Loan</u>	
	<u>Receivable</u>	<u>Total</u>
2020	11,979	11,979
2021	12,340	12,340
2022	12,711	12,711
2023	13,094	13,094
2024	13,488	13,488
2025-2028	50,313	50,313
	\$ 113,925	\$ 113,925

<u>Year Ending</u> <u>September 30.</u>	<u>AEDC</u>
	<u>Revolving Loan</u>
	<u>Receivable</u>
2020	178,571
2021	178,571
2022	178,571
2023	178,571
2024	178,571
2025	557,145
	\$ 1,450,000

CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Note 8 – Capital Asset Activity

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

	Balance October 1, 2018	Additions	Retirements/ Reclassifications	Balance September 30, 2019
Governmental Activities:				
Land	465,099	-	-	465,099
Construction in progress	88,500	638,157	(726,657)	-
Buildings	2,625,850	-	-	2,625,850
Improvements other than buildings	6,417,540	-	726,657	7,144,197
Infrastructure	369,539	-	-	369,539
Machinery and equipment	900,301	342,054	-	1,242,355
Office furniture and equipment	198,467	-	-	198,467
Vehicles	1,202,930	568,012	(131,517)	1,639,425
Totals at historic cost	<u>12,268,226</u>	<u>1,548,223</u>	<u>(131,517)</u>	<u>13,684,932</u>
Less accumulated depreciation for:				
Buildings	(1,121,299)	(73,937)	-	(1,195,236)
Improvements other than buildings	(4,699,133)	(174,091)	-	(4,873,224)
Infrastructure	(7,093)	(6,473)	-	(13,566)
Machinery and equipment	(556,680)	(87,813)	-	(644,493)
Office furniture and equipment	(151,291)	(7,720)	-	(159,011)
Vehicles	(849,819)	(128,140)	121,510	(856,449)
Total accumulated depreciation	<u>(7,385,315)</u>	<u>(478,174)</u>	<u>121,510</u>	<u>(7,741,979)</u>
Governmental Activities Capital Assets, net	<u>4,882,911</u>	<u>1,070,049</u>	<u>(10,007)</u>	<u>5,942,953</u>

During the current year, the City purchased fire equipment for a total of \$146,276 and a new fire truck for \$551,062 using bond proceeds from the Series 2018 bond issued. The City traded in a fully depreciated fire truck with cost of \$107,500. The police department spent \$15,778 on a new security system and \$16,950 on a 2016 Dodge Charger. The City also financed a loan with Southside bank and purchased a new mower for a total cost of \$140,000. The City purchased an airport fuel pump for \$20,000.

The City entered into an agreement with the Texas Department of Transportation to rehabilitate an airport runway. The total project cost is estimated to be \$885,000, with the City being responsible for \$88,500 of the total cost. The project was completed at year end. Total cost of the project was \$726,657. The TxDOT grant funded 90% of the project.

The City sold a truck for \$2,500 in fiscal year 2019. The truck had a total cost of \$24,017 and accumulated depreciation of \$14,010.

CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Depreciation expense was charged to governmental functions as follows:

	Governmental Activities
Administration and general	210,397
Police	47,817
Fire	119,544
Public facilities	71,726
Streets and drainage	28,690
	478,174

Capital asset activity for the proprietary fund for the year ended September 30, 2019:

	Balance October 1, 2018	Additions	Retirements/ Reclassifications	Balance September 30, 2019
Business-Type Activities:				
Land	70,399	-	-	70,399
Construction in progress	39,011	216,769	(255,780)	-
Infrastructure	19,314,255	12,600	255,780	19,582,635
Buildings	92,019	-	-	92,019
Machinery and equipment	377,013	-	-	377,013
Office furniture and equipment	58,130	-	-	58,130
Vehicles	302,518	49,062	-	351,580
Totals at historic cost	20,253,345	278,431	-	\$ 20,531,776
Less accumulated depreciation for:				
Buildings	(37,818)	(2,917)	-	(40,735)
Infrastructure	(7,558,339)	(346,930)	-	(7,905,269)
Machinery and equipment	(238,174)	(20,340)	-	(258,514)
Office furniture and equipment	(54,136)	(690)	-	(54,826)
Vehicles	(244,963)	(34,674)	-	(279,637)
Total accumulated depreciation	(8,133,430)	(405,551)	-	\$ (8,538,981)
Business-Type Activities Capital Assets, net	12,119,915	(127,120)	-	11,992,795

During the current year, the City installed a 2" water line for a total cost of \$12,600. The City also purchase two new trucks for the water department for \$49,062. The City began a TxCDBG grant project to improve sewer lines in the prior year. The project was completed in the current year at a total cost of \$255,780. The grant funded 75% of the project.

Depreciation expense was \$405,551 for the year ended September 30, 2019.

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Discretely Presented Component Units

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

	Balance October 1, 2018	Additions	Retirements/ Reclassifications	Balance September 30, 2019
Capital assets, not being depreciated:				
Land	\$ 409,050	\$ 22,868	\$ -	\$ 431,918
Total capital assets, not being depreciated	<u>409,050</u>	<u>22,868</u>	<u>-</u>	<u>431,918</u>
Capital assets, being depreciated:				
Buildings	1,005,213	-	-	1,005,213
Infrastructure	432,821	-	-	432,821
Improvements other than buildings	909,788	19,500	-	929,288
Office furniture equipment	113,999	-	-	113,999
Vehicles	6,033	-	-	6,033
Total capital assets, being depreciated	<u>2,467,854</u>	<u>19,500</u>	<u>-</u>	<u>2,487,354</u>
Less accumulated depreciation for:				
Buildings	(193,172)	(23,718)	-	(216,890)
Infrastructure	(317,230)	(37,571)	-	(354,801)
Improvements other than buildings	(263,890)	(31,367)	-	(295,257)
Office furniture equipment	(43,462)	(14,377)	-	(57,839)
Vehicles	(6,033)	-	-	(6,033)
Total accumulated depreciation	<u>(823,787)</u>	<u>(107,033)</u>	<u>-</u>	<u>(930,820)</u>
Total capital assets, being depreciated, net	<u>1,644,067</u>	<u>(87,533)</u>	<u>-</u>	<u>1,556,534</u>
Capital assets, net	<u>\$ 2,053,117</u>	<u>\$ (64,665)</u>	<u>\$ -</u>	<u>\$ 1,988,452</u>

During the current year the AEDC and ACDC purchased land and replaced a roof.

