CITY OF FAIRFIELD
CITY COUNCIL MEETING
JUNE 7, 2022

THE CITY COUNCIL OF THE CITY OF FAIRFIELD, TEXAS WILL CONVENE INTO **A SPECIAL CALLED MEETING AT 6:00PM ON TUESDAY, JUNE 7, 2022** AT THE FAIRFIELD ISD CAREER AND TECHNOLOGY EDUCATION COMPLEX, AT 960 EAST COMMERCE ST., FAIRIFELD, TEXAS. PURSUANT TO SECTION 551.127 OF THE TEXAS GOVERNMENT CODE.

NOTICE: AT ANY TIME DURING THE CITY COUNCIL MEETING,THE CITY COUNCIL MAY ADJOURN INTO EXECUTIVE SESSION FOR ANY REASON LISTED ON THIS AGENDA PURSUANT TO ANY APPLICABLE SECTION OF THE TEXAS GOVERNMENT CODE, CONSULTATION WITH ATTORNEY- SECTION 551.0 71, REAL PROPERTY DELIBERATION - SECTION 551 .0 72, DELIBERATION ON GIFTS - SECTION 551 .073, PERSONNEL MATTERS- SECTION 551 .074, DISCUSSION OF SECURITY MEASURES- SECTION 551.076 AND ECONOMIC DEVELOPMENT - SECTION551.087.

H.B.NO.2840-Section 551.001(3}(b) and (c). A governmental body shall allow each member of the public who desires to address the body regarding an item on the agenda for an open meeting of the body to address the body regarding the item at the meeting before or during the body's consideration of the item.A governmental body may adopt reasonable rules regarding the public's right to address the body under this section, including rules that limit the total amount of time that a member of the public may address the body on a given item.

1. CALL TO ORDER; PRAYER AND PLEDGE

2. VISITORS AND CITIZENS FORUM: AT THIS TIME, ANY PERSON WITH BEFORE THE COUNCIL NOT SCHEDULED ON THE AGENDA MAY SPEAK TO THE COUNCIL. NO FORMAL ACTION CAN BE TAKEN ON THESE ITEMS AT THIS TIME.

3. DISCUSSION AND POSSIBLE ACTION ON THE CITY OF FAIRFIELD ANNUAL FINANCIAL REPORT FOR THE YEAR ENDING SEPTEMBER 30, 2021

4. DISCUSSION AND POSSIBLE ACTION ON AN AGREEMENT FOR PROFESSIONAL SERVICES WITH HAYTER ENGINEERING FOR THE WATER TOWER PROJECT, A TEXAS COMMUNITY BLOCK GRANT FUND PROJECT

5. DISCUSSION AND POSSIBLE ACTION ON ORDINANCE 06-07-2022 RATES, AN ORDINANCE DENYING A PROPOSED CHANGE IN RATES FOR ONCOR ELECTRIC COMPANY

6. DISCUSSION AND POSSIBLE ACTION ON AWARDING DEMOLITION BIDS FOR HOMES AT 517 N. HALL, 430 BRADLEY ST., AND 233 S. FAIRWAY ST.

7. ADJOURN

I CERTIFY THAT THE ABOVE NOTICE OF MEETING WAS POSTED BY FRIDAY, JUNE 3, 2022 AT 6:00 P.M. ON THE BULLETIN BOARD AT CITY HALL, 425 WEST COMMERCE STREET, FAIRFIELD, TEXAS, AND WILL REMAIN POSTED CONTINUOUSLY FOR AT LEAST 72 HOURS PRECEDING SCHEDULED TIME OF THE MEETING, I FURTHER CERTIFY THAT THE FOLLOWING NEWS MEDIA AND WEBSITE HOSTING WAS PROPERLY NOTIFIED OF THIS MEETING AS STATED ABOVE: FAIRFIELD RECORDER AND FREESTONE COUNTY TIMES, FAIRFIELD,TX.

Nathaniel B. Smith, City Administrator

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS SHOULD BE MADE FORTY-EIGHT {48) HOURS PRIOR TO THIS MEETING.PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT {903)389-2633 FOR FURTHER INFORMATION

City Council
City of Fairfield, Texas
Agenda Action Form

AGENDA DATE:	June 7, 2022	**AGENDA ITEM**	Audit
AGENDA SUBJECT:	DISCUSSION AND POSSIBLE ACTION ON THE CITY OF FAIRFIELD ANNUAL FINANCIAL REPORT FOR THE YEAR ENDING SEPTEMBER 30, 2021		
PREPARED BY:	Nate Smith	**Date Submitted:**	June 2, 2022
EXHIBITS:	Audit		
BUDGETARY IMPACT			
CITYADMINISTRATOR APPROVAL:			

SUMMARY:

Frank Steele from Anderson, Marx, and Bohl, P.C., will present the annual audit and its findings.

RECOMMENDED ACTION:

Recommend accepting the audit and its findings

CITY OF FAIRFIELD

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

City of Fairfield
Annual Financial Report
For The Year Ended September 30, 2021

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City of Fairfield
Annual Financial Report
For The Year Ended September 30, 2021

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Financial Section

ANDERSON, MARX & BOHL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA
FRANK MARX, III, CPA
DORI BOHL, CPA & CFE

Independent Auditors' Report

To the City Council
City of Fairfield
222 South Mount Street
Fairfield, Texas 75840

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fairfield ("the City") as of and for the year ended September 30, 2021, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Fairfield Economic Development Corporation, which represents 100 percent of the assets, net position, and revenues of the component units. Fairfield Economic Development Corporation financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Fairfield Economic Development Corporation, 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 City'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 City'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.

www.anderson-cpa.com PHONE: (903) 872-2571 FAX: (903) 874-1413

Opinions

In our opinion, based on our audit and the report of other auditors, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Fairfield as of September 30, 2021, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the City's proportionate share of the net pension liability, schedule of City pension contributions, and schedule of changes in the City's net pension liability and related ratios identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Fairfield's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates 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 other supplementary information is 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 May 23, 2022 on our consideration of City of Fairfield'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 solely 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 the effectiveness of 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 City of Fairfield's internal control over financial reporting and compliance.

Respectfully submitted,

Anderson, Marx & Bohl, P.C.

Anderson, Marx & Bohl, P.C.

Corsicana, Texas
May 23, 2022

CITY OF FAIRFIELD
222 SOUTH MOUNT STREET
FAIRFIELD, TEXAS 75840

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of City of Fairfield's annual financial report presents our discussion and analysis of the City's financial performance during the year ended September 30, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

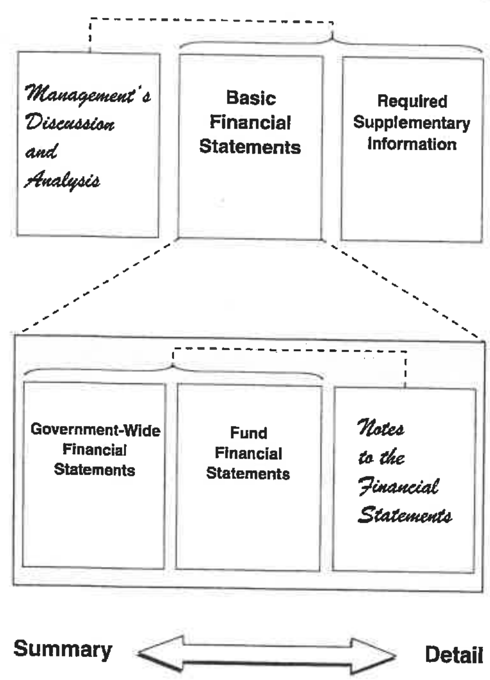
- The City's total combined net position on financial statement exhibit A-1 was $13,149,594 at September 30, 2021.
- During the year, the City's primary government expenses on financial statement exhibit A-2 were $6,441 more than the $6,545,558 generated in taxes and other revenues for all activities. The total cost of the City's programs on financial statement exhibit A-5 decreased $1,206,864 from last year. Capital outlay primarily accounted for the decrease.
- The general fund reported a general fund balance this year on financial statement exhibit A-3 of $95,657. The City began the current year with a general fund balance in the amount of $113,987.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements, and required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status, but also a legally separate industrial development corporation. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.
- *Proprietary fund* statements provide information about for-profit activities.

Figure A-1, Required Components of the City's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the City's net position and how it has changed. Net position—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *Governmental and Business-type activities*. Most of the City's basic services are included here, such as public safety, sanitation, culture and recreation, street maintenance, water and sewer and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Proprietary funds*—The City provides water and sewer services to its citizens and charges fees to pay for this service. These activities are accounted for on the accrual basis of accounting.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's combined net position was $13.1 million at September 30, 2021. (See Table A-1).

