

CITY OF BELLS, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2018

City of Bells, Texas
Annual Financial Report
For the Year Ended September 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component units and each major fund of the City of Bells, Texas, as of and for the year ended September 30, 2018, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the discretely presented component units and each major fund of the City of Bells, Texas, as of September 30, 2018, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Bells, Texas' basic financial statements. The General Fund Budgetary Comparison Schedule, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

McClanahan and Holmes, LLP
Certified Public Accountants

Bonham, Texas
March 11, 2019

BASIC FINANCIAL STATEMENTS

City of Bells, Texas
Statement of Net Position – Modified Cash Basis
September 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Bells 4A Economic Development Corporation	Bells 4B Economic Development Corporation
ASSETS					
Cash and Cash Equivalents	\$ 237,386	\$ 72,911	\$ 310,297	\$ 129,786	\$ 152,353
Investments - Certificates of Deposit	163,033	55,000	218,033	138,761	-
Restricted Cash	21,013	-	21,013	-	-
Deposits Held in Trust by GTUA	-	98,075	98,075	-	-
Internal Balances	96,167	(96,167)	-	-	-
Capital Assets not being Depreciated:					
Land	161,289	27,924	189,213	-	-
Capital Assets net of Accumulated Depreciation:					
Buildings, Parks, and Improvements	366,048	-	366,048	-	-
Furniture, Equipment, and Vehicles	255,094	137,790	392,884	-	-
Streets and Other Infrastructure	281,847	-	281,847	-	-
Water and Sewer System	-	2,896,849	2,896,849	-	-
Total Assets	<u>1,581,877</u>	<u>3,192,382</u>	<u>4,774,259</u>	<u>268,547</u>	<u>152,353</u>
LIABILITIES					
State Fines Payable	7,635	-	7,635	-	-
Water Deposits Payable to Customers	-	55,199	55,199	-	-
Noncurrent Liabilities:					
Due Within One Year	64,486	60,000	124,486	-	-
Due in More Than One Year	268,360	585,000	853,360	-	-
Total Liabilities	<u>340,481</u>	<u>700,199</u>	<u>1,040,680</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	731,432	2,417,563	3,148,995	-	-
Restricted for:					
Economic Development	-	-	-	268,547	152,353
Court Security and Technology	20,251	-	20,251	-	-
Deposits Held in Trust by GTUA	-	98,075	98,075	-	-
Cemetery	163,033	-	163,033	-	-
Police Seizures	661	-	661	-	-
Grants	100	-	100	-	-
Unrestricted	<u>325,919</u>	<u>(23,455)</u>	<u>302,464</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 1,241,396</u>	<u>\$ 2,492,183</u>	<u>\$ 3,733,579</u>	<u>\$ 268,547</u>	<u>\$ 152,353</u>

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

City of Bells, Texas
Statement of Activities - Modified Cash Basis
For the Year Ended, September 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues			Primary Government				Bells 4A		Bells 4B
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Economic Development Corporation	Total	
Primary Government:										
Governmental Activities:										
General Government	\$ 340,961	\$ -	\$ -	\$ (332,494)	\$ -	\$ (332,494)				
Police	311,285	7,939	-	(303,346)	-	(303,346)				
Municipal Court	40,633	-	-	65,239	-	65,239				
Fire Protection	68,831	-	-	(52,471)	-	(52,471)				
Cemetery	12,169	-	-	(12,169)	-	(12,169)				
Streets and Infrastructure	6,016	-	-	(6,016)	-	(6,016)				
Parks	7,382	-	15,750	8,368	-	8,368				
Interest on Long-Term Debt	6,672	-	-	(6,672)	-	(6,672)				
Total Governmental Activities	793,949	7,939	15,750	(639,561)	-	(639,561)				
Business-Type Activities:										
Water and Sewer	621,936	30,000	175,191	-	304,257	304,257				
Total Business-Type Activities	621,936	30,000	175,191	-	304,257	304,257				
Total Primary Government	\$ 1,415,885	\$ 37,939	\$ 190,941	\$ (639,561)	\$ 304,257	\$ (335,304)				
Component Units:										
Bells 4A Economic Development Corporation	\$ 40,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40,656)	\$ -	\$ -	\$ (43,570)
Bells 4B Economic Development Corporation	43,570	-	-	-	-	-	(40,656)	-	-	(43,570)
Total Component Units	\$ 84,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40,656)	\$ -	\$ -	\$ (87,140)
General Revenues:										
Property Taxes				359,356		359,356				
General Sales and Use Taxes				117,921		117,921		58,961		58,961
Franchise Taxes				54,028		54,028		-		-
Miscellaneous				19,219		19,219		-		-
Investment Earnings				2,088		2,088		898		1,033
Transfers				72,644	(72,644)	-		-		-
Total General Revenues and Transfers				625,256	(72,644)	552,612		59,859		59,859
Change in Net Position				(14,305)	231,613	217,308		19,203		16,424
Net Position - Beginning				1,327,004	2,315,740	3,642,744		2,58,577		145,706
Prior Period Restatements				(71,303)	(55,170)	(126,473)		(9,233)		(9,777)
Net Position - Ending				\$ 1,241,396	\$ 2,492,183	\$ 3,733,579		\$ 268,547		\$ 152,353