Depreciation was charged to functions/programs of the component units for the fiscal year ended September 30, 2019 in the amount of \$107,033.

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Note 9 – Long-Term Debt

Governmental Activities

	Rate of Interest	Original Issue	Outstanding 09/30/19
Certificate of Obligation Bonds:			
Certificate of obligation bonds, Series 2011 due serially in varying amounts through August 15, 2021. Issued for streets, bridges, vehicles and equipment.			
	3.00%	1,145,000	255,000
General Obligation Refunding Bonds, Series 2011 due serially in varying amounts through February 15, 2024. Issued to refund Certificates of Obligation, Series 2004-A and 2004-B			
	2.20-4.15%	483,000	198,000
Tax and Revenue Certificate of Obligation Bond:			
Combination Tax and Revenue Certificate of obligation, Series 2018 due serially in varying amounts through April 15, 2029. Issued for fire equipment and a new fire truck			
	3.26%	955,000	955,000
Total Bonds Outstanding		\$ 2,583,000	\$ 1,408,000

The annual requirements to retire long-term debt as of September 30, 2019 are as follows:

Year Ending September 30,	Bonds	
	Principal	Interest
2020	162,000	58,626
2021	168,000	38,866
2022	145,000	35,408
2023	151,000	30,304
2024	157,000	24,996
2025-2029	625,000	62,755
	1,408,000	250,955

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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The City borrowed funds to purchase an ambulance and related equipment in the prior year. The details of the loans are as follows:

	<u>Rate of Interest</u>	<u>Original Issue</u>	<u>Outstanding 09/30/19</u>
Notes Payable:			
Installment note payable, due annually for 5 years through 2020 Issued for purchase of ambulance and related equipment	3.00%	140,000	59,303
Note payable, due annually for 6 years through October 2022 Issued for improvements at the park - Sportsplex paving	3.25%	600,000	353,198
Note payable, due annually for 6 years through November 2024 Issued for purchase of boom axe cutter and tractor	4.41%	140,000	140,000
Total Notes Outstanding		<u>\$ 880,000</u>	<u>\$ 552,501</u>

The annual requirements to retire long-term debt as of September 30, 2019 are as follows:

Year Ending September 30,	Notes from Direct Borrowings	
	<u>Principal</u>	<u>Interest</u>
2020	134,915	18,581
2021	139,384	14,883
2022	112,706	10,215
2023	116,630	6,292
2024	24,679	2,226
2025	24,187	1,137
	<u>552,501</u>	<u>53,334</u>

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Business-Type Activities

	<u>Rate of Interest</u>	<u>Original Issue</u>	<u>Outstanding 9/30/2018</u>
Certificate of Obligation Bond:			
Certificate of obligation bonds, Series 2000 due serially in varying amounts through February 15, 2020.			
Issued for improvements to waterworks and sewer system.	5.45%-7.25%	1,500,000	130,000
Certificate of obligation bonds, Series 2014 due serially in varying amounts through August 15, 2024.			
Issued to relocate water and sewer mains	2.00%-2.50%	1,080,000	570,000
General Obligation Refunding Bonds:			
General Obligation Refunding Bonds, Series 2011 due serially in varying amounts through February 15, 2030.			
Issued to refund outstanding bond issues	2.20%-4.15%	<u>6,517,000</u>	<u>4,120,000</u>
Total Bonds Outstanding		<u>\$ 9,097,000</u>	<u>\$ 4,820,000</u>

The annual requirements to retire long-term debt as of September 30, 2019 are as follows:

Year Ending	Certificate of Obligation Bonds		General Obligation Bonds		Total Bonds Outstanding	
	Series 2000 and Series 2014 Principal	Interest	Principal	Interest	Principal	Interest
September 30,						
2020	240,000	10,475	302,000	117,361	542,000	127,836
2021	110,000	5,475	315,000	107,573	425,000	113,048
2022	115,000	4,375	328,000	97,374	443,000	101,749
2023	115,000	2,938	342,000	86,751	457,000	89,689
2024	120,000	1,500	356,000	75,704	476,000	77,204
2025 - 2029	-	-	2,020,000	225,090	2,020,000	225,090
2030	-	-	457,000	6,855	457,000	6,855
	<u>700,000</u>	<u>24,763</u>	<u>4,120,000</u>	<u>716,708</u>	<u>4,820,000</u>	<u>741,471</u>

The City has a state infrastructure loan to fund utility relocation and improvements and an equipment note payable that was paid off during the year ended September 30, 2019.