Table A-1
City of Fairfield's Net Position
(In million dollars)

	2021	2020	Total Percentage Change 2021-2020
Current assets:			
Cash and cash equivalents	2.5	2.4	4
Investments	.0	.0	**
Due from other governments	.0	.0	**
Due from other funds	.0	.0	**
Other receivables	.3	.3	0
Net Pension Asset	.5	.4	25
Total current assets:	3.3	3.1	6
Noncurrent assets:			
Land, furniture and equipment	31.8	31.4	1
Less accumulated depreciation	(16.6)	(15.5)	-7
Other assets	4.8	.2	2300
Total noncurrent assets	20.0	16.1	24
Total Assets	23.3	19.2	21
Deferred Outflows of Resources	.0	.1	**
Current liabilities:			
Accounts payable and accrued liabilities	.1	.3	-67
Net Pension Liability	.0	.0	**
Consumer deposits	.1	.1	0
Due to other funds	.0	.0	**
Deferred revenue	.4	.0	**
Total current liabilities	.6	.4	50
Long-term liabilities:			
Noncurrent liabilities due in one year	.8	.6	33
Noncurrent liabilities due more than 1 yr	8.8	4.8	83
Total Liabilities	10.2	5.8	76
Deferred Inflows of Resources	.0	.4	**
Net Position:			
Net Investment in capital assets	10.1	10.3	-2
Restricted	1.0	.9	11
Unrestricted	2.0	1.9	5
Total Net Position	13.1	13.1	0

The City has restricted net position of $1,025,534 that represents proceeds for servicing debt of $137,090, $560,740 for pension, $95,681 for city promotion, $10,371 for public safety, and $221,652 for utility improvements. The $1,967,921 of unrestricted net position represents resources to be available to fund the programs of the City next year.

Changes in net position. The City's total revenues were $6,545,558. A significant portion, 38 percent, of the City's revenue comes from taxes, while 42 percent relates to charges for services.

The total cost of all programs and services was $6,551,999; 54 percent of these costs are for governmental activities.

Governmental Activities

- Property tax revenues increased by $86,313 to $1,066,012.

Table A-2
Changes in City of Fairfield's Net Position
(In million dollars)

	2021	2020	% Ch
Program Revenues:			
Charges for Services	2.8	3.0	-7
Operating Grants and Contributions	.0	.0	**
Capital Grants and Contributions	.0	.0	**
General Revenues:			
Taxes	3.5	3.2	9
Capital asset donation from EDC	0.0	2.4	**
Investment Earnings	.0	.0	**
Other	.2	.2	0
Total Revenues	6.5	8.8	-26
General Government	.6	.6	0
Public Safety	1.3	1.4	-7
Highways and Streets	.4	.5	-20
Culture and Recreation	.2	.3	-33
Public Services	.0	.0	**
Other	.0	.0	**
Water and Sewer	3.0	2.8	7
Economic Development	1.0	1.0	0
Total Expenses	6.5	6.6	-2
Excess (Deficiency) Before Other Resources, Uses and Transfers	0.0	2.2	**
Other Resources (Uses)	.0	.0	**
Increase (Decrease) in Net Position	0.0	2.2	**

Table A-3 presents the cost of each of the City's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was $3.5 million.
- However, the amount that our taxpayers paid for these activities through property taxes was $1.066 million.
- Some of the cost was paid by those who directly benefited from services $.21 million.

Table A-3
Net Cost of Selected City Functions
(in millions of dollars)

	Total Cost of Services 2021	2020	% Change	Net Cost of Services 2021	2020	% Change
General Government	.6	.6	0	.6	.6	0
Public Safety	1.3	1.4	-7	1.3	1.3	0
Highways and Streets	.4	.5	-20	.4	.5	-20

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled $4.0 million, while the previous year it was $3.6 million. Revenues from proprietary fund types totaled $2.6 million, while the previous year it was $2.7 million.

General Fund Budgetary Highlights

Over the course of the year, the City revised its budget. Even with these adjustments, actual expenditures were $216,988 below the budgeted amount.

On the other hand, resources available were $240,858 below the final budgeted amount due primarily to a decrease in intergovernmental revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the City had invested $31,770,900 in a broad range of capital assets, including land, construction in progress, infrastructure, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of $377,757 or 1% over last year.

Table A-4
City's Capital Assets
(In millions of dollars)

	2021	2020	Total Percentage Change 2021-2020
Land	.4	.4	0
Construction in progress	.2	.0	**
Leased Assets	.0	.0	**
Equipment and improvements	5.4	5.9	-8
Buildings & Water System	22.6	21.9	3
Infrastructure	3.2	3.2	0
Totals at historical cost	31.8	31.4	1
Total accumulated depreciation	(16.6)	(15.5)	-7
Net capital assets	15.2	15.9	-4

The City's fiscal year 2022 capital budget projects spending the remaining $4,789,787 from the 2021 bond issue on water and sewer improvements. More detailed information about the City's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the City had $9,574,618 in bonds and notes outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
City's Long-Term Debt
(In millions of dollars)

	2021	2020	Total Percentage Change 2021-2020
Bonds payable	5.0	.6	733
Notes from direct borrowings and direct placements	4.6	4.9	-6
Compensated absences	.0	.0	**
Less deferred amount On refundings	(.0)	(.0)	**
Net pension liability	.0	.0	**
Total bonds & notes payable	9.6	5.5	75

COMPONENT UNIT

Fairfield Economic Development Corporation at 101 South Mount Street, Fairfield, Texas 75840, issues its own audited financial statements. Those statements reflect cash of $0.9 million, receivables of $0.9 million, net capital assets of $1.4 million, liabilities of $1.2 million, and net position of $2.0 million. More detailed information is presented in the financial statements and related notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's budgetary general fund balance is expected to remain stable by the close of fiscal year 2022. However, the COVID-19 pandemic continues to negatively impact economic activity nationwide. The economic effects are still unknown and could potentially affect future revenues. More detailed information about the City's economic status is presented in the notes to the financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Fairfield's Business Services Department at 222 South Mount Street, Fairfield, Texas 75840 or phone number 903-389-2633.

Basic Financial Statements

CITY OF FAIRFIELD

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and Cash Equivalents	$ 682,758	$ 1,775,392	$ 2,458,150	$ 886,225
Receivables-Property Taxes, net	70,894	--	70,894	--
Receivables (net of allowances for uncollectibles)	--	264,190	264,190	95,941
Notes Receivable	--	--	--	847,609
Prepaid Expenses	--	--	--	4,899
Net Pension Asset	495,511	--	495,511	--
Restricted Assets:				
Cash	--	4,824,668	4,824,668	--
Capital Assets (net of accumulated depreciation):				
Land	118,054	289,489	407,543	1,390,348
Buildings & Equipment, net	5,588,543	8,983,401	14,571,944	44,855
Construction in Progress	169,801	34,881	204,682	--
Total Assets	7,125,561	16,172,021	23,297,582	3,269,877
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow of Related to Pensions	85,129	--	85,129	--
Total Deferred Outflows of Resources	85,129	--	85,129	--
LIABILITIES				
Accounts Payable and Other Current Liabilities	19,867	79,701	99,568	7,894
Wages Payable	10,676	--	10,676	--
Consumer Deposits	--	113,629	113,629	--
Accrued Interest Payable	13,245	43,183	56,428	--
Unearned Revenue	358,298	--	358,298	--
Noncurrent Liabilities-				
Due within one year	142,795	656,706	799,501	84,931
Due in more than one year	1,016,359	7,758,758	8,775,117	1,149,937
Total Liabilities	1,561,240	8,651,977	10,213,217	1,242,762
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflow Related to Pensions	19,900	--	19,900	--
Total Deferred Inflows of Resources	19,900	--	19,900	--
NET POSITION:				
Net Investment in Capital Assets	4,703,999	5,452,140	10,156,139	200,335
Restricted For:				
Debt Service	137,090	--	137,090	--
Pension	560,740	--	560,740	--
City Promotion	95,681	--	95,681	--
Public Safety	10,371	--	10,371	--
Utility Improvement	--	221,652	221,652	--
Unrestricted	121,669	1,846,252	1,967,921	1,826,780
Total Net Position	$ 5,629,550	$ 7,520,044	$ 13,149,594	$ 2,027,115

The accompanying notes are an integral part of this statement.