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

City of Bells, Texas
 Balance Sheet – Modified Cash Basis
 Governmental Fund
 September 30, 2018

	General Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 237,386
Investments	163,033
Restricted Cash and Cash Equivalents	21,013
Due from Water and Sewer Fund	96,167
Total Assets	\$ 517,599
 LIABILITIES	
State Fines Payable	\$ 7,635
Total Liabilities	7,635
 FUND BALANCES	
Restricted for Court Security	16,278
Restricted for Court Technology	3,973
Restricted for Cemetery	163,033
Restricted for Police Seizures	661
Restricted Grants	100
Unassigned	325,919
Total Fund Balances	509,964
Total Liabilities and Fund Balances	\$ 517,599
 Amounts reported for governmental activities in the statement of net position are different because:	
Fund Balance of the Governmental Fund	\$ 509,964
Capital assets used in governmental activities are not financial resources, therefore, they are not reported in the Governmental Fund. The cost of the assets is \$1,926,862 and the accumulated depreciation is \$862,584.	1,064,278
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund. Those liabilities consist of:	
Notes Payable	(332,846)
Net Position of Governmental Activities	\$ 1,241,396

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

City of Bells, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Modified Cash Basis
Governmental Fund
For the Year Ended September 30, 2018

	<u>General Fund</u>
REVENUES	
Taxes:	
Property	\$ 359,356
General Sales and Use	117,921
Franchise	54,028
Municipal Court	105,872
Intergovernmental	7,939
County Fire Fees	16,360
Other Revenue	19,219
Licenses and Permits	8,467
Interest Revenue	2,088
Total Revenues	<u>691,250</u>
EXPENDITURES	
Current:	
Police Department	283,724
General Government	332,992
Municipal Court	40,633
Fire Department	33,361
Cemetery	11,686
Capital Outlay	69,303
Debt Service:	
Principal	33,381
Interest	6,672
Total Expenditures	<u>811,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(120,502)</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from Issuance of Long-Term Debt	225,303
Transfers (to) from Other Funds	72,644
Total Other Financing Sources (Uses)	<u>297,947</u>
Net Change in Fund Balance	177,445
Fund Balance - Beginning	341,336
Prior Period Adjustment	<u>(8,817)</u>
Fund Balance - Ending	<u>\$ 509,964</u>

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

City of Bells, Texas
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balance – Modified Cash Basis
 to the Statement of Activities – Modified Cash Basis
 Governmental Fund
 For the Year Ended September 30, 2018

Amounts reported for *Governmental Activities* in the Statement of Activities (page 4) are different because:

Net Change in Fund Balance - Total Governmental Fund (Page 6)	\$	177,445
<p>Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Outlay	69,303	
Depreciation Expense	<u>(84,881)</u>	(15,578)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.</p>		
Proceeds	(225,303)	
Retirements	<u>33,381</u>	(191,922)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund. This is the amount of current year capital asset contributions received.</p>		
		15,750
Change in Net Position of Governmental Activities	\$	<u>(14,305)</u>

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

City of Bells, Texas
Statement of Net Position – Modified Cash Basis
Proprietary Fund
September 30, 2018