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Changes in long-term liabilities

The following is a summary of changes in long-term liabilities for the year ended September 30, 2019:

	Balance at 10/1/2018	Issued	Retired	Balance at 9/30/2019	Due Within One Year
Governmental Activities:					
Certificates of obligation	380,000	-	(125,000)	255,000	125,000
General obligation refunding bonds	234,000	-	(36,000)	198,000	37,000
Tax and Revenue Certificate of Obligation Bond	-	955,000	-	955,000	-
Notes payable	523,093	140,000	(110,592)	552,501	134,915
Accrued compensated absences	217,329	16,330	-	233,659	-
Net pension liability (asset) - TMRS	(94,416)	216,411	-	121,995	-
Net pension liability - Firemen's	895,803	-	-	895,803	-
Total Governmental Activities	<u>2,155,809</u>	<u>1,327,741</u>	<u>(271,592)</u>	<u>3,211,958</u>	<u>296,915</u>
Business-Type Activities:					
Certificates of obligation	930,000	-	(230,000)	700,000	240,000
Bond premiums	11,206	-	(1,868)	9,338	-
General obligation refunding bonds	4,409,000	-	(289,000)	4,120,000	302,000
Installment loans	45,194	-	(45,194)	-	-
Accrued compensated absences	57,806	-	(685)	57,121	-
Net pension liability (asset) - TMRS	(42,108)	96,512	-	54,404	-
Total Business-Type Activities	<u>5,411,098</u>	<u>96,512</u>	<u>(566,747)</u>	<u>4,940,863</u>	<u>542,000</u>
Component Unit Activities:					
Notes Payable	1,389,080	-	(251,080)	1,138,000	213,000
Total Component Unit Activities	<u>1,434,160</u>	<u>-</u>	<u>(296,160)</u>	<u>1,138,000</u>	<u>213,000</u>

	Rate of Interest	Original Issue	Outstanding 9/30/2019
Installments Notes Payable:			
<i>Atlanta Economic Development Corporation</i>			
Installment note payable due in varying amounts annually for through 2024. Issued to payoff existing debt, finance improvements to building and incentive loan.	3.36%	2,277,000	1,138,000
Installments Notes Payable:			
<i>Atlanta City Development Corporation</i>			
Installment note payable due annually for 15 years through 2019. Issued for waterline relocation and improvement	4.70%	500,000	-
Total Notes Outstanding		<u>\$ 2,777,000</u>	<u>\$ 1,138,000</u>

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

The annual requirements to retire long-term debt as of September 30, 2019 are as follows:

Year Ending September 30,	Installment Note Payable	
	AEDC	
	Principal	Interest
2020	213,000	38,237
2021	220,000	31,080
2022	227,000	23,688
2023	235,000	16,061
2024	243,000	8,165
	1,138,000	117,231

Note 10 – Transfers In and Out

The General Fund received money from the Enterprise Fund and component unit during the year. The General Fund and Capital Projects Fund transferred money to the Debt Service Fund to help make debt payments. The ACDC transferred funds to the Capital Projects Fund, Park Fund and Enterprise Fund to help fund special projects at the City.

**CITY OF ATLANTA, TEXAS
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	Transfer In	Transfer Out
General Fund:		
Transfer in from Major Enterprise Fund	-	-
Transfer in from/ out from Nonmajor Special Revenue Fund	10,993	-
Transfer out to Debt Service Fund	-	73,047
Transfer in from HUD HOME Grant	10,953	-
Transfer in/out to Component Unit - AEDC	13,485	-
	35,431	73,047
Debt Service Fund:		
Transfer in from General Fund	73,047	-
Transfer in from Nonmajor Capital Projects Fund	96,191	-
	169,238	-
HUD HOME Grant		
Transfer out to General Fund	-	10,953
	-	10,953
Nonmajor Governmental Funds (Special Revenue):		
Transfer out to General Fund	-	10,993
Transfer out to Non-Major Capital Projects Fund	-	24,048
	-	35,041
Nonmajor Capital Projects Fund:		
Transfer in from Nonmajor Governmental Fund (Special Revenue)	24,048	-
Transfer in from Component Unit - ACDC	72,143	-
Transfer out to Debt Service Fund	-	96,191
	96,191	96,191
Component Unit - AEDC:		
Transfer in from/ out to General Fund	-	13,485
	-	13,485
Component Unit - ACDC:		
Transfer out to Nonmajor Capital Projects Fund	-	72,143
	-	72,143
	300,860	300,860

Note 11 – Retirement Plan

Plan Description

The City of Atlanta participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

Employees of the City of Atlanta are eligible for retirement at age 60 with 5 years of service or at any age with 20 years of service. Employees contribute to the fund at the rate of 5%. The City matches one and a half dollars for one dollar. City match vests after 5 years of service. The City adopted the updated service credit provision of the plan in 2020 at 100%.

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	19
Inactive employees entitled to but not yet receiving benefits	14
Active employees	41
Total	74

Contributions

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

Employees for the City of Atlanta were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Atlanta were 3.96% and 3.58% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for the year ended September 30, 2019 were \$70,397 and were equal to the required contributions.

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	2.80% 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 Healthy Mortality Tables with Blue Collar Adjustment are used with male 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

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
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	<u>100.0%</u>	

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

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2017	\$ 3,812,127	\$ 3,948,649	\$ (136,522)
Changes for the year:			
Service cost	136,052	-	136,052
Interest	257,278	-	257,278
Change of benefit terms	-	-	-
Difference between expected and actual experience	(52,431)	-	(52,431)
Change of assumptions	-	-	-
Contributions - employer	-	68,586	(68,586)
Contributions - employee	-	80,125	(80,125)
Net investment income	-	(118,328)	118,328
Benefit payments, including refunds to employees	(137,248)	(137,248)	-
Administrative expense	-	(2,286)	2,286
Other changes	-	(119)	119
Net changes	203,651	(109,270)	312,921
Balance at 12/31/2018	\$ 4,015,778	\$ 3,839,379	\$ 176,399

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension (asset) liability \$	694,104	\$ 176,399	\$ (254,877)

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2019, the city recognized pension expense of \$89,187.