CITY OF FAIRFIELD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues Charges for Services
PRIMARY GOVERNMENT:		
Governmental Activities:		
General Government	$ 572,195	$ --
Public Safety	1,281,804	49,054
Highways & Streets	416,090	--
Culture & Recreation	201,126	--
Economic Development	1,026,592	160,668
Interest and Fiscal Charges	44,095	--
Total Governmental Activities	3,541,902	209,722
Business-type Activities:		
City Water and Sewer	2,433,247	2,162,807
TDCJ Water & Sewer	576,850	449,370
Total Business-type Activities	3,010,097	2,612,177
Total Primary Government	$ 6,551,999	$ 2,821,899
COMPONENT UNIT:		
Economic Development Corporation	$ 294,635	$ --

General Revenues:
Property Taxes
Sales Taxes
Franchise Taxes
Hotel/Motel Taxes
Intergovernmental Revenue
Infrastructure Donation-EDC
Investment Earnings
Miscellaneous
Gain on Sale of Assets
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Position - Beginning
Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Component Unit
$ (572,195)		$ (572,195)	
(1,232,750)		(1,232,750)	
(416,090)		(416,090)	
(201,126)		(201,126)	
(865,924)		(865,924)	
(44,095)		(44,095)	
(3,332,180)		(3,332,180)	
--	$ (270,440)	(270,440)	
--	(127,480)	(127,480)	
--	(397,920)	(397,920)	
(3,332,180)	(397,920)	(3,730,100)	
			$ (294,635)
1,066,012	--	1,066,012	--
1,943,892	--	1,943,892	501,605
238,958	--	238,958	--
215,052	--	215,052	--
130,314	--	130,314	--
13,136	--	13,136	--
379	--	379	15,195
115,916	--	115,916	--
--	--	--	69,978
(273,555)	273,555	--	--
3,450,104	273,555	3,723,659	586,778
117,924	(124,365)	(6,441)	292,143
5,511,626	7,644,409	13,156,035	1,734,972
$ 5,629,550	$ 7,520,044	$ 13,149,594	$ 2,027,115

CITY OF FAIRFIELD

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Hotel/ Motel Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Assets:				
Cash and Cash Equivalents	$ 515,352	$ 63,477	$ 103,929	$ 682,758
Receivables (net of allowances for uncollectibles)	26,012	--	44,882	70,894
Due from Other Funds	--	44,458	--	44,458
Total Assets	$ 541,364	$ 107,935	$ 148,811	$ 798,110
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 6,263	$ 12,254	$ 1,350	$ 19,867
Wages Payable	10,676	--	--	10,676
Due to Other Funds	44,458	--	--	44,458
Unearned Revenue-Grant	358,298	--	--	358,298
Total Liabilities	419,695	12,254	1,350	433,299
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue-Property Taxes	26,012	--	44,882	70,894
Total Deferred Inflows of Resources	26,012	--	44,882	70,894
Fund Balances:				
Restricted Fund Balances:				
Restricted for Debt Service	--	--	92,208	92,208
Restricted for Public Safety	--	--	10,371	10,371
Restricted for City Promotion	--	95,681	--	95,681
Unassigned	95,657	--	--	95,657
Total Fund Balance	95,657	95,681	102,579	293,917
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 541,364	$ 107,935	$ 148,811	$ 798,110

The accompanying notes are an integral part of this statement.

EXHIBIT A-4

CITY OF FAIRFIELD

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balances - governmental funds balance sheet	$	293,917
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		5,876,398
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		70,894
Payables for bond interest which are not due in the current period are not reported in the funds.		(13,245)
Payables for notes which are not due in the current period are not reported in the funds.		(1,159,154)
Recognition of the City's proportionate share of the net pension asset is not reported in the funds.		495,511
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(19,900)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		85,129
Net position of governmental activities - Statement of Net Position	$	5,629,550

The accompanying notes are an integral part of this statement.

CITY OF FAIRFIELD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Hotel/ Motel Fund	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
General Property Taxes	$ 788,441	$ --	$ 320,448	$ 1,108,889
General Sales and Use Taxes	1,943,892	--	--	1,943,892
Franchise Taxes	238,958	--	--	238,958
Hotel/Motel Taxes	--	215,052	--	215,052
Alcoholic Beverages	13,136	--	--	13,136
Intergovernmental	290,982	--	--	290,982
Fine Revenue	49,054	--	--	49,054
Investment Earnings	352	22	5	379
Miscellaneous	110,827	1,456	3,633	115,916
Total revenues	3,435,642	216,530	324,086	3,976,258
Expenditures:				
Current:				
General Government	654,300	--	--	654,300
Public Safety	1,275,421	--	5,916	1,281,337
Highway & Streets	403,333	--	--	403,333
Culture & Recreation	194,249	--	--	194,249
Economic Development and Assistance	649,718	288,141	--	937,859
Debt Service:				
Principal	137,748	--	--	137,748
Interest and Fiscal Charges	45,242	--	--	45,242
Capital Outlay:				
Equipment and Buildings	111,226	177,436	--	288,662
Total Expenditures	3,471,237	465,577	5,916	3,942,730
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,595)	(249,047)	318,170	33,528
Other Financing Sources (Uses):				
Operating Transfers In	17,265	--	--	17,265
Operating Transfers Out	--	--	(290,820)	(290,820)
Total Other Financing Sources (Uses)	17,265	--	(290,820)	(273,555)
Net Change in Fund Balances	(18,330)	(249,047)	27,350	(240,027)
Fund Balances - Beginning	113,987	344,728	75,229	533,944
Fund Balances - Ending	$ 95,657	$ 95,681	$ 102,579	$ 293,917

The accompanying notes are an integral part of this statement.

CITY OF FAIRFIELD

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds	$	(240,027)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		288,662
The depreciation of capital assets used in governmental activities is not reported in the funds.		(429,159)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(42,877)
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.		137,748
(Increase) decrease in accrued interest from beginning of period to end of period.		1,147
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.		402,430
Change in net position of governmental activities - Statement of Activities	$	117,924

The accompanying notes are an integral part of this statement.

CITY OF FAIRFIELD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Enterprise Fund City Water & Sewer Fund	Enterprise Fund TDCJ Water & Sewer Fund	Total Enterprise Funds
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	$ 456,162	$ 1,319,230	$ 1,775,392
Receivables (net of allowances for uncollectibles)	204,642	59,548	264,190
Total Current Assets	660,804	1,378,778	2,039,582
Noncurrent Assets:			
Restricted Cash, Cash Equivalents and Investments-			
Cash	--	4,824,668	4,824,668
Capital Assets:			
Land	289,489	--	289,489
Property, Plant and Equipment-Net	8,599,555	383,846	8,983,401
Construction in Progress	--	34,881	34,881
Total Noncurrent Assets	8,889,044	5,243,395	14,132,439
Total Assets	9,549,848	6,622,173	16,172,021
LIABILITIES:			
Current Liabilities:			
Accounts payable	39,424	40,277	79,701
Consumer deposits	113,629	--	113,629
Accrued Interest Payable	23,385	19,798	43,183
Current Liabilities Payable from Restricted Assets-			
Notes Payable	226,706	--	226,706
Revenue Bonds Payable	280,000	150,000	430,000
Long Term Liabilities Payable from Restricted Assets-			
Revenue Bonds Payable	--	4,105,000	4,105,000
Unamortized Premiums, Discounts & Charges	--	475,076	475,076
Notes Payable	3,178,682	--	3,178,682
Total Liabilities	3,861,826	4,790,151	8,651,977
NET POSITION:			
Net Investment in Capital Assets	5,180,271	271,869	5,452,140
Restricted for Utility Improvements	--	221,652	221,652
Unrestricted Net Position	507,751	1,338,501	1,846,252
Total Net Position	$ 5,688,022	$ 1,832,022	$ 7,520,044

The accompanying notes are an integral part of this statement.

CITY OF FAIRFIELD

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - ENTERPRISE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Enterprise Fund City Water & Sewer Fund	Enterprise Fund TDCJ Water & Sewer Fund	Total Enterprise Funds
OPERATING REVENUES:			
Water	$ 1,314,424	$ 285,327	$ 1,599,751
Sewer	530,940	164,043	694,983
Miscellaneous	40,357	--	40,357
Sanitation	277,086	--	277,086
Total Operating Revenues	2,162,807	449,370	2,612,177
OPERATING EXPENSES:			
Personal Services	575,143	127,756	702,899
Contractual Services	554,478	155,988	710,466
Supplies & Materials	501,951	95,320	597,271
Depreciation	633,997	50,928	684,925
Total Operating Expenses	2,265,569	429,992	2,695,561
Operating Income	(102,762)	19,378	(83,384)
NON-OPERATING REVENUES (EXPENSES):			
Interest Expense & Fees	(167,678)	(19,798)	(187,476)
Bond Issuance Costs	--	(127,060)	(127,060)
Total Non-operating Revenues (Expenses)	(167,678)	(146,858)	(314,536)
Income before Transfers	(270,440)	(127,480)	(397,920)
Operating Transfers In	290,820	--	290,820
Operating Transfers Out	(17,265)	--	(17,265)
Change in Net Position	3,115	(127,480)	(124,365)
Total Net Position - Beginning	5,684,907	1,959,502	7,644,409
Total Net Position - Ending	$ 5,688,022	$ 1,832,022	$ 7,520,044

The accompanying notes are an integral part of this statement.

