

BASIC FINANCIAL STATEMENTS

TOWN OF QUINTANA

Quintana, Texas

BALANCE SHEET – MODIFIED CASH BASIS

September 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Assets:

Cash and cash equivalents \$ 6,155,586

Restricted Assets:

Cash and cash equivalents 303,966

Total assets 6,459,552

Deferred Outflows of Resources:

Deferred outflows of resources

Total deferred outflows of resources -0-

Total assets and deferred outflows of resources \$ 6,459,552

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

Liabilities:

Refundable deposits \$ 1,940

Total liabilities 1,940

Deferred Inflows of Resources:

Deferred inflows of resources

Total deferred inflows of resources -0-

Fund Balance:

Restricted – for public improvements 303,966

Unrestricted 6,153,646

Total fund balance 6,457,612

Total liabilities, deferred inflows of resources and fund balance \$ 6,459,552

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

TOWN OF QUINTANA
Quintana, Texas

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE – MODIFIED CASH BASIS**

For the Year Ended September 30, 2020

REVENUES:

Taxes

Property

\$ 1,238

Sales

19,564

Franchise

120

Industrial district payments

1,444,730

Water services

20,207

Investment earnings

32,255

Other

7,057

Total revenues

1,525,171

EXPENDITURES:

Administration

630,639

Legal & engineering

75,011

Parks

3,500

Projects

240,870

Public service

70,135

Roads

16,886

Town hall

97,782

Water system

255,266

Total expenditures

1,390,089

Net change in fund balance

135,082

Fund balance beginning

6,322,530

Fund balance ending

\$ 6,457,612

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

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TOWN OF QUINTANA

Quintana, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Major Governmental Fund

The Town has one governmental fund:

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

Budgetary Data

The Town adopts annual budgets for the general fund. The budget is prepared in accordance with the modified cash basis of accounting. The appropriated budget is prepared for the general fund by function and classification. All transfers within a department and between departments require the approval of council.

Encumbrances

The Town does not employ a complete purchase order system for all expenditures and therefore does not utilize encumbrance accounting. Appropriations lapse at the end of the fiscal year.

Capital Assets

The Town does not have a controlling record of capital assets, and accordingly does not include either the cost or depreciation associated with such capital assets in the financial statements.

Cash and Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the Town. Investments are stated at fair value. State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements, and other such securities or obligations as allowed in the Public Funds Investment Act (PFIA) as approved by the Town's Council. The Town's management believes it has complied with the requirements of the PFIA and the Town's investment policy.

Fund Balance

The reported fund balance represents the excess of cash and cash equivalents over the reported liabilities as of the balance sheet date. Unassigned fund balance represents amount available for future years. The Town reports a restricted fund balance which represents an amount legally or contractually obligated for certain purposes. During the 2015 fiscal year, Freeport LNG, provided funding for public improvements to the Town in the amount of \$ 1,000,000. The amount remaining in the restricted fund balance was \$ 303,966 as of September 30, 2020.

TOWN OF QUINTANA

Quintana, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 2 - INDUSTRIAL DISTRICT PAYMENTS AND RISK CONCENTRATION

The Town is receiving payments from one entity that has substantial operating facilities within the Town's taxable jurisdiction. This entity has a contractual agreement with the Town that stipulates annual payments in lieu of property taxes. For the year ended September 30, 2020 these payments totaled \$ 1,299,244 which represents approximately 85.2% of the Town's annual revenues.

NOTE 3 - DEPOSITS AND INVESTMENTS

The Town classifies deposits and investments for financial statement purposes as cash and cash equivalents, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose a cash equivalent is one that when purchased had a maturity date of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of more than one year.