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 117,635
Changes in actuarial assumptions	6,220	-
Difference between projected and actual investment earnings	204,920	-
	211,140	117,635
Contributions subsequent of the measurement date	54,482	-
	<u>\$ 265,622</u>	<u>\$ 117,635</u>

\$54,482 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended Dec. 31:	Net deferred outflows (inflows) of resources
2020	32,767
2021	(10,672)
2022	1,044
2023	70,366
2024	-
Thereafter	-
Total	<u>\$ 93,505</u>

Supplemental Death Benefits Fund

The City also participates in the cost-sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

Your city offers supplemental death to:	<u>Plan Year 2018</u>	<u>Plan Year 2019</u>
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Contributions

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

The City's contributions to the TMRS SDBF for the years ended 2019, 2018 and 2017 were \$3,454, \$3,258, and \$3,371, respectively, which equaled the required contributions each year.

Note 11 – Atlanta Firefighter's Relief and Retirement Fund (AFRRF)

A. General Information about the Retirement Plan

Plan Description

The City contributes to the retirement plan for firefighters in the Atlanta Fire Department known as the Atlanta Firefighters' Relief and Retirement Fund (the fund). The fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Atlanta Firefighters' Relief and Retirement Fund. The City does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained in writing from the Atlanta Firefighters' Relief and Retirement Fund at P.O. Box 669, Atlanta, TX 75551. See that report for all information about the plan fiduciary net position.

Benefits Provided

Firefighters in the Atlanta Fire Department are covered by the Atlanta Firemen's Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 20 years for firefighters hired before October 1, 2014. For those hired on or after that date, they may retire at age 55 with 20 years of service. A partially vested benefit is provided for paid firefighters who terminate employment with at least 10 but less than 20 years of service or volunteers who complete service with at least 10 but less than 20 years of service. If a terminated firefighter has a fully or partially vested benefit, he may retire starting on the date he would have satisfied service retirement eligibility if he had remained an Atlanta firefighter. The present plan provides a monthly normal service retirement benefit for paid firefighters, payable in a Joint and 90% to Spouse form of annuity, equal to 61% of Highest 60-Month Average Salary plus \$93 for each year of service in excess of 20. The monthly benefit for volunteer firefighters at retirement is equal to \$285.00 per month plus \$14.25 per month for each year of service in excess of 20 payable in a Joint and 90% to Spouse form of annuity.

A retiring paid firefighter who is at least 3.5 years beyond first becoming eligible for service retirement has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 60-Monthly Average Salary as if he had terminated employment on his selected RETRO DROP benefit calculation date, which is no earlier than the later of the date which is 3.5 years following his earliest eligibility for retirement and the date two years prior to the date he actually retires. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

**CITY OF ATLANTA, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Member Covered by the Fund

In the December 31, 2018 actuarial valuation, the following numbers of members (employees and volunteers) were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	7
Active employees and volunteers	<u>25</u>
Total	<u>50</u>

Funding Policy

The contribution provisions of the Fund are authorized by TLFRA. TLFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City and as a dollar amount for volunteer firefighters by the City.

The funding policy of the Atlanta Firemen's Relief and Retirement Fund requires contributions equal to 13% of pay by the firefighters, the rate elected by the firefighters according to TLFRA. The City currently contributes 13% of pay for each active firefighter according to the annual City budget process. The City also contributes an additional \$10,440 per year for all active and retired volunteer firefighters. This amount has been contributed since 1994, but is part of the annual City budget process. The actuarial valuation includes the assumption that the City contribution rate will be 13% over the UAAL amortization period and that the contributions for volunteers will continue each year. The costs of administering the plan are paid from the Fund assets.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. The board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending December 31, 2018, the money-weighted rate of return on pension plan investments was -7.09%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed City contribution rate together provide an adequate contribution agreement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

B. Net Pension Liability

The City of Atlanta's net pension liability was measured at December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, revised to use a discount rate of 5.57%.

Total pension liability	\$ 6,490,095
Plan fiduciary net position	<u>3,801,042</u>
City's net pension liability	<u>\$ 2,689,053</u>

Plan fiduciary net position as a
 percentage of the total pension liability 58.57%

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Actuarial Assumptions

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

Inflation	3.00%
Salary increases	3.0%, plus promotion, step and longevity increases that vary by service
Investment rate of return	7.4%, net of pension plan investment expense, including inflation
Municipal bond rate	4.10%
Discount rate	5.57%

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2018.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and 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 net real rates of return by the target asset allocation percentage (currently resulting in 4.40%) and by adding expected inflation (3.0%). The target allocation and expected arithmetic net 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/all cap domestic	23%	5.53%
Small/mid cap domestic	9%	6.03%
International developed	10%	6.03%
Emerging markets	15%	7.53%
Fixed Income		
Domestic core	15%	1.03%
High yield	5%	2.53%
International	5%	1.53%
Alternatives		
Specialty	16%	3.12%
Cash	2%	0.00%
Total	<u>100%</u>	
Weighted Average		4.40%

Discount Rate

The discount rate used to measure the total pension liability was 5.57%. The projection of cash flows used to determine the discount rate, shown in Section IV, assumed that employee contributions will be made at the current 13% contribution rate. Based on those assumptions, the Fund's fiduciary net position was projected to make projected future benefit payments

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

of current active and inactive employees through 2045. Therefore, the discount rate of 5.57% is the single rate of returns that results in a present value of all projected benefits equal to the sum of (a) the present value of benefits through 2045 discounted at the long-term expected rate of return of 7.4% and (b) the present value of benefits after 2045 discounted at the 4.10% discount rate based on the Bond Buyer Index of general obligation bonds with 20 years to maturity near the end of December 2018.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City of Atlanta, calculated using the discount rate of 5.57%, compared to what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.57%) or 1-percentage-point higher (6.57%) than the current rate:

		1% Decrease (4.57%)	Current Discount Rate (5.57%)	1% Increase (6.57%)
City's Net Pension Liability	\$	3,613,490	2,689,053	1,940,995

Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

C. Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Amounts as of September 30, 2018 ¹	\$ 5,041,947	\$ 4,146,144	\$ 895,803
Changes for the year:			
Service cost	104,590	-	104,590
Interest	372,608	-	372,608
Difference between expected and actual experience	(119,572)	-	(119,572)
Contributions by the City	-	97,071	(97,071)
Contributions by the firefighter	-	86,632	(86,632)
Net investment income	-	(291,919)	291,919
Benefit payments	(222,594)	(222,594)	-
Administrative expenses	-	(14,292)	14,292
Assumption changes	1,313,116		1,313,116
Net changes	1,448,148	(345,102)	1,793,250
Amounts as of September 30, 2019 ²	<u>\$ 6,490,095</u>	<u>\$ 3,801,042</u>	<u>\$ 2,689,053</u>

¹ Measurements for the fiscal year ended September 31, 2018 were taken as of December 31, 2017.