CITY OF FAIRFIELD

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Enterprise Funds		
	City Water & Sewer Fund	TDCJ Water & Sewer Fund	Total Enterprise Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 2,149,652	$ 404,127	$ 2,553,779
Cash Payments to Employees for Services	(575,143)	(127,756)	(702,899)
Cash Payments to Other Suppliers for Goods and Services	(1,126,016)	(198,335)	(1,324,351)
Net Cash Provided (Used) by Operating Activities	448,493	78,036	526,529
Cash Flows from Non-capital Financing Activities:			
Restricted Cash & Escrow Payments	--	(4,603,016)	(4,603,016)
Transfers From (To) Other Funds	273,555	--	273,555
Net Cash Provided (Used) by Non-capital Financing Activities	273,555	(4,603,016)	(4,329,461)
Cash Flows from Capital and Related Financing Activities:			
Principal Paid	(509,604)	--	(509,604)
Interest Paid	(167,678)	(19,798)	(187,476)
New Bond Issue and Premium	--	4,730,076	4,730,076
Bond Issuance Costs	--	(127,060)	(127,060)
Net Cash Provided (Used) for Capital & Related Financing Activitie	(677,282)	4,583,218	3,905,936
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	--	--	--
Acquisition or Construction of Capital Assets	(44,849)	(44,246)	(89,095)
Net Cash Provided (Used) for Investing Activities	(44,849)	(44,246)	(89,095)
Net Increase (Decrease) in Cash and Cash Equivalents	(83)	13,992	13,909
Cash and Cash Equivalents at Beginning of Year	456,245	1,305,238	1,761,483
Cash and Cash Equivalents at End of Year	$ 456,162	$ 1,319,230	$ 1,775,392
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$ (102,762)	$ 19,378	$ (83,384)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	633,997	50,928	684,925
Change in Assets and Liabilities:			
Decrease (Increase) in Receivables	(13,156)	(45,243)	(58,399)
Increase (Decrease) in Accounts Payable	(63,201)	33,175	(30,026)
Increase (Decrease) in Accrued Expenses	(8,354)	19,798	11,444
Increase (Decrease) in Consumer Deposits	1,969	--	1,969
Total Adjustments	551,255	58,658	609,913
Net Cash Provided (Used) by Operating Activities	$ 448,493	$ 78,036	$ 526,529

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

The combined financial statements of City of Fairfield (the "City") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB include whether:

- the organization is legally separate (can sue and be sued in its name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
  there is fiscal dependency by the organization on the City
- the exclusion of the organization would result in misleading or incomplete financial statements

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) The City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the City.

Based on these criteria, the City has one component unit, The Fairfield Economic Development Corporation. Their financial statements can be obtained at 222 South Mount Street, Fairfield, Texas 75840. Additionally, the City is not a component of any other reporting entity as defined by GASB.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

Hotel Motel Fund. This fund collect hotel motel taxes and make disbursement in accordance with approved requirements.

The City reports the following major enterprise funds:

City Water and Sewer Fund. This is the City's primary enterprise operating fund and accounts for all customers and financial resources of the enterprise fund.

TDCJ Water and Sewer Fund. This is the City's secondary enterprise operating fund and accounts for all revenue and expenses associated with providing servicing to the TDCJ unit.

b. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty 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. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. 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 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 1 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 fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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.

c. Inventories and Prepaid Items

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated acquisition value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	25
Buildings	50
Building Improvements	30-40
Vehicles	10
Office Equipment	10
Computer Equipment	10

e. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There is no allowance for uncollectible utility receivables or property taxes receivables.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Pensions

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

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the the City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the City Council. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City Council or by an official or body to which the City Council delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an 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.

i. Compensated Absenses

On retirement or death of certain employees, the City pays any accrued sick leave and vacation leave in a lump case payment to such employee or his/her estate. These items will be recorded as expenses when funds are expended.

j. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

k. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position the government-wide statement of net position and governmental funds balance sheet 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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

4. Implementation of New Standards

In the current fiscal year, the City did not implement any new standards.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City 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.

Cash Deposits:

At September 30, 2021, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $8,169,043 and the bank balance was $8,197,775. The City's cash deposits at September 30, 2021 and during the year ended September 30, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name or bonded coverage of public funds.

Investments:

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (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, and (10) common trust funds.

The City's investments at September 30, 2021 are shown below.

Investment or Investment Type	Maturity	Fair Value
None	N/A	$ --
Total Investments		$ --

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Capital Assets

Capital asset activity for the year ended September 30, 2021, were as follows:

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 118,054	$ --	$ --	$ 118,054
Construction in progress	18,245	151,556	--	169,801
Total capital assets not being depreciated	136,299	151,556	--	287,855
Capital assets being depreciated:				
Infrastructure	3,188,644	--	--	3,188,644
Buildings and improvements	2,721,929	25,880	--	2,747,809
Equipment	3,855,364	111,226	--	3,966,590
Total capital assets being depreciated	9,765,937	137,106	--	9,903,043
Less accumulated depreciation for:				
Infrastructure	(176,014)	(125,237)	--	(301,251)
Buildings and improvements	(1,323,392)	(92,829)	--	(1,416,221)
Equipment	(2,385,935)	(211,093)	--	(2,597,028)
Total accumulated depreciation	(3,885,341)	(429,159)	--	(4,314,500)
Total capital assets being depreciated, net	5,880,596	(292,053)	--	5,588,543
Governmental activities capital assets, net	$ 6,016,895	$ (140,497)	$ --	$ 5,876,398

	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 289,489	$ --	$ --	$ 289,489
Construction in progress	--	34,881	--	34,881
Total capital assets not being depreciated	289,489	34,881	--	324,370
Capital assets being depreciated:				
Buildings and improvements	16,576,018	--	--	16,576,018
Equipment	1,346,165	54,214	--	1,400,379
Westwood Water System	3,279,235	--	--	3,279,235
Total capital assets being depreciated	21,201,418	54,214	--	21,255,632
Less accumulated depreciation for:				
Buildings and improvements	(10,083,845)	(597,980)	--	(10,681,825)
Equipment	(1,256,356)	(21,361)	--	(1,277,717)
Westwood Water System	(247,105)	(65,584)	--	(312,689)
Total accumulated depreciation	(11,587,306)	(684,925)	--	(12,272,231)
Total capital assets being depreciated, net	9,614,112	(630,711)	--	8,983,401
Business-type activities capital assets, net	$ 9,903,601	$ (595,830)	$ --	$ 9,307,771

	Beginning Balances	Increases	Decreases	Ending Balances
Component Unit activities:				
Capital assets not being depreciated:				
Land	$ 1,390,583	$ --	$ (235)	$ 1,390,348
Total capital assets not being depreciated	1,390,583	--	(235)	1,390,348
Capital assets being depreciated:				
Buildings and improvements	74,281	--	--	74,281
Equipment	10,550	--	--	10,550
Total capital assets being depreciated	84,831	--	--	84,831
Less accumulated depreciation for:				
Buildings and improvements	(31,569)	(1,857)	--	(33,426)
Equipment	(5,550)	(1,000)	--	(6,550)
Total accumulated depreciation	(37,119)	(2,857)	--	(39,976)
Total capital assets being depreciated, net	47,712	(2,857)	--	44,855
Component Unit activities capital assets, net	$ 1,438,295	$ (2,857)	$ (235)	$ 1,435,203

Governmental depreciation was charged to functions as follows:

General Government	$ 80,895
Public Safety	158,423
Highways and Streets	49,868
Culture and Recreation	24,017
Economic Development Assistance	115,956
	$ 429,159

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2021, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
Hotel/Motel Fund	General Fund	$ 44,458	Short-term loans
	Total	$ 44,458	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2021, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Other Governmental Funds	City Water & Sewer Fund	$ 290,820	Supplement other funds sources
City Water & Sewer Fund	General Fund	17,265	Supplement other funds sources
	Total	$ 308,085	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the September 30, 2021 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Pension liability*	$ --	$ --	$ --	$ --	$ --
Notes from Direct Borrowings and Direct Placements	1,296,902	--	(137,748)	1,159,154	142,795
Total governmental activities	$ 1,296,902	$ --	$ (137,748)	$ 1,159,154	$ 142,795

* To be liquidated by the General Fund.

Bank Notes from Direct Borrowings and Direct Placements

The City borrowed $1,149,503 at the rate of 3.36% for a fire truck, equipment and refinance in 2020. The loan is repayable in annual payments of $116,300 ending in 2031. The balance at September 30, 2021 is $974,281. The equipment serves as collateral and in the event of default, the remaining balance on the note plus any accrued interest will become immediately due and payable.

The City borrowed $241,732 at the rate of 4.0% for six vehicles in 2020. The loan is repayable in annual payments of $66,689 ending in 2023. The balance at September 30, 2021 is $184,873. The vehicles serve as collateral and in the event of default, the remaining balance on the note plus any accrued interest will become immediately due and payable.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Water & Sewer Combination	$ 555,000	$ 4,255,000	$ (275,000)	$ 4,535,000	$ 430,000
Notes from Direct Borrowings and Direct Placements	3,639,992	--	(234,604)	3,405,388	226,706
Bond Premiums	--	475,076	--	475,076	--
Total business-type activities	$ 4,194,992	$ 4,730,076	$ (509,604)	$ 8,415,464	$ 656,706

Bonds

This is an original $4,415,000, 2002 Series Water & Sewer Combination Bonds, due in annual installments ranging from $185,000 to $280,000 @ .25% to 2.90% interest rate maturing September 2022. The balance at September 30, 2021 is $280,000.

This is an original $4,255,000, 2021 Series Water & Sewer Combination Bonds, due in annual installments ranging from $150,000 to $280,000 @ 3.00% interest rate maturing September 2041. The balance at September 30, 2021 is $4,255,000. There is an unamortized premium on this issue of $475,076.