	Water and Sewer Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 72,911
Investments	55,000
Total Current Assets	127,911
Restricted Assets:	
Restricted Deposits Held by GTUA	98,075
Total Restricted Assets	98,075
Noncurrent Assets:	
Capital Assets:	
Land	27,924
Machinery, Furniture, and Equipment	455,938
Water and Sewer System	4,516,577
Less Accumulated Depreciation	(1,937,876)
Total Noncurrent Assets	3,062,563
Total Assets	3,288,549
LIABILITIES	
Current Liabilities:	
Customer Deposits Payable	55,199
Due to General Fund	96,167
Contractual Obligation - Current Portion	60,000
Total Current Liabilities	211,366
Noncurrent Liabilities:	
Contractual Obligation – Long-Term Portion	585,000
Total Noncurrent Liabilities	585,000
Total Liabilities	796,366
NET POSITION	
Net Investment in Capital Assets	2,417,563
Restricted Deposits with GTUA	98,075
Unrestricted	(23,455)
Total Net Position	\$ 2,492,183

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

City of Bells, Texas
Statement of Revenues, Expenses, and Changes in Net Position –
Modified Cash Basis
Proprietary Fund
For the Year Ended September 30, 2018

	Water and Sewer Fund
Operating Revenues:	
Water	\$ 712,477
Late Charges, Connect Fees, and Other	8,525
Total Operating Revenues	721,002
Operating Expenses:	
Sanitation Contract	35,628
Supplies, Maintenance, and Repairs	258,913
Depreciation	114,069
Salaries and Benefits	103,028
Utilities	59,829
Other Operating Expenses	3,711
Dues, Subscriptions, and Other Fees	20,480
Lab Fees and Other Contracted Services	2,320
Postage	1,631
Training	915
Total Operating Expenses	600,524
Operating Income (Loss)	120,478
Nonoperating Revenues (Expenses)	
Interest Expense	(21,412)
Grant Revenue	175,191
Total Nonoperating Revenues (Expenses)	153,779
Income (Loss) Before Contributions and Transfers	274,257
Operating Contribution	30,000
Transfers In (Out)	(72,644)
Change in Net Position	231,613
Total Net Position - Beginning	2,315,740
Prior Period Adjustment	(55,170)
Total Net Position - Ending	\$ 2,492,183

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

City of Bells, Texas
Statement of Cash Flows – Modified Cash Basis
Proprietary Fund
For the Year Ended September 30, 2018

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 724,502
Cash Paid to Employees for Salaries and Benefits	(103,028)
Cash Paid to Suppliers for Goods and Services	(383,427)
Net Cash Provided by Operating Activities	238,047
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer (to) from General Fund	(72,644)
Contributions	30,000
Operating Grants	175,191
Net Cash Provided by Noncapital Financing Activities	132,547
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(316,702)
Net Cash Released From GTUA	7,362
Interest Paid on Capital Debt	(21,412)
Principal Paid on Capital Debt	(70,000)
Net Cash Used by Capital and Related Financing Activities	(400,752)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(55,000)
Net Cash Provided (Used) by Investing Activities	(55,000)
Net Increase (Decrease) in Cash and Cash Equivalents	(85,158)
Cash and Cash Equivalents, October 1, 2017	158,069
Cash and Cash Equivalents, September 30, 2018	\$ 72,911
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 120,478
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	114,069
Increase (Decrease) in Deposits Payable	3,500
Net Cash Provided by Operating Activities	\$ 238,047

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

City of Bells, Texas
Notes to the Financial Statements
Year Ended September 30, 2018

Note 1: Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Bells, Texas (City), was established in 1876 and incorporated in 1880. The City operates under a city council form of government. The general governmental functions include law enforcement, fire and other public safety activities, streets, public improvements, parks and recreation, and general administrative services. Enterprise Funds are used to account for the operations of its sanitation and water and sewer systems.

The accompanying financial statements present the primary government, the City, and its component units, entities that are legally separate but are included in the financial statements because the primary government is considered to be financially accountable. The component units presented are those separately administered organizations that are controlled by or dependent on the City. Control or dependency of the component unit to the City is determined on the basis of the appointment of the respective governing board, ability to influence projects, whether a financial benefit/burden relationship exists, and other factors. Further, the presentation in the financial statements is determined by whether the component unit's governing body is substantially the same as the City, who is the primary beneficiary of the services provided, and the expectation of what resources will be used to pay debts.