² Measurements for the fiscal year ended September 31, 2019 were taken as of December 31, 2018.

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

For the year ended September 30, 2019, the City's GASB 68 pension expense was \$611,266. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

Components of Pension Expense for the Fiscal Year Ended September 30, 2018

Service cost	\$ 104,590
Interest	372,608
Firefighter contributions	(86,632)
Projected earnings on pension plan investments	(304,847)
Amortization of differences between projected and actual earnings on plan investments	172,826
Amortization of changes of assumptions	397,074
Amortization of differences between expected and actual experience	(58,645)
Pension plan administrative expenses	14,292
Total pension expense	<u>\$ 611,266</u>

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Deferred Outflows of Resources and Deferred Inflows of Resources to Be Recognized in Pension Expense in Future Years

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings		
on pension plan investments	\$ 431,144	\$ -
Changes of assumptions	938,797	
Differences between expected and actual experience		115,618
Total	\$ 1,369,941	\$ 115,618

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended September 30	Net of Deferred Outflows Minus Deferred Inflows
2020	\$ 493,083
2021	425,887
2022	216,000
2023	119,353
2024	-
Thereafter	-
Total	\$ 1,254,323

The total of the contributions by the City to the Fund contributed subsequent to the measurement date of the net pension liability, December 31, 2018 through September 30, 2019 is a deferred outflow of resources that will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2020. This amount will be provided by the city.

Note 12 – Restricted Assets

Certain assets are restricted for debt service on bonded debt and for a construction project.

Note 13 – Contingencies

Litigation

There are no lawsuits pending against the City.

Federal Award Programs (Grants)

The City has received Federal and State Awards for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. City management does not believe that any significant costs will be incurred by the City.

**CITY OF ATLANTA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Note 14 – Risk Management

The City is a member of the Texas Municipal League Intergovernmental Risk Pool (TML Pool) for the provision of general liability, property, errors and omissions, law enforcement liability, automobile, and worker's compensation insurance.

The City is exposed to various risks of loss to torts of theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2019, the City purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 15 – Health Care Coverage

During the year ended September 30, 2019, employees of the City of Atlanta were covered by a health insurance plan with Blue Cross-Blue Shield.

Note 16 – Water Supply Contract and Participation Agreement

The City executed a water supply contract with the City of Texarkana, Texas on December 8, 2008. The contract has been amended to change the terms and provisions of the original contract. The amendment also recognizes the establishment of the Riverbend Water Resources District which was created by the 81st Texas Legislature, codified in Title 6, Special District Local Laws Code, Subtitle L, Chapter 9601, effective June 19, 2009, to which, the City became a member.

The City incurred \$427,146 of expenditures for water under the water supply contract for the year ending September 30, 2019. The amount incurred is based on actual water consumption. Membership fees paid to Riverbend totaled \$13,800 for the year ending September 30, 2019.

Note 17 – Subsequent Events

On March 13, 2020 Texas Governor Greg Abbott declared Texas in a state of disaster as a result of the COVID-19 pandemic. The pandemic will most probably have a significant effect on governmental and private entities. The extent of the effect cannot, at this time, be estimated or quantified.

City Administration has evaluated subsequent events through November 12, 2020, the date which the financial statements were available to be issued.

***CITY OF ATLANTA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION***

CITY OF ATLANTA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or Negative
	Original	Final		
REVENUES				
Property Taxes	\$ 1,830,000	\$ 1,830,000	\$ 1,683,190	\$ (146,810)
General Sales and Other Taxes	1,025,000	1,025,000	1,084,969	59,969
Franchise Tax	224,000	224,000	218,571	(5,429)
Licenses and Permits	500	500	-	(500)
Intergovernmental Revenue and Grants	104,575	104,575	762,259 *	657,684
Charges for Services	221,150	221,150	286,530	65,380
Fines	60,000	60,000	55,593	(4,407)
Fuel Sales	-	-	-	-
Investment Earnings	10,000	10,000	48,808	38,808
Other Revenue	83,550	86,850	123,434	36,584
Total Revenues	<u>3,558,775</u>	<u>3,562,075</u>	<u>4,263,354</u>	<u>701,279</u>
EXPENDITURES				
Current				
Administration	387,457	387,457	394,519	(7,062)
Municipal court	72,615	72,615	70,981	1,634
Public Facilities	335,000	335,000	322,801	12,199
Police Department	1,174,815	1,178,115	1,080,109	98,006
Fire Department	1,044,853	1,044,853	1,100,965	(56,112)
Streets and Drainage	380,200	380,200	381,703	(1,503)
Airport	-	-	60,493	(60,493)
Capital Outlay	37,735	1,093,275	1,530,823 *	(437,548)
Debt Service: Bond Issuance Cost	-	-	39,460	(39,460)
Total Current	<u>3,432,675</u>	<u>4,491,515</u>	<u>4,981,854</u>	<u>(490,339)</u>
Excess (deficiency) of revenues over expenditures	<u>126,100</u>	<u>(929,440)</u>	<u>(718,500)</u>	<u>210,940</u>
OTHER FINANCING SOURCES (USES)				
Capital Related Bond Issued	-	915,540	955,000	39,460
Loan Proceeds	500	140,500	140,000	(500)
Transfers In	96,900	96,900	25,486	(71,414)
Transfers Out (Use)	(223,500)	(223,500)	(63,102)	160,398
Total Other Financing Sources (Uses)	<u>(126,100)</u>	<u>929,440</u>	<u>1,057,384</u>	<u>127,944</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	338,884	338,884
Fund balance, beginning of year	<u>1,922,677</u>	<u>1,922,677</u>	<u>1,922,677</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,922,677</u>	<u>\$ 1,922,677</u>	<u>\$ 2,261,561</u>	<u>\$ 338,884</u>