Bank Notes from Direct Borrowings and Direct Placements

The City borrowed $78,000 at the rate of 3.3% for a backhoe. The loan is repayable in annual payments of $17,202 ending in 2020. The balance at September 30, 2021 is $0. The equipment serves as collateral and in the event of default the remaining balance on the note plus any accrued interest will become immediately due and payable.

The City borrowed $2,750,000 at the rate of 4.50% to purchase the Westwood Water System. The loan is repayable in semiannual payments of $104,988 ending in 2036. The balance at September 30, 2021 is $2,272,495. The system serves as collateral and in the event of default the remaining balance on the note plus any accrued interest will become immediately due and payable.

The City borrowed $213,600 at the rate of 3.3% for an aerater during the year 2017. The loan is repayable in annual payments of $47,104 ending in 2021. The balance at September 30, 2021 is $45,273. The equipment serves as collateral and in the event of default the remaining balance on the note plus any accrued interest will become immediately due and payable.

The City borrowed $1,288,950 at the rate of 3.97% to purchase an entire new meter system that will be installed in 2019. The loan is repayable in annual payments of $115,687 ending in 2033. The balance at September 30, 2021 is $1,087,620. The meter system serves as collateral and in the event of default the remaining balance on the note plus any accrued interest will become immediately due and payable.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Component-unit activities:					
EDC Note Series 2018	$ 1,316,349	$ --	$ (81,481)	$ 1,234,868	$ 84,931
Total component-unit activities	$ 1,316,349	$ --	$ (81,481)	$ 1,234,868	$ 84,931

The EDC borrowed $1,500,000 at the rate of 4.125% to finance the development of the Industrial Park and may not be used for any other purpose. It is repayable in the amount of $134,275 yearly and is secured with a pledge of sales and use tax revenue and matures in 2033. The balance at September 30, 2021 is $1,234,868.

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2021, are as follows:

	Governmental Activities-Loans-Direct Borrowings		
Year Ending	Principal	Interest	Total
2022	$ 142,795	$ 40,195	$ 182,990
2023	148,004	34,988	182,992
2024	153,399	29,590	182,989
2024	92,306	23,994	116,300
2025	95,404	20,896	116,300
2027-31	527,246	54,251	581,497
Totals	$ 1,159,154	$ 203,914	$ 1,363,068

	Business-type Activities-Bonds		
Year Ending	Principal	Interest	Total
2022	$ 430,000	$ 143,216	$ 573,216
2023	165,000	123,150	288,150
2024	170,000	118,200	288,200
2025	175,000	113,100	288,100
2026	180,000	107,850	287,850
2027-2031	975,000	455,250	1,430,250
2032-2036	1,130,000	300,000	1,430,000
2037-2041	1,310,000	120,450	1,430,450
Totals	$ 4,535,000	$ 1,481,216	$ 6,016,216

	Business-type Activities-Notes-Direct Borrowings		
Year Ending	Principal	Interest	Total
2022	$ 226,706	$ 145,723	$ 372,429
2023	189,269	136,394	325,663
2024	197,443	128,218	325,661
2025	205,973	119,688	325,661
2026	214,873	110,789	325,662
2027-2031	1,220,989	406,322	1,627,311
2032-2036	1,150,135	132,119	1,282,254
Totals	$ 3,405,388	$ 1,179,253	$ 4,584,641

	Component-Unit Activities-Notes		
Year Ending	Principal	Interest	Total
2022	$ 84,931	$ 49,344	$ 134,275
2023	88,501	45,773	134,274
2024	92,221	42,053	134,274
2025	96,098	38,176	134,274
2026	100,138	34,136	134,274
2027-2031	567,490	103,881	671,371
2032-2036	205,489	7,136	212,625
Totals	$ 1,234,868	$ 320,499	$ 1,555,367

G. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, 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 any of the past three fiscal years.

H. Pension Plan

1. Plan Description

The City participates as one of 860 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.

2. 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 covered by benefit terms:

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	23
Active employees	40
Total covered employees	89

3. 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 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.89% and 7.56% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the years ended September 30, 2021, 2020 and 2019 were $125,652, $124,505 and $122,988, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liaility was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% 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 Table, 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2020, valuation were developed primarily from the actuarial investigation of the experience of TMRS over the five-year period January 1, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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. The target allocation and best estimates of arithmetic 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)
Global Equities	30%	5.30%
Core Fixed Income	10%	1.25%
Non-Core Fixed Income	20%	4.14%
Real Estate	10%	4.00%
Real Return	10%	3.85%
Absolute Return	10%	3.48%
Private Equity	10%	7.75%
Total	100.0%	

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.

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/19	$ 5,915,672	$ 6,313,307	$ (397,635)
Changes for the year			
Service cost	249,254	--	249,254
Interest	397,982	--	397,982
Change of benefit terms	--	--	--
Difference between expected and actual experience	(29,070)	--	(29,070)
Changes of assumptions	--	--	--
Contributions - employer	--	123,162	(123,162)
Contributions - employee	--	118,050	(118,050)
Net investment income	--	478,052	(478,052)
Benefit payments, including refunds of employee contributions	(288,550)	(288,550)	--
Administrative expense	--	(3,101)	3,101
Other changes	--	(121)	121
Net changes	329,616	427,492	(97,876)
Balance at 12/31/2020	$ 6,245,288	$ 6,740,799	$ (495,511)

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	Discount Rate	1% Increase in Discount Rate
City's net pension liability	$ 275,672	$ (495,511)	$ (1,139,719)
Pension Plan Fiduciary Net Position		$ 6,740,799	

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.tmrs.com.

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

For the year ended September 30, 2021, the City recognized pension expense of ($276,778).

At September 30, 2021, 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	$ --	$ 19,900
Changes in actuarial assumptions	--	--
Difference between projected and actual investment earnings	(40,523)	--
Contributions subsequent to the measurement date	125,652	--
Total	$ 85,129	$ 19,900

$125,652 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec. 31:	
2021	$ (76,648)
2022	(1,950)
2023	(108,778)
2024	(10,380)
2025	--
Thereafter	--

I. Health Care Coverage

During the year ended September 30, 2021, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of $654 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the City and the third party administrator is renewable October 1, 2021, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the TML are available for the year ended December 31, 2021, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

J. Commitments and Contingencies

1. Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the City at September 30, 2021.

3. Contingencies

The City has $4,824,668 in cash available from its 2021 Bond Issue to pay for water and sewer improvements in the TDCJ Fund. The amount obligated during the current year was $34,881, and the remaining $4,789,787 is expected to be spent during the year ending September 30, 2022.

K. COVID 19

The COVID-19 pandemic continues to negatively impact economic activity nationwide. The overall economic effects are still unknown but could potentially have a material effect on the City in the future.

L. Future Pronouncements

In May, 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing effective dates of several statement provisions that were originally scheduled to be effective for periods beginning after June 15, 2018. The City will evaluate the potential effects of all postponed statements once the statements are closer to implementation.

M. Notes Receivable - Component Unit Performance Contracts

Effective December 3, 2018, the EDC entered into a performance agreement with Calhoun Frontier, LLC. Under the terms of this agreement, the EDC paid $100,000 directly to Calhoun Frontier, LLC in an effort to promote local employment and tax revenue. The promissory note is equal to $100,000. The forgiveness of the note will be contingent on a number of obligations as set out in the performance agreement. Upon meeting the requirements, there will be no further obligation to the EDC under this agreement. The performance agreement expires December 3, 2023. At September 30, 2021, the balance of the promissory note was $100,000.

Effective May 1, 2019, the EDC entered into a performance agreement with JRTR Investments, Ltd. Under the terms of this agreement, the EDC paid $125,000 directly to JRTR Investments, Ltd. in an effort to promote local employment and tax revenue. The promissory note is equal to $125,000. The forgiveness of the note will be contingent on a number of obligations as set out in the performance agreement. Upon meeting the requirements, there will be no further obligation to the EDC under this agreement. The performance agreement expires March 1, 2025. At September 30, 2021, the balance of the promissory note was $125,000.

Effective August 11, 2020, the EDC entered into a performance agreement with Rural Rehab Providers, LLC. Under the terms of this agreement, the EDC paid $110,000 directly to Rural Rehab Providers, LLC in an effort to promote local employment and tax revenue. The promissory note is equal to $111,000. The forgiveness of the note will be contingent on a number of obligations as set out in the performance agreement. Upon meeting the requirements, there will be no further obligation to the EDC under this agreement. The performance agreement expires August 11, 2023. At September 30, 2021, the balance of the promissory note was $111,000.

Effective September 2, 2020, the EDC entered into a performance agreement with Blacklidge Emulsions, Inc. Under the terms of this agreement, the EDC sold a tract from Fairfield Industrial Park South directly to Blacklidge Emulsions, Inc. in an effort to promote additional employment and economic growth for the Fairfield community. The promissory note is equal to $203,000. The forgiveness of the note will be contingent on a number of obligations as set out in the performance agreement. Upon meeting the requirements, there will be no further obligation to the EDC under this agreement. The performance agreement expires September 2, 2024. At September 30, 2021, the balance of the promissory note was $203,000.