The Bells 4A Economic Development Corporation (4A) and the Bells 4B Economic Development Corporation (4B) are discretely presented component units of the City. The discrete presentation is required because governing boards are essentially the same as the City and a financial benefit or burden relationship exists between the 4A, 4B and the City. The 4A and 4B are non-profit organizations established on behalf of the City under the Development Act of 1979. The transactions of the 4A and 4B are maintained in separate funds and are discretely presented in separate columns in the financial statements. The discretely presented methodology was selected after evaluation of the circumstances and standards, as noted above. The 4A and 4B do not issue separate financial statements.

Except for the use of the modified cash basis of accounting as discussed in Note 1.E., the City complies with accounting principles generally accepted in the United States of America as applicable to governments. Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financials are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds, while the business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The City reports the following major governmental fund:

General Fund – The General Fund is the City's primary operating fund. It accounts for all financial resources, except those accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund. The General Fund accounts for the transactions relating to most City operations including police, fire, court, sanitation, and streets.

The City reports the following major enterprise fund:

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

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between funds included in the business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at the gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in the business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

In the government-wide statement of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined below:

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting (continued)

2. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund balance is classified as net position.

In the fund financial statements, the “current financial resources: measurement focus”, as applied to the modified cash basis of accounting is used.

The City of Bells prepares its financial statements on the modified cash basis. The modified cash basis recognizes revenue when collected rather than when it is earned, and expenses are generally recognized when paid rather than when the obligation is incurred. Therefore, the financial statements do not reflect receivables, payables, and accrued items. Depreciation of fixed assets is presented in the government-wide statements and the proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

F. Budgetary Information

1. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with the modified cash basis of accounting. Any capital projects funds are appropriated on a project-length basis. The appropriated budget is prepared by fund, function, and department. The City’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the council. The level of budgetary control is the department level. Appropriations in all budgeted funds lapse at the end of the fiscal year.

2. Excess of Expenditures Over Appropriations

For the year ended September 30, 2018, the City’s expenditures exceeded appropriation at the legal level of control in the General Fund as follows:

<u>Object Category</u>	<u>Expenditures Exceeding Appropriations</u>
Capital Outlay	\$69,303
Cemetery	11,686
Debt Service	40,053
Municipal Court	703
Operating Transfers Out	15,993

The over-expenditures were funded by available fund balance.

G. Assets, Liabilities, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition.

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

G. Assets, Liabilities, and Net Position/Fund Balance (continued)

Investments

The City's investment policy states that City investments will be with any of the following institutions or groups consistent with federal, state law, and City Code provisions:

1. Depository bank(s) of the City;
2. Other state, savings and loan, or national banks domiciled in Texas with offices in surrounding cities that are insured by the FDIC;
3. Investment Pools with a rating of AAA or AAAM;
4. Treasury Securities issued by the Federal Government.

The City is empowered by statute to invest in certificates of deposit issued by a state or national bank domiciled in this state or a savings and loan association and is secured by obligations guaranteed or insured by the Federal Deposit Insurance Corporation or its successor. The City's investments consist of Certificates of Deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Accordingly, actual results could differ from those estimates. Significant estimates used in preparation of the financial statements include the assumptions in recording depreciation.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

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

Buildings and Improvements	10 - 39 Years
Water and Sewer System	40 - 75 Years
Furniture, Equipment, and Vehicles	3 - 10 Years
Streets and Other Infrastructure	20 - 50 Years

Net Position

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

G. Assets, Liabilities, and Net Position/Fund Balance (continued)

Net Position (continued)

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

Fund Balances

The City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

As of September 30, 2018, fund balances of the governmental funds are classified as follows:

Non-spendable – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements, or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purpose. Under the City's policy, only the City Council may assign amounts for specific purposes.

Unassigned – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

H. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions. All taxes, including those dedicated for a specific purpose, are reported as general revenues.