* TxDOT grant for airport runway rehabilitation project. City budgeted for 10% match but did not include the 90% of grant proceeds and related costs.

CITY OF ATLANTA, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 Last 10 Years (will ultimately be displayed)

	FY 2015 <u>Plan year 2014</u>	FY 2016 <u>Plan year 2015</u>	FY 2017 <u>Plan year 2016</u>	FY 2018 <u>Plan year 2017</u>	FY 2019 <u>Plan year 2018</u>
Total Pension (Asset) Liability					
Service cost	\$ 117,450	\$ 122,479	\$ 130,089	\$ 131,387	\$ 136,051
Interest (on the Total Pension Liability)	213,286	228,451	233,917	244,681	257,278
Change of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(2,936)	(31,792)	(70,430)	(62,637)	(52,431)
Change of assumptions	-	22,168	-	-	-
Benefit payments, including refunds to employees	(89,311)	(138,029)	(148,484)	(121,030)	(137,248)
Net Change in Total Pension Liability	<u>238,489</u>	<u>203,277</u>	<u>145,092</u>	<u>192,401</u>	<u>203,650</u>
Total Pension Liability - Beginning	<u>3,032,868</u>	<u>3,271,357</u>	<u>3,474,634</u>	<u>3,619,726</u>	<u>3,812,127</u>
Total Pension Liability - Ending (a)	<u><u>3,271,357</u></u>	<u><u>3,474,634</u></u>	<u><u>3,619,726</u></u>	<u><u>3,812,127</u></u>	<u><u>4,015,777</u></u>
Plan Fiduciary Net Position					
Contributions - employer	94,395	64,030	62,822	66,262	68,586
Contributions - employee	72,388	73,429	76,613	77,560	80,125
Net investment income	171,311	4,783	219,202	478,323	(118,328)
Benefit payments, including refunds to employees	(89,311)	(138,029)	(148,484)	(121,030)	(137,248)
Administrative expense	(1,789)	(2,913)	(2,475)	(2,478)	(2,286)
Other changes	(147)	(144)	(133)	(126)	(119)
Net Change in Plan Fiduciary Net Position	<u>246,847</u>	<u>1,156</u>	<u>207,545</u>	<u>498,511</u>	<u>(109,270)</u>
Plan Fiduciary Net Position - Beginning	<u>2,994,589</u>	<u>3,241,436</u>	<u>3,242,592</u>	<u>3,450,137</u>	<u>3,948,648</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 3,241,436</u></u>	<u><u>\$ 3,242,592</u></u>	<u><u>\$ 3,450,137</u></u>	<u><u>\$ 3,948,648</u></u>	<u><u>\$ 3,839,378</u></u>
Net Pension (Asset) Liability - Ending (a) - (b)	<u>\$ 29,921</u>	<u>\$ 232,042</u>	<u>\$ 169,589</u>	<u>\$ (136,521)</u>	<u>\$ 176,399</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.09%	93.32%	95.31%	103.58%	95.61%
Covered Employee Payroll	\$ 1,447,762	\$ 1,468,576	\$ 1,532,258	\$ 1,551,207	\$ 1,602,495
Net Pension (Asset) Liability as a Percentage of Covered Employee Payroll	2.07%	15.80%	11.07%	-8.80%	11.01%

Note: Only five years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10 year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available."

CITY OF NASH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 75,186	\$ 64,427	\$ 68,934	\$ 68,126	\$ 70,397
Contributions in relation to the actuarially determined contribution	(75,186)	(64,427)	(68,934)	(68,126)	(70,397)
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered employee payroll	1,456,506	1,571,393	1,549,733	1,592,577	1,644,790
Contributions as a percentage of covered employee payroll	5.16%	4.10%	4.45%	4.28%	4.28%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as of the time period covered by the measurement date.

Note: Only five years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10 year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available."

**CITY OF ATLANTA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
NOTES TO SCHEDULE OF CONTRIBUTIONS**

Notes to Schedule of Contributions

Valuation Date: 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	25 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	Experienced-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 generational basis with scale BB
Other information:	There were no benefit changes during the year.

CITY OF ATLANTA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIRE PENSION PLAN
Last 10 Years (will ultimately be displayed)