Effective September 2, 2020, the EDC entered into a performance agreement with Freestone Diesel Performance. Under the terms of this agreement, the EDC paid $15,000 directly to Freestone Diesel Performance in an effort to promote local employment and tax revenue. The promissory note is equal to $15,000. The forgiveness of the note will be contingent on a number of obligations as set out in the performance agreement. Upon meeting the requirements, there will be no further obligation to the EDC under this agreement. The performance agreement expires September 2, 2021. At September 30, 2021, the balance of the promissory note was $15,000.

Effective October 8, 2020, the EDC entered into a performance agreement with CCPJ Texas, LLC. Under the terms of this agreement, the EDC paid $200,000 directly to CCPJ Texas, LLC in an effort to promote local employment and tax revenue. The promissory note is equal to $200,000. The forgiveness of the note will be contingent on a number of obligations as set out in the performance agreement. Upon meeting the requirements, there will be no further obligation to the EDC under this agreement. The performance agreement expires October 8, 2022. At September 30, 2021, the balance of the promissory note was $200,000.

Effective October 13, 2020, the EDC entered into a performance agreement with Archrock Services, LP. Under the terms of this agreement, the EDC paid $5,200 directly to Archrock Services, LP for first two month's rent owed by Archrock Services, LP and is to allow Archrock Services, LP the use of a billboard. The promissory note is equal to $5,200 and will be reduced by $217 for every month's rent paid to the landlord. The forgiveness of the note will be contingent on a number of obligations as set out in the performance agreement. Upon meeting the requirements, there will be no further obligation to the EDC under this agreement. The performance agreement expires November 30, 2022. At September 30, 2021, the balance of the promissory note was $2,600.

Effective October 13, 2020, the EDC entered into a performance agreement with Diane Huston dba Pack N' Mail. Under the terms of this agreement, the EDC paid $4,709 directly to Huston in an effort to promote local employment and tax revenue. The promissory note is equal to $4,709. The forgiveness of the note will be contingent on a number of obligations as set out in the performance agreement. Upon meeting the requirements, there will be no further obligation to the EDC under this agreement. The performance agreement expires October 13, 2022. At September 30, 2021, the balance of the promissory note was $4,709.

Effective November 4, 2020, the EDC entered into a performance agreement with Scott Long. Under the terms of this agreement, the EDC paid $10,000 directly to Long in an effort to promote local employment and tax revenue. The promissory note is equal to $10,000. The forgiveness of the note will be contingent on a number of obligations as set out in the performance agreement. Upon meeting the requirements, there will be no further obligation to the EDC under this agreement. The performance agreement expires May 4, 2022. At September 30, 2021, the balance of the promissory note was $10,000.

Effective March 9, 2021, the EDC entered into a performance agreement with Tank Holding Corp. Under the terms of this agreement, the EDC sold a tract from Fairfield Industrial Park directly to Tank Holding Corp. in an effort to promote additional employment and economic growth for the Fairfield community. The promissory note is equal to $76,300. The forgiveness of the note will be contingent on a number of obligations as set out in the performance agreement. Upon meeting the requirements, there will be no further obligation to the EDC under this agreement. The performance agreement expires March 9, 2022. At September 30, 2021, the balance of the promissory note was $76,300.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF FAIRFIELD

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes	$ 652,500	$ 652,500	$ 788,441	$ 135,941
General Sales and Use Taxes	1,750,000	1,750,000	1,943,892	193,892
Franchise Taxes	269,000	269,000	238,958	(30,042)
Alcoholic Beverages	5,000	5,000	13,136	8,136
Intergovernmental	772,500	772,500	290,982	(481,518)
Fine Revenue	75,000	75,000	49,054	(25,946)
Investment Earnings	3,500	3,500	352	(3,148)
Miscellaneous	149,000	149,000	110,827	(38,173)
Total revenues	3,676,500	3,676,500	3,435,642	(240,858)
Expenditures:				
Current:				
General Government	847,591	764,856	654,300	110,556
Public Safety	1,468,856	1,284,856	1,275,421	9,435
Highway & Streets	587,876	472,876	403,333	69,543
Culture & Recreation	207,108	207,108	194,249	12,859
Economic Development and Assistance	559,529	659,529	649,718	9,811
Debt Service:				
Principal	--	138,000	137,748	252
Interest and Fiscal Charges	--	46,000	45,242	758
Capital Outlay:				
Equipment and Buildings	--	115,000	111,226	3,774
Total Expenditures	3,670,960	3,688,225	3,471,237	216,988
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,540	(11,725)	(35,595)	(23,870)
Other Financing Sources (Uses):				
Operating Transfers In	--	17,265	17,265	--
Total Other Financing Sources (Uses)	--	17,265	17,265	--
Net Change in Fund Balances	5,540	5,540	(18,330)	(23,870)
Fund Balances - Beginning	113,987	113,987	113,987	--
Fund Balances - Ending	$ 119,527	$ 119,527	$ 95,657	$ (23,870)

CITY OF FAIRFIELD

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEXAS MUNICIPAL RETIREMENT SYSTEM
*LAST TEN FISCAL YEARS **

	Measurementl Year Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City's proportion of the net pension liability (asset)	-7.930%	-6.720%	0.850%	-5.350%	1.880%	100.000%	100.000%	--	--	--
City's proportionate share of the net pension liability (asset)	$ (495,511)	$ (397,635)	$ 47,653	$ (298,194)	$ 101,685	$ (489,733)	$ (894,507)	$ --	$ --	$ --
State's proportionate share of the net pension liability (asset) associated with the City	6,740,799	6,313,307	5,580,158	5,874,743	5,310,987	5,078,219	5,210,665	--	--	--
Total	$ 6,245,288	$ 5,915,672	$ 5,627,811	$ 5,576,549	$ 5,412,672	$ 4,588,486	$ 4,316,158	$ --	$ --	$ --
City's covered payroll	$ 1,686,427	$ 1,481,592	$ 1,437,890	$ 1,459,120	$ 1,600,898	$ 1,560,010	$ 1,569,419	$ --	$ --	$ --
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-29.38%	-26.84%	3.31%	-20.44%	6.35%	-31.39%	-57.00%	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	107.93%	106.72%	99.15%	105.35%	98.12%	110.67%	120.72%	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CITY OF FAIRFIELD

SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
*LAST TEN FISCAL YEARS **

	Fiscal Year Ended September 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 125,652	$ 124,505	$ 122,988	$ 122,505	$ 103,089	$ 87,228	$ 52,953	$ --	$ --	$ --
Contributions in relation to the contractually required contribution	(125,652)	(124,505)	(122,988)	(122,505)	(103,089)	(87,228)	(52,953)	--	--	--
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
City's covered payroll	$ 1,661,168	$ 1,686,427	$ 1,481,592	$ 1,437,890	$ 1,459,120	$ 1,600,898	$ 1,560,010	$ --	$ --	$ --
Contributions as a percentage of covered payroll	7.56%	7.38%	8.30%	8.52%	7.07%	5.45%	3.39%	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

CITY OF FAIRFIELD

SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
*LAST TEN FISCAL YEARS **

	Measurement Year Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total pension liability:										
Service cost	$ 249,254	$ 222,683	$ 219,710	$ 222,954	$ 168,575	$ 158,809	$ --	$ --	$ --	$ --
Interest	397,982	375,697	372,523	359,764	348,749	298,430	--	--	--	--
Changes of benefit terms	--	--	--	--	630,725	--	--	--	--	--
Differences between expected and actual experience	(29,070)	27,596	(205,887)	(30,230)	(50,175)	(50,474)	--	--	--	--
Changes of assumptions	--	8,423	--	--	--	130,105	--	--	--	--
Benefit payments, including refunds of employee contributions	(288,550)	(346,538)	(335,084)	(388,611)	(273,688)	(264,542)	--	--	--	--
Net change in total pension liability	329,616	287,861	51,262	163,877	824,186	272,328	--	--	--	--
Total pension liability - beginning	5,915,672	5,627,811	5,576,549	5,412,672	4,588,486	4,316,158	--	--	--	--
Total pension liability - ending (a)	$ 6,245,288	$ 5,915,672	$ 5,627,811	$ 5,576,549	$ 5,412,672	$ 4,588,486	$ --	$ --	$ --	$ --
Plan fiduciary net position:										
Contributions - employer	$ 123,162	$ 120,159	$ 119,069	$ 119,341	$ 74,757	$ 51,324	$ --	$ --	$ --	$ --
Contributions - employee	118,050	103,711	100,652	102,138	93,092	78,000	--	--	--	--
Net investment income	478,052	860,838	(175,643)	734,895	342,692	7,686	--	--	--	--
Benefit payments, including refunds of employee contributions	(288,550)	(346,538)	(335,084)	(388,611)	(273,688)	(264,542)	--	--	--	--
Administrative expense	(3,101)	(4,875)	(3,401)	(3,815)	(3,876)	(4,683)	--	--	--	--
Other	(121)	(146)	(178)	(192)	(209)	(231)	--	--	--	--
Net change in plan fiduciary net position	427,492	733,149	(294,585)	563,756	232,768	(132,446)	--	--	--	--
Plan fiduciary net position - beginning	6,313,307	5,580,158	5,874,743	5,310,987	5,078,219	5,210,665	--	--	--	--
Plan fiduciary net position - ending (b)	$ 6,740,799	$ 6,313,307	$ 5,580,158	$ 5,874,743	$ 5,310,987	$ 5,078,219	$ --	$ --	$ --	$ --
City's net pension liability - ending (a) - (b)	$ (495,511)	$ (397,635)	$ 47,653	$ (298,194)	$ 101,685	$ (489,733)	$ --	$ --	$ --	$ --
Plan fiduciary net position as a percentage of the total pension liability	107.93%	106.72%	99.15%	105.35%	98.12%	110.67%	--	--	--	--
Covered payroll	$ 1,686,427	$ 1,481,592	$ 1,437,890	$ 1,459,120	$ 1,600,898	$ 1,560,010	$ --	$ --	$ --	$ --
City's net pension liability as a percentage of covered payroll	-29.38%	-26.84%	3.31%	-20.44%	6.35%	-31.39%	--	--	--	--