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 1: Summary of Significant Accounting Policies (continued)

H. Revenues and Expenditures/Expenses (continued)

Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of October 1st each year and become delinquent on February 1st. Delinquent real property taxes are expected to be collected, as the delinquent amounts are a lien against the related property until paid. Property subject to taxation consists of real property and certain personal property situated in the City. Certain properties of religion, education and charitable organizations, as well as the Federal government and the State of Texas are exempt from taxation. Additionally, certain exemptions are granted to property owners in arriving at the net assessed valuation of property subject to City taxation. For the current year's tax levy of \$341,645 a total of 98.72% of the tax levy was collected. Property ad valorem tax rate for the year 2017 was .537522 per \$100 of assessed value for the General Fund operation.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Note 2: Cash and Cash Equivalents

Custodial Credit Risk Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Allowable collateral includes certificates of indebtedness or Treasury Notes of the United States, obligations insured by the United States, or a bond of the State of Texas (or other political subdivision of Texas) with a nationally determined investment rating of "A" or above. Collateral agreements must be approved prior to deposit of funds as provided by law.

As of September 30, 2018, the City was not exposed to custodial credit risk since all deposits were either insured by FDIC coverage or collateralized with securities held by the pledging financial institution's trust department or agent in the name of the City in the amount of \$875,064. The City's carrying amount of deposits was \$549,343 and the bank's balances were \$612,580.

Discretely Presented Component Units

As of September 30, 2018, the Bells 4A Economic Development Corporation and Bells 4B Economic Development Corporation carrying amount of deposits were \$268,547 and \$152,353, respectively. Both Corporation deposit totals were fully insured by FDIC coverage. Therefore, neither corporation was exposed to custodial credit risk as of September 30, 2018.

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 3: Capital Assets

A summary of changes in fixed assets for the year ended September 30, 2018, follows:

	Balance September 30, 2017	Additions and Reclasses	Retirements	Balance September 30, 2018
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 161,289	\$ -	\$ -	\$ 161,289
Construction in Progress	96,050	-	(96,050)	-
Total Capital Assets, Not Being Depreciated	<u>257,339</u>	<u>-</u>	<u>(96,050)</u>	<u>161,289</u>
Capital Assets, Being Depreciated:				
Buildings, Parks, and Improvements	404,790	111,800	-	516,590
Streets and Other Infrastructure	310,478	-	-	310,478
Furniture, Equipment and Vehicles	869,202	69,303	-	938,505
Total Capital Assets, Being Depreciated	<u>1,584,470</u>	<u>181,103</u>	<u>-</u>	<u>1,765,573</u>
Less Accumulated Depreciation for:				
Buildings, Parks, and Improvements	134,243	16,299	-	150,542
Streets and Other Infrastructure	48,885	6,499	-	55,384
Furniture, Equipment, and Vehicles	594,575	62,083	-	656,658
Total Accumulated Depreciation	<u>777,703</u>	<u>84,881</u>	<u>-</u>	<u>862,584</u>
Capital Assets, Being Depreciated, Net	<u>806,767</u>	<u>96,222</u>	<u>-</u>	<u>902,989</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,064,106</u>	<u>\$ 96,222</u>	<u>\$ (96,050)</u>	<u>\$1,064,278</u>
	Balance September 30, 2017	Additions and Reclasses	Retirements	Balance September 30, 2018
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 27,924	\$ -	\$ -	\$ 27,924
Construction in Progress	41,400	-	(41,400)	-
Total Capital Assets, Not Being Depreciated	<u>69,324</u>	<u>-</u>	<u>(41,400)</u>	<u>27,924</u>
Capital Assets, Being Depreciated:				
Furniture, Equipment, and Vehicles	455,938	-	-	455,938
Utility Plant in Service	4,158,475	358,102	-	4,516,577
Total Capital Assets, Being Depreciated	<u>4,614,413</u>	<u>358,102</u>	<u>-</u>	<u>4,972,515</u>
Less Accumulated Depreciation for:				
Furniture, Equipment, and Vehicles	284,048	34,100	-	318,148
Utility Plant in Service	1,539,759	79,969	-	1,619,728
Total Accumulated Depreciation	<u>1,823,807</u>	<u>114,069</u>	<u>-</u>	<u>1,937,876</u>
Capital Assets, Being Depreciated, Net	<u>2,790,606</u>	<u>244,033</u>	<u>-</u>	<u>3,034,639</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,859,930</u>	<u>\$ 244,033</u>	<u>\$ (41,400)</u>	<u>\$ 3,062,563</u>