	2014	2015	2016	2017	2018
Total Pension (Asset) Liability					
Service cost	\$ 100,380	\$ 103,884	\$ 107,520	\$ 101,544	\$ 104,590
Interest (on the Total Pension Liability)	307,325	326,742	346,355	355,311	372,608
Change of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	-	(101,437)	-	-
Change of assumptions	-	-	42,203	-	-
Benefit payments, including refunds to employees	(139,893)	(164,730)	(180,771)	(229,716)	(222,594)
Net Change in Total Pension Liability	267,812	265,896	213,870	227,139	254,604
Total Pension Liability - Beginning	4,067,230	4,335,042	4,600,938	4,814,808	5,041,947
Total Pension Liability - Ending (a)	<u>4,335,042</u>	<u>4,600,938</u>	<u>4,814,808</u>	<u>5,041,947</u>	<u>5,296,551</u>
Plan Fiduciary Net Position					
Contributions - employer	87,949	86,634	91,261	93,096	97,072
Contributions - employee	77,508	76,193	80,821	82,656	86,632
Net investment income	167,862	(109,093)	263,541	477,609	(291,919)
Benefit payments, including refunds to employees	(139,893)	(164,730)	(180,771)	(229,716)	(222,594)
Administrative expense	(2,837)	(3,881)	(23,941)	(22,368)	(14,292)
Other changes	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	190,589	(114,877)	230,911	401,277	(345,101)
Plan Fiduciary Net Position - Beginning	3,438,244	3,628,833	3,513,956	3,744,867	4,146,144
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,628,833</u>	<u>\$ 3,513,956</u>	<u>\$ 3,744,867</u>	<u>\$ 4,146,144</u>	<u>\$ 3,801,043</u>
Net Pension (Asset) Liability - Ending (a) - (b)	<u>\$ 706,209</u>	<u>\$ 1,086,982</u>	<u>\$ 1,069,941</u>	<u>\$ 895,803</u>	<u>\$ 1,495,508</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.71%	76.37%	77.78%	82.23%	71.76%
Covered Employee Payroll	\$ 602,486	586,100	621,700	635,815	666,400
Net Pension (Asset) Liability as a Percentage of Covered Employee Payroll	117.22%	185.46%	172.10%	140.89%	224.42%

Notes to the Schedule:

1) This schedule is present to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only available information is shown. Amounts recognized in the fiscal year represent changes between current and prior measurement dates.

2) Determined from the beginning of year total pension liability, using the roll forward procedure allowed for GASB 67.

3) Determined from the ending total pension liability as of December 31, 2014, using the roll back procedure allowed for the initial year of implementing GASB 67.

4) Contributions by the firefighters divided by their contribution rate.

CITY OF ATLANTA
SCHEDULE OF CONTRIBUTIONS
FIRE PENSION PLAN
Last 10 Years

<u>Fiscal year end</u>	<u>City Contributions</u>
12/31/2009	90,820
12/31/2010	89,614
12/31/2011	89,591
12/31/2012	79,299
12/31/2013	<i>not available</i>
12/31/2014	82,729
12/31/2015	86,333
12/31/2016	91,261
12/31/2017	93,096
12/31/2018	97,072

Notes: This schedule is presented on a prospective basis in accordance with GASB 67, paragraph 50.
City contributions are not actuarially determined.

***CITY OF ATLANTA, TEXAS
COMBINING FINANCIAL STATEMENTS***

CITY OF ATLANTA, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	Municipal Court Technology	Courthouse Security	USDA Rural Development Grant	Pinecrest Foundation	Library Trust	Hotel/ Motel Tax	Park Fund	Total Nonmajor Special Revenue Funds
ASSETS								
Cash and Cash Equivalents	\$ -	\$ 14,252	\$ 65,832	\$ 204,779	\$ 6,491	\$ 358,697	\$ 5,446	\$ 655,497
Investments - Current	-	-	-	669,033	-	-	-	669,033
Accounts Receivable (Net)	-	-	-	3,835	-	20,298	-	24,133
Loan receivable	-	-	113,925	-	-	-	-	113,925
Total Assets	\$ -	\$ 14,252	\$ 179,757	\$ 877,647	\$ 6,491	\$ 378,995	\$ 5,446	\$ 1,462,588
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 528	\$ 528
Due to Other Funds	-	-	-	6,532	-	2,352	-	8,884
Total Liabilities	-	-	-	6,532	-	2,352	528	9,412
FUND BALANCES								
Non-Spendable:								
Permanent principal	-	-	-	600,000	-	-	-	600,000
Noncurrent Loans Receivable	-	-	113,925	-	-	-	-	113,925
Restricted Fund Balance:								
Court Technology and Security	-	14,252	-	-	-	-	-	14,252
Community Development	-	-	65,832	-	-	-	-	65,832
Tourism	-	-	-	-	-	376,643	-	376,643
Construction	-	-	-	-	-	-	-	-
Committed Fund Balance:								
Parks	-	-	-	-	-	-	4,918	4,918
Assigned:								
Cemetery	-	-	-	271,115	-	-	-	271,115
Library	-	-	-	-	6,491	-	-	6,491
Unassigned:								
Total fund balances	-	14,252	179,757	871,115	6,491	376,643	4,918	1,453,176
Total liabilities and fund balances	\$ -	\$ 14,252	\$ 179,757	\$ 877,647	\$ 6,491	\$ 378,995	\$ 5,446	\$ 1,462,588

Exhibit H-1

Sportsplex Paving I&S	Sportsplex Paving	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 98,179	\$ -	\$ 98,179	\$ 753,676
-	-	-	669,033
-	-	-	24,133
-	-	-	113,925
<u>\$ 98,179</u>	<u>\$ -</u>	<u>\$ 98,179</u>	<u>\$ 1,560,767</u>
\$ -	\$ -	\$ -	\$ 528
96,017	-	96,017	104,901
<u>96,017</u>	<u>-</u>	<u>96,017</u>	<u>105,429</u>
-	-	-	600,000
-	-	-	113,925
-	-	-	14,252
-	-	-	65,832
-	-	-	376,643
2,162	-	2,162	2,162
-	-	-	4,918
-	-	-	271,115
-	-	-	6,491
-	-	-	-
<u>2,162</u>	<u>-</u>	<u>2,162</u>	<u>1,455,338</u>
<u>\$ 98,179</u>	<u>\$ -</u>	<u>\$ 98,179</u>	<u>\$ 1,560,767</u>