Notes to Schedule:

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Budget

The official budget was prepared for adoption for the General Fund and Debt Service Fund. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

a. Prior to September 30 of the proceeding fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the Council is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.

c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Council.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Council. Amendments are presented to the Board at its regular meetings.

Each amendment must have Council approval. Such amendments are made before the fact, are reflected in the official minutes of the Council and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Council. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

See Note H for changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

See Note H for changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

CITY OF FAIRFIELD

EXHIBIT C-1

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenue:			
General Property Taxes	$ 305,000	$ 320,448	$ 15,448
Total revenues	305,000	320,448	15,448
Expenditures:			
Current:			
Debt Service:			
Capital Outlay:			
Total Expenditures	--	--	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	305,000	320,448	15,448
Other Financing Sources (Uses):			
Operating Transfers Out	(290,820)	(290,820)	--
Total Other Financing Sources (Uses)	(290,820)	(290,820)	--
Net Change in Fund Balances	14,180	29,628	15,448
Fund Balances - Beginning	62,580	62,580	--
Fund Balances - Ending	$ 76,760	$ 92,208	$ 15,448

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

ANDERSON, MARX & BOHL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA
FRANK MARX, III, CPA
DORI BOHL, CPA & CFE

Independent Auditors' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

City Council
City of Fairfield
222 South Mount Street
Fairfield, Texas 75840

Members of the City 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Fairfield, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Fairfield's basic financial statements, and have issued our report thereon dated May 23, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fairfield's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fairfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fairfield'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 is a deficiency, or a combination of deficiencies, in internal control that is less severe that a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2021-1 and 2021-2 to be material weaknesses.

www.anderson-cpa.com PHONE: (903) 872-2571 FAX: (903) 874-1413

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fairfield'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item(s) 2021-3.

City of Fairfield's Response to Findings

City of Fairfield's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Fairfield's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Respectfully submitted,

Anderson, Marx & Bohl, P.C.

Anderson, Marx & Bohl, P.C.

Corsicana, Texas
May 23, 2022

CITY OF FAIRFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
One or more material weaknesses identified?	X	Yes		No
One or more significant deficiencies identified that are not considered to be material weaknesses?		Yes	X	None Reported
Noncompliance material to financial statements noted?	X	Yes		No

B. Financial Statement Findings

2021-1

Condition: The City and Component Unit failed to post material adjustments.

Criteria: The City is required to maintain proper records that accurately reflect financial condition.

Effect: The financial statements did not reflect the proper amounts.

Cause: The City and Component Unit failed to adjust its records to the correct amounts.

Recommendation: The City and Component Unit should post all required adjustments to its financial statements.

City's Response: The City and Component Unit will post all necessary adjustments.

2021-2

Condition: The Component Unit failed to maintain proper segregation of the functions of asset custody, authorizing transactions, and recording transactions.

Critieria: The City is required to maintain proper segregation of duties to prevent a single individual from having the ability to perpetrate an error and conceal it without the error being discovered in a timely manner.

Effect: Component Unit financial statement misstatement by error or fraud could go undetected.

Cause: The Component Unit failed to maintain proper segregation of duties.

Recommendation: The Component Unit should segregate the functions of custody of assets, authorizing transactions, and recording transactions.

City's Response: The Component Unit will work on the development of compensating procedures to mitigate the lack of segregation of duties.

2021-3

Condition: The Component Unit does not have an investment policy or an investment officer.

Criteria: The Component Unit is required to adopt a written investment policy and to review it annually. An officer or employee is also required to be designated as the investment officer.

Effect: The Component Unit did not comply with the requirements of the Public Investment Act of Texas.

Cause: The Component Unit failed to adopt an investment policy or designate an investment officer.

Recommendation: The Component Unit should comply with the Public Investment Act of Texas.

City's Response: The Component Unit will adopt an investment policy and designate an investment officer.

CITY OF FAIRFIELD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
The City and Component Unit failed to post material adjustments.	Not Corrected	See current year findings
The Component Unit failed to maintain proper segregation of the functions of asset custody, authorizing transactions, and recording transactions.	Not Corrected	See current year findings
The Component Unit does not have an investment policy or an investment officer.	Not Corrected	See current year findings

CITY OF FAIRFIELD
222 SOUTH MOUNT STREET
FAIRFIELD, TEXAS 75840

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Misty Richardson at phone number 903-389-2633 will be responsible for overseeing necessary adjustments for the City and Component Unit. This will be accomplished by September 30, 2022.

Misty Richardson at phone number 903-389-2633 will be responsible for overseeing implementation of necessary compensating procedures to mitigate the lack of Component Unit segregation of duties. This will be accomplished by September 30, 2022.

Misty Richardson at phone number 903-389-2633 will be responsible for overseeing the adoption of a Component Unit investment policy and designation of an investment officer. This will be accomplished by September 30, 2022.

City Council
City of Fairfield, Texas
Agenda Action Form

AGENDA DATE:	June 7, 2022	**AGENDA ITEM**	Hayter Agreement

AGENDA SUBJECT:	DISCUSSION AND POSSIBLE ACTION ON AN AGREEMENT FOR PROFESSIONAL SERVICES WITH HAYTER ENGINEERING FOR THE WATER TOWER PROJECT, A TEXAS COMMUNITY BLOCK GRANT FUND PROJECT

PREPARED BY:	Nate Smith	**Date Submitted:**	June 2, 2022

EXHIBITS:	Agreement

BUDGETARY IMPACT
To be paid with grant funds

CITYADMINISTRATOR APPROVAL:	

SUMMARY:

Kevin Vanhoozier with Hayter Engineering will present the agreement and the project.

RECOMMENDED ACTION:

Recommend approval

ENGINEERING/SURVEYOR SERVICES

PART I
AGREEMENT

THIS AGREEMENT, entered into this **14th day June, 2022**, by and between the CITY OF **Fairfield**, hereinafter called the "City", acting herein by its **Mayor** hereunto duly authorized, and **Hayter Engineering, Inc.** hereinafter called "Firm," acting herein through a duly authorized officer.

WITNESSETH THAT:

WHEREAS, the City of **Fairfield** desires to construct the following:

Project Description Text **The project will consist of the rehabilitation of the interior and exterior coating systems for the existing East Elevated Water Storage Tank located at 300 Love Street in Fairfield. Sandblasting, priming, and painting will be the tasks involved in the construction of this project.**

These activities will take place under the general direction of the Texas Community Development Block Grant (hereinafter called "TxCDBG") Program of the Texas Department of Agriculture (TDA); and Whereas the City desires to engage **Hayter Engineering, Inc.** to render certain engineering/surveyor services in connection with the TxCDBG Project, Contract Number **CDV21-003.**

NOW THEREFORE, the parties do mutually agree as follows:

Definitions:

Throughout this document:

a. "Agreement" refers to this contract between the City and the Firm to assist with the surveying, and/or engineering of all or any portion of a community development block grant from the Texas Department of Agriculture.
b. "Firm" refers to the professional services provider engaged to assist the City with the surveying, and/or engineering of all or a portion of a community development block grant from the Texas Department of Agriculture.
c. "Parties" refer to the Firm and the City.

1. Scope of Services - The Firm will perform the services set out in Part II, Scope of Services.

2. Time of Performance - The services of the Firm shall commence on **March 1, 2022**. In any event, all of the services required and performed hereunder shall be completed no later than **February 29, 2024**.

3. Local Program Liaison - For purposes of this Agreement, the Mayor or equivalent authorized person will serve as the Local Program Liaison and primary point of contact for the Firm. All required progress reports and communication regarding the project shall be directed to this liaison and other local personnel as appropriate.