Cash and cash equivalents and investments, as reported on the balance sheet-modified cash basis at September 30, 2020 are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Cash Equivalents:			
Demand deposits	\$ 3,976,306	\$ 303,966	\$ 4,280,272
Texpool	<u>2,179,280</u>		<u>2,179,280</u>
 Total cash and temporary investments	 <u>\$ 6,155,586</u>	 <u>\$ 303,966</u>	 <u>\$ 6,459,552</u>

Deposits

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

Under Texas state law, a bank serving as the depository must have a bond or in lieu thereof, deposited or pledged securities (or other security) with the Town or an independent third party agent, an amount equal to the highest daily balance of all deposits the Town may have during the term of the depository contract, less any applicable FDIC insurance.

At September 30, 2020, the carrying amount of the Town's cash, savings, and time deposits was \$ 4,280,272. The financial institutions balances were \$ 4,288,257 at September 30, 2020. Bank balances of \$ 250,000 were covered by federal depository insurance, \$ 4,038,257 was covered by collateral pledged in the Town's name.

TOWN OF QUINTANA

Quintana, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Investments

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

The Town's investment policy authorizes investments governed by the Public Funds Investment Act (PFIA). The Town's management believes it complied with the requirements of the PFIA and the Town's investment policy.

The Town participates in a Local Government Investment Pools (LGIPs): TexPool. The State Comptroller oversees TexPool and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller.

The Town invests in TexPool to provide its liquidity needs. TexPool is local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool is 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. TexPool is rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

At September 30, 2020 TexPool had a weighted average maturity of 34 days. Although TexPool had a weighted average maturity of 34 days, the Town considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The following table includes the portfolio balances of all investment types of the Town at September 30, 2020.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Local government investment pools (LGIP)	\$ <u>2,179,280</u>	34
	\$ <u>2,179,280</u>	34

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF QUINTANA

Quintana, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - MODIFIED CASH BASIS BUDGET AND ACTUAL For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 2,200	\$ 2,200	\$ 1,238	\$(962)
Sales	7,500	7,500	19,564	12,064
Franchise	500	500	120	(380)
Industrial district payments	1,435,000	1,435,000	1,444,730	9,730
Water services	12,000	12,000	20,207	8,207
Investment earnings	5,500	5,500	32,255	26,755
Other	1,500	1,500	7,057	5,557
Total revenues	<u>1,464,200</u>	<u>1,464,200</u>	<u>1,525,171</u>	<u>60,971</u>
Expenditures:				
Administration:				
Advertising	2,500	2,500	35,254	(32,754)
Auditing/Bookkeeping	18,000	18,000	16,978	1,022
Bank charges	200	200		200
Capital outlay	15,000	15,000		15,000
Contingency	5,000	5,000	15,159	(10,159)
Education	1,500	1,500	581	919
Election	5,000	5,000		5,000
EMC/Emergency			560	(560)
Equipment purchase	5,000	5,000		5,000
Equipment repair	4,000	4,000	227	3,773
Internet provider services	28,000	28,000	21,315	6,685
Legal notice	750	750	440	310
Insurance – liability	24,000	24,000	7,210	16,790
Mayor/Council	25,000	25,000	22,590	2,410
Council health insurance	140,000	140,000	149,952	(9,952)
Memberships	40,000	40,000	10,891	29,109
Mileage	7,500	7,500	648	6,852
Office supplies	5,000	5,000	10,732	(5,732)
Postage	750	750	29	721
Vehicle maintenance	3,500	3,500	75	3,425
Payroll city administrator	114,000	114,000	121,734	(7,734)
Payroll hourly assistant	43,500	43,500	43,463	37
Payroll hourly maintenance	43,500	43,500	58,077	(14,577)
Payroll overtime	1,000	1,000		1,000
Other payroll	15,000	15,000		15,000
Payroll taxes	24,000	24,000	25,750	(1,750)
Retirement	5,000	5,000	8,469	(3,469)
Employee health insurance	45,000	45,000	61,704	(16,704)
Other administration	2,500	2,500	18,801	(16,301)
Total administration	<u>624,200</u>	<u>624,200</u>	<u>630,639</u>	<u>(6,439)</u>