CITY OF ATLANTA, TEXAS
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Municipal Court Technology	Courthouse Security	USDA Rural Development Grant	Pinecrest Foundation	Library Trust	Hotel/ Motel Tax	Park Fund	Total Nonmajor Special Revenue Funds
REVENUES								
General Sales and Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,300	\$ -	\$ 102,300
Charges for Services	-	-	-	-	-	-	8,887	8,887
Fines	1,597	1,178	-	-	-	-	8,295	11,070
Investment Earnings	6	197	7,083	11,451	76	332	834	19,979
Other Revenue	-	-	-	6,240	-	-	-	6,240
Total Revenues	<u>1,603</u>	<u>1,375</u>	<u>7,083</u>	<u>17,691</u>	<u>76</u>	<u>102,632</u>	<u>18,016</u>	<u>148,476</u>

EXPENDITURES								
Current:								
Administration	-	-	-	-	-	38,356	-	38,356
Municipal Court	2,610	-	-	-	-	-	-	2,610
Public Facilities	-	-	-	12,449	-	-	90,081	102,530
Capital Outlay	-	5,400	-	-	-	-	-	5,400
Total Expenditures	<u>2,610</u>	<u>5,400</u>	<u>-</u>	<u>12,449</u>	<u>-</u>	<u>38,356</u>	<u>90,081</u>	<u>148,896</u>

Excess (deficiency) of revenues over expenditures (1,007) (4,025) 7,083 5,242 76 64,276 (72,065) (420)

OTHER FINANCING SOURCES (USES)								
Transfers In	1,007	-	-	-	-	-	-	1,007
Transfers Out (Use)	-	-	-	-	-	(36,048)	-	(36,048)
Total Other Financing Sources (Uses)	<u>1,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,048)</u>	<u>-</u>	<u>(35,041)</u>
Net change in fund balance	-	(4,025)	7,083	5,242	76	28,228	(72,065)	(35,461)
Fund balance, beginning of year	-	18,277	172,674	865,873	6,415	348,415	76,983	1,488,637
Fund balance, end of year	\$ -	\$ 14,252	\$ 179,757	\$ 871,115	\$ 6,491	\$ 376,643	\$ 4,918	\$ 1,453,176

Exhibit H-2

Sportsplex Paving I&S	Sportsplex Paving	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 102,300
-	-	-	8,887
-	-	-	11,070
1,073	-	1,073	21,052
-	-	-	6,240
<u>1,073</u>	<u>-</u>	<u>1,073</u>	<u>149,549</u>
-	-	-	38,356
-	-	-	2,610
-	-	-	102,530
-	-	-	5,400
-	-	-	148,896
1,073	-	1,073	653
-	96,191	96,191	97,198
-	(96,191)	(96,191)	(132,239)
-	-	-	(35,041)
1,073	-	1,073	(34,388)
1,089	-	1,089	1,489,726
<u>\$ 2,162</u>	<u>\$ -</u>	<u>\$ 2,162</u>	<u>\$ 1,455,338</u>

CITY OF ATLANTA, TEXAS
REPORT ON COMPLIANCE AND INTERNAL CONTROLS



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

Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Atlanta, Texas

Members of the Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Atlanta, Texas, (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 November 12, 2020. Our audit includes a reference to other auditors who audited the financial statement of the Atlanta Firefighter's Relief and Retirement Fund, as described in our report on the City of Atlanta's financials statements. This report does not include the report of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Atlanta, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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. We did not identify any significant deficiencies.

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.

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.

Wilf & Henderson, P.C.

WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

November 12, 2020



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Atlanta, Texas

Members of the Council:

Report on Compliance for Each Major Federal Program

We have audited City of Atlanta's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Atlanta's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Atlanta's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Atlanta's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Atlanta complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of City of Atlanta is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

November 12, 2020

**CITY OF ATLANTA, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the City of Atlanta was an unmodified opinion.
- b. No significant deficiency or material weakness relating to the audit of the financial statements is reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instance of noncompliance material to the financial statements of the City of Atlanta was disclosed during the audit.
- d. No significant deficiency or material weakness relating to the audit of the major federal award programs are reported in the report on internal control over compliance required by Uniform Guidance.
- e. The type of report the auditor issued on compliance for major programs was an unmodified opinion.
- f. No audit findings relative to the major federal awards programs were disclosed by the audit that were required to be reported under 2 CFR 200.516(a).
- g. The program tested as major programs was:
 - Airport Improvement Program CFDA 20.106
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. City of Atlanta was not determined to be a low-risk auditee.

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

No findings were required to be reported.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f above.

No findings were required to be reported.

CITY OF ATLANTA, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

I. Finding Relating to Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Governmental Auditing Standards*

Finding 2018-1 Bank Reconciliation – Material Weakness

The City of Atlanta did not prepare monthly bank reconciliation in an accurate and timely manner, thus resulting in a weakness in internal control over financial data. The City resolved this issue in the current year by implementing a new reconciliation system. This finding was not repeated in the 2019 audit.

**CITY OF ATLANTA, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

There were no current year findings.

**CITY OF ATLANTA, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Program Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
<u>Passed Through Texas State Department of Housing</u> Home Investment Partnerships Program	14.239	1002549	406,851
<u>Passed Through Texas Department of Agriculture</u> Community Development Block Grant Program	14.218	7217019	148,916
Total for U.S. Department of Housing and Urban Development			<u>\$ 555,767</u>
U.S. Department of Transportation			
<u>Passed Through Texas Department of Transportation</u> Airport Improvement Program	20.106		\$ 638,157
Total for U.S. Department of Transportation			<u>\$ 638,157</u>
Total Expenditures of Federal Awards			<u>\$ 1,193,924</u>

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

1. The City did not use the 10% de minimis indirect cost rate.
2. For all Federal programs, the City uses special revenue funds to account for resources restricted or committed to specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Grants Fund.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus in modified accrual basis of accounting. The Proprietary Fund types are accounting for using full accrual basis of accounting.
4. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.