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 3: Capital Assets (continued)

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

Governmental Activities:

General Government	\$ 7,968
Police	27,562
Fire Protection	35,470
Cemetery	483
Streets and Infrastructure	6,016
Parks	7,382
Total	\$ 84,881

Note 4: Changes in Long-Term Debt

A summary of the City's long-term debt transactions for the year ended September 30, 2018, follows:

Governmental Activities

Description	Interest Rate Payable	Balance October 1, 2017	Additions	Retirements	Balance September 30, 2018	Due Within One Year
Note Payable - Govt Capital - Pumper Truck	3.6%	\$ 50,956	\$ -	\$ (7,770)	\$ 43,186	\$ 8,042
Note Payable - Govt Capital - Police Trucks	3.6%	48,377	-	(11,472)	36,905	11,875
Note Payable - Govt Capital - Equipment	5.9%	13,477	-	(4,306)	9,171	4,571
Note Payable - Extrication Equipment	5.0%	7,056	-	(7,056)	-	-
Note Payable - Real Property	5.0%	21,058	-	(2,777)	18,281	2,696
Note Payable - Govt Capital - Police Units	4.197%	-	69,303	-	69,303	16,302
Note Payable - Infrastructure Repairs	2.6%	-	156,000	-	156,000	21,000
Total Notes Payable		\$ 140,924	\$ 225,303	\$ (33,381)	\$ 332,846	\$ 64,486

Proprietary Activities

Description	Interest Rate Payable	Balance October 1, 2017	Additions	Retirements	Balance September 30, 2018	Due Within One Year
GTUA Certificates of Obligation	2.20%	\$ 600,000	\$ -	\$ (35,000)	\$ 565,000	\$ 35,000
TIB Certificates of Obligation	4.48%	105,000	-	(25,000)	80,000	25,000
Bank of NY Certificates of Obligation	4.75%	10,000	-	(10,000)	-	-
Total Long-Term Debt		\$ 715,000	\$ -	\$ (70,000)	\$ 645,000	\$ 60,000

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 5: Long-Term Debt – Governmental Activities

Governmental-Type Activities Debt

<p>\$25,693 note payable to Cendera Bank; issued in December 2013, payable in monthly installments of \$491. The note matures in November 2018, bears an interest rate of 5.50%, and was paid off in 2018. The note was secured by extrication equipment used in the police department.</p>	<p>\$ -</p>
<p>\$28,000 note payable to Cendera Bank; issued in September 2014, payable in annual installments of \$13,344. The note matures in August 2019 and bears an interest rate of 5.50%. The note is secured by a real estate deed of trust.</p>	<p>18,281</p>
<p>\$18,500 note payable to North Dallas Bank and Trust; issued in January 2017, payable in monthly installments of \$609. The note matures in August 2019 and bears an interest rate of 5.89%. The note is secured by patrol car equipment used in the police department.</p>	<p>9,171</p>
<p>\$60,000 note payable to North Dallas Bank and Trust; issued in November 2016, payable in monthly installments of \$809. The note matures in October 2023 and bears an interest rate of 3.57%. The note is secured by a pumper truck used in the fire department.</p>	<p>43,186</p>
<p>\$61,020 note payable to North Dallas Bank and Trust; issued in November 2016, payable in monthly installments of \$1,112. The note matures in October 2021 and bears an interest rate of 3.57%. The note is secured by a truck used in the police department.</p>	<p>36,905</p>
<p>\$69,303 note payable to Citizen’s 1st Bank; issued in April 2018, payable in annual installments of \$19,170. The note matures in April 2022 and bears an interest rate of 4.197%. The note is secured by ad valorem tax.</p>	<p>69,303</p>
<p>\$156,000 note payable to Southside Bank; issued in October 2017, payable in annual installments of \$21,000 to \$24,000, with semi-annual interest payments. The note matures in October 2024 and bears an interest rate of 2.6%. The note is secured by ad valorem tax.</p>	<p>156,000</p>
<p>Total Governmental Activities</p>	<p><u>\$ 332,846</u></p>

Note 6: Long-Term Debt – Business-Type Activities

Contractual Obligations with Greater Texoma Utility Authority

Under the terms of long term water supply and sewer service contracts between the City and Greater Texoma Utility Authority (GTUA), the City recognizes that GTUA has an undivided ownership interest in the City’s water system and sewer collection and treatment facility equivalent to the percentage of the total cost of the facility provided by GTUA through the issuance of GTUA bonds.