continued

TOWN OF QUINTANA

Quintana, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - MODIFIED CASH BASIS BUDGET AND ACTUAL - Continued For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Legal and Engineering:				
Appraisal	\$ 500	\$ 500	\$ 8	\$ 492
Attorney	60,000	60,000	52,753	7,247
Engineering	40,000	40,000	20,614	19,386
Ordinances	5,000	5,000	1,053	3,947
Tax assessor collector fees	100	100	583	(483)
Total legal and engineering	105,600	105,600	75,011	30,589
Parks:				
Trees and plants	5,000	5,000	3,500	1,500
Bird sanctuary	15,000	15,000		15,000
Capital outlay	10,000	10,000		10,000
Morrison park	3,000	3,000		3,000
Pavilion	2,000	2,000		2,000
Park signs	1,000	1,000		1,000
Playground maintenance	3,000	3,000		3,000
Xeriscape	1,000	1,000		1,000
Total parks	40,000	40,000	3,500	36,500
Projects:				
Lamar Road	50,000	50,000	50,000	-0-
Beach cleanup – county interlocal	95,000	95,000	190,000	(95,000)
Beach cleanup food	2,000	2,000		2,000
Beach cleanup supplies	500	500		500
Beach improvement			870	(870)
Total projects	147,500	147,500	240,870	(93,370)
Public service:				
Garage pickup	20,000	20,000	14,740	5,260
Dumpster service	7,500	7,500	4,224	3,276
Port-a-potty	7,000	7,000	5,794	1,206
Public safety City of Freeport	42,000	42,000	40,000	2,000
Street lights	3,500	3,500	3,369	131
Capital outlay	10,000	10,000	2,008	7,992
Total public service	90,000	90,000	70,135	19,865
Roads:				
Landscaping	15,000	15,000	15,452	(452)
Repair	40,000	40,000		40,000
Signs	3,000	3,000	1,434	1,566
Total roads	58,000	58,000	16,886	41,114

continued

TOWN OF QUINTANA

Quintana, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - MODIFIED CASH BASIS BUDGET AND ACTUAL - Continued For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Town Hall:				
Beautification	\$ 5,000	\$ 5,000	\$ 3,648	\$ 1,352
Electric	3,500	3,500	2,944	556
Insurance - property	22,000	22,000	21,560	440
Landscaping/mowing	40,000	40,000	42,542	(2,542)
Maintenance/repairs	15,000	15,000	12,724	2,276
Supplies	5,000	5,000	2,018	2,982
Fuel	2,500	2,500	536	1,964
Other supplies	2,500	2,500	107	2,393
Telephone	5,000	5,000	5,035	(35)
Capital outlay	20,000	20,000		20,000
Contingency	5,000	5,000		5,000
Other	5,000	5,000	6,668	(1,668)
Total town hall	<u>130,500</u>	<u>130,500</u>	<u>97,782</u>	<u>32,718</u>
Water System:				
BCGCD fees	2,500	2,500	1,656	844
WIFI/Security	10,000	10,000	986	90,14
Electric	7,000	7,000	6,433	567
Lab fees	5,000	5,000	6,972	(1,972)
Repairs and maintenance operator	50,000	50,000	58,865	(8,865)
Parts and material	10,000	10,000	4,704	5,296
Other	10,000	10,000	3,400	6,600
Penalties	1,000	1,000	1,150	(150)
Capital outlay	50,000	50,000	171,100	(121,100)
Total water system	<u>145,500</u>	<u>145,500</u>	<u>255,266</u>	<u>(109,766)</u>
Total expenditures	<u>1,341,300</u>	<u>1,341,300</u>	<u>1,390,089</u>	<u>(48,789)</u>
Net change in fund balance	122,900	122,900	135,082	12,182
Fund balance - beginning	<u>6,322,530</u>	<u>6,322,530</u>	<u>6,322,530</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 6,445,430</u>	<u>\$ 6,445,430</u>	<u>\$ 6,457,612</u>	<u>\$ 12,182</u>