The City has a contractual obligation to make payments specified by the contract to GTUA to pay the principal and interest on the bonds, maintain a Reserve Fund for the security and payment of bonds similarly secured, pay the administrative and overhead expenses of GTUA directly attributable to the bonds, and pay any extraordinary expenses incurred by GTUA in connection with the bonds. Under terms of the contracts the City’s obligation to make payments to GTUA, as well as GTUA’s ownership interest in the facilities terminates, when all of GTUA’s bonds issued in connection with construction of the facilities have been paid in full, are retired, and are no longer outstanding.

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 6: Long-Term Debt – Business-Type Activities (continued)

Business-Type Activities

\$130,000 Series 1997-A, Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$5,000 to \$10,000 through 2018, with interest at 3.60% to 4.75%. These were paid off in 2018.	\$	-
\$915,000, Series 2005, Greater Texoma Utility Authority (GTUA) Certificates of Obligation, has principal payments due every April 1st in amounts ranging from \$25,000 to \$60,000 through 2030. Interest is paid every April 1st and October 1st. Interest rates are variable and are determined every April 1st. The latest available reset of interest is 2.20% as determined on April 1, 2012.		565,000
\$300,000, Series 2005, Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$10,000 to \$30,000 through 2021, with interest at 4.48%.		80,000
Total Business-Type Activities	<u>\$</u>	<u>645,000</u>

Contractual Obligations with Greater Texoma Utility Authority

The annual requirements at September 30, 2018 to retire debt obligations are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 64,486	\$ 11,005	\$ 60,000	\$ 16,862	\$ 152,353
2020	66,266	8,682	65,000	14,918	154,866
2021	64,047	6,229	70,000	12,860	153,136
2022	52,528	3,981	40,000	10,576	107,085
2023	85,519	3,443	45,000	9,634	143,596
2024-2028	-	-	250,000	31,607	281,607
2029-2030	-	-	115,000	4,112	119,112
	<u>\$ 332,846</u>	<u>\$ 33,340</u>	<u>\$ 645,000</u>	<u>\$ 100,569</u>	<u>\$ 1,111,755</u>

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 7: Interfund Receivables, Payables, and Transfers

Interfund balances at September 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Water and Sewer	\$96,167	For services earned/paid on behalf of other fund.

Interfund transfers during September 30, 2018 are as follows:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Water and Sewer	\$72,644	To assist in current year debt service.

Note 8: Stewardship, Compliance, and Accountability

Budget and Budgetary Accounting

The City Council adopts an annual budget for the General Fund and the Water and Sewer Fund. The annual budget for these funds are prepared on a modified cash basis.

Note 9: Other Information

Risk Management

Liability and property insurance coverage is provided by the Texas Municipal League (TML) Intergovernmental Risk Pool. The City retains, as a risk only, the deductible amounts for each declaration of coverage. There were no reductions in coverage in the past fiscal year. The City is a member of the TML Intergovernmental Risk Pool. Insurance coverage of the City is divided into the following types: property, crime, general liability, public official's liability, auto liability, auto physical damage, auto catastrophic, law enforcement liability, and machinery.

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor is indeterminable. The City expects disallowed amounts, if any, to be insignificant.

Restricted Assets

Restricted Fund Balances of \$20,251, \$661, and \$100 for the General Fund represent cash restricted by the State of Texas for court security and technology expenditures, police seizures, and grants, respectively.

General Fund balances related to certain bank cash and certificate of deposit accounts totaling \$163,033 are restricted for on-going cemetery maintenance and improvements.

Construction Contracts

The City had outstanding at September 30, 2018 contract commitments totaling approximately \$5,349 related to improvements of the City's water system.

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 10: Pension Plan

Plan Description

The City of Bells participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.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 payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

	<u>Plan Year 2018</u>
Employee deposit rate	5%
Matching ratio (City to employee)	1 to 1
Years required for vesting	5 years of service
Service retirement eligibility	Minimum age 60 with 5 years of service Any age with 20 years of service
Updated service credits	0%
Annuity increase (to retirees)	0% of CPI

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	4
Inactive Employees Entitled to but not yet Receiving Benefits	17
Active Employees	8
	29

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 10: Pension Plan (continued)

Contributions

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

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 0.13% and 0.33% in calendar years 2018 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2018 were \$528, and were equal to the required contributions.

The funded status as of December 31, 2017, the most recent actuarial date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2017	\$ 364,499	\$ 269,940	135.0%	\$(94,559)	\$313,135	(30.2)%

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.

The City of Bells offers supplemental death to:	Plan Year 2017	Plan Year 2018
Active employees	Yes	Yes
Retirees	Yes	Yes

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 ensure 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 employee's entire careers. The City's contributions to the TMRS SDBF for the years ended 2018, 2017, and 2016 were \$359, \$301, and \$431, respectively, which equaled the required contributions each year.

City of Bells, Texas
Notes to the Financial Statements (continued)
Year Ended September 30, 2018

Note 11: Prior Period Adjustment

During fiscal year 2018, the City converted to the modified cash basis of accounting. The change in accounting principle required a prior period adjustment to report the effect of the conversion retroactively. The amount of the prior period adjustment is \$(71,303) for the Governmental Activities, \$(8,817) for the General Fund, and \$(55,170) for both the Business-type Activities and Water and Sewer Fund. The restated beginning net position is \$1,255,701 for the Governmental Activities and \$2,260,570 for both the Business-type Activities and Water and Sewer Fund. The restated beginning fund balance is \$332,519 for the General Fund.

Note 12: Subsequent Events

Subsequent to September 30, 2018, the City Council approved financing in the amount of \$30,840 for the purchase of a truck for the fire department and financing in the amount of \$40,428 for the purchase of a utility truck.

OTHER INFORMATION

City of Bells, Texas
 General Fund Budgetary Comparison Schedule
 For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Taxes:				
Property	\$ 290,000	\$ 345,500	\$ 359,356	\$ 13,856
General Sales and Use	240,000	230,000	117,921	(112,079)
Franchise	65,000	50,500	54,028	3,528
Municipal Court	112,515	101,762	105,872	4,110
Intergovernmental	180,250	-	7,939	7,939
County Fire Fees	15,550	16,386	16,360	(26)
Other Revenue	625	1,475	19,219	17,744
Licenses and Permits	8,000	8,000	8,467	467
Interest Revenue	2,550	-	2,088	2,088
Total Revenues	<u>914,490</u>	<u>753,623</u>	<u>691,250</u>	<u>(62,373)</u>
EXPENDITURES				
Current:				
Police Department	310,894	363,467	283,724	79,743
General Government	629,193	598,997	332,992	266,005
Municipal Court	9,200	39,930	40,633	(703)*
Fire Department	53,840	49,168	33,361	15,807
Cemetery	-	-	11,686	(11,686)*
Capital Outlay	-	-	69,303	(69,303)*
Debt Service:				
Principal	-	-	33,381	(33,381)*
Interest	-	-	6,672	(6,672)*
Total Expenditures	<u>1,003,127</u>	<u>1,051,562</u>	<u>811,752</u>	<u>239,810</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(88,637)</u>	<u>(297,939)</u>	<u>(120,502)</u>	<u>177,437</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Long-Term Debt	-	209,302	225,303	16,001
Transfers (to) from Other Funds	88,637	88,637	72,644	(15,993)*
Total Other Financing Sources (Uses)	<u>88,637</u>	<u>297,939</u>	<u>297,947</u>	<u>8</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	177,445	177,445
Fund Balance - Beginning	341,336	341,336	341,336	-
Prior Period Adjustment	(8,817)	(8,817)	(8,817)	-
Fund Balance - Ending	<u>\$ 332,519</u>	<u>\$ 332,519</u>	<u>\$ 509,964</u>	<u>\$ 177,445</u>

* Expenditures exceed appropriations at the legal level of control.