4. Access to Records – The U.S. Department of Housing and Urban Development (HUD), Inspectors General, the Comptroller General of the United States, the Texas Department of Agriculture (TDA), and the City/County, or any of their authorized representatives, shall have access to any documents, papers, or other records of the Firm which are pertinent to the TxCDBG award, in order to make audits, examinations, excerpts, and transcripts, and to closeout the City/County's TxCDBG contract with TDA.

5. Retention of Records - The Firm shall retain all required records for three years after the City/County makes its final payment and all pending matters are closed.

6. Compensation and Method of Payment - The maximum amount of compensation and reimbursement to be paid hereunder shall not exceed **$54,341.00**. Payment to the Firm shall be based on satisfactory completion of identified

milestones in Part III- Payment Schedule of this Agreement.

7. Indemnification – The Firm shall comply with the requirements of all applicable laws, rules and regulations, and shall exonerate, indemnify, and hold harmless the City and its agency members from and against any and all claims, costs, suits, and damages, including attorney's fees, arising out of the Firm's negligent performance or nonperformance of the activities, services or subject matter called for in this Agreement, and shall assume full responsibility for payments of Federal, State and local taxes on contributions imposed or required under the Social Security, worker's compensation and income tax law.

8. Miscellaneous Provisions

   a. This Agreement shall be construed under and in accord with the laws of the State of Texas, and all obligations of the Parties created hereunder are performable in **Freestone** County, Texas.
   b. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns where permitted by this Agreement.
   c. In any case one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
   d. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.
   e. This Agreement may be amended by mutual agreement of the parties hereto and in writing to be attached to and incorporated into this Agreement.

9. Extent of Agreement - This Agreement, which includes Parts I-V, including the following exhibits/attachments represents the entire and integrated agreement between the City and the Firm and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by authorized representatives of both City and the Firm.

IN WITNESS WHEREOF, the parties have executed this Agreement by causing the same to be signed on the day and year first above written.

BY: ______________________________

Signature

Kenneth Hughes

Name (Printed)

Mayor / City of Fairfield

Title / City Name

BY: Michael J. Donnan

Signature

Michael J. Donnan

Name (Printed)

____

President / Hayter Engineering

PART II
SCOPE OF SERVICES

The Firm shall render the following professional services necessary for the development of the project:

SCOPE OF SERVICES

1. Attend preliminary conferences with the City regarding the requirements of the project.
2. Determine necessity for acquisition of any additional real property/easements/right-of-ways (ROWs) for the TxCDBG project and, if applicable, furnish to the City:
   a. Name and address of property owners;
   b. Legal description of parcels to be acquired; and
   c. Map showing entire tract with designation of part to be acquired.
3. Make any necessary surveys of existing rights-of-way, topography, utilities, or other field data required for proper design of the project. Provide consultation and advice as to the necessity of the City providing or obtaining other services such as auger borings, core borings, soil tests, or other subsurface explorations; laboratory testing and inspecting of samples or materials; other special consultations. The Firm will review any tests required and act as the City's representative in connection with any such services.
4. Prepare railroad/highway permits.
5. If applicable, prepare a preliminary engineering/architectural study and report on the project in sufficient detail to indicate clearly the problems involved and the alternate solutions available to the City, to include preliminary layouts, sketches and cost estimates for the project, and to set forth clearly the Firm's recommendations.
6. Furnish the City copies of the preliminary report, if applicable (additional copies will be furnished to the City at direct cost of reproduction).
7. Submit detailed drawings and plans/specifications to appropriate regulatory agency(ies) and obtain clearance.
8. Make periodic visits, no less than every 30 days during the construction period, to the construction site to observe the progress and quality of the work, to ensure that the work conforms with the approved plans and specifications, and to determine if the work is proceeding in accordance with the Agreement.
9. Prepare bid packet/contract documents/advertisement for bids. At the time the bid packet is completed, the Firm shall also furnish to the City an updated written Opinion of Probable Project Costs.
10. Make 10-day call to confirm prevailing wage decision.
11. Incorporate any and all wage rate modifications or supersedes via bid addendum (if applicable).
12. Conduct bid opening and prepare minutes.
13. Tabulate, analyze, and review bids for completeness and accuracy.
14. Accomplish construction contractor's registration and eligibility verification through www.SAM.gov.
15. Conduct pre-construction conference and prepare copy of minutes.
16. Issue Notice to Proceed to construction contractor.
17. Provide in all proposed construction contracts deductive alternatives where feasible, so that should the lowest responsive base bid for construction exceed the funds available, deductive alternatives can be taken to reduce the bid price.
18. Design for access by persons with disabilities for those facilities to be used by the public in accordance with Public Law 504.
19. Use TDA-approved forms for instructions to bidders, general conditions, contract, bid bond, performance bond, and payment bond.
20. Consult with and advise the City during construction; issue to contractors all instructions requested by the City; and prepare routine change orders if required, at no charge for engineering services to the City/County when the change order is required to correct errors or omissions by the Firm; provide price analysis for change orders; process change orders approved by City and the Firm and submit to TDA for approval prior to execution with the construction contractor.

21. Review shop and working drawings furnished by contractors for compliance with design concept and with information given in contract documents (contractors will be responsible for dimensions to be confirmed and correlated at job site).
22. Respond to all payment requests within 14 days of receipt of signed pay request from the construction contractor.
23. Based on the Firm's on-site observations and review of the contractor's applications for payment, determine the amount owed to the contractor in such amounts; such approvals of payment to constitute a representation to the City, based on such observations and review, that the work has progressed to the point indicated and that the quality of work is in accordance with the plans, specifications and contract documents.
24. Recommend that a 10% retainage is withheld from all payments on construction contracts until final acceptance by the City and approval by TDA, unless State or local law provides otherwise.
25. Prepare Certificate of Construction Completion and Clean Lien Certificate. A Clean Lien Certificate may be prepared for each of the Prime Contractor(s) and each of the subcontractor(s).
26. Conduct interim/final inspections.
27. Revise contract drawings to show the work as actually constructed, and furnish the City with a set of "record drawings" plans.
28. The Firm will provide a copy of the final project record drawing(s) engineering schematic(s), as constructed using funds under this contract. These maps shall be provided in digital format containing the source map data (original vector data) and the graphic data in files on machine readable media, such as compact disc (CD), which are compatible with computer system s owned or readily available to the owner. The digital copy provided shall not include a digital representation of the engineer's seal but the accompanying documentation from the Firm shall include a signed statement of when the map was authorized, that the digital map is a true representation of the original sealed document, and that a printed version with the seal has been provided to the City. In addition, complete documentation as to the content and layout of the data files and the name of the software package(s) used to generate the data and maps shall be provided to the owner in written form.
29. **Limitation of Liability.** In recognition of the relative risks and benefits of the project to both the OWNER and the ENGINEER, the risks have been allocated such that the OWNER agrees, to the fullest extent permitted by law, to limit the liability of the ENGINEER and his subcontractors on the project for any and all claims, losses, costs, damages of any nature whatsoever or claims expenses from any cause or causes, so that the total aggregate liability of the ENGINEER and his or her sub-consultants to all those named shall not exceed $100,000 or the ENGINEER'S total fee for services rendered on this project, whichever is greater. Such claims and causes include, but are not limited to, negligence, professional errors or omissions, strict liability, and breach of contract.
30. Basic services during the construction period, if any such services are included in this AGREEMENT, are understood to be for the time of completion initially specified in the corresponding construction contract, and services beyond that time, including services as expert witness or assisting in litigation, or services due to failure of the CONTRACTOR to complete on time, will be deemed additional services.

SUBCONTRACTS

1. No work under this Agreement shall be subcontracted by the Firm without prior approval from the City.
2. The Firm shall, prior to proceeding with the work, notify the City of the name of any subcontractors proposed for the work, including the extent and character of the work to be done by each.
3. If any time during progress of the work, the City determines that any subcontractor is incompetent or undesirable, the City/County will notify the Firm who shall take reasonable and immediate steps to satisfactorily cure the problem, substitute performance, or cancel such subcontract. Subletting by subcontractors shall be subject to the same regulations. Nothing contained in this Agreement shall create any contractual relation between any subcontractor and the City.
4. The Firm will include in all contracts and subcontracts in excess of $150,000 a provision which requires compliance with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C 7401-7671q) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251-1387). The provisions shall require reporting of violations to TDA and to the Regional Office of the Environmental Protection Agency (EPA).

5. The Firm will include in all contracts and subcontracts in excess of $150,000 provisions or conditions which will allow for administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate.

6. The Firm will include in all contracts and subcontracts in excess of $10,000 provisions addressing termination for cause and for convenience by the City including the manner by which it will be effected and the basis for settlement.

7. The Firm will include in all contracts and subcontracts provisions requiring compliance with the following, if applicable:
   a. Prime construction contracts in excess of $2,000, compliance with the Davis-Bacon Act, as amended (40 U.S.C.314 1-3 144, 3 146-3 148) as supplemented by Department of Labor regulations (29 CFR part 5);
   b. Prime construction contracts in excess of $2,000, compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulation (29 CFR part 3);
   c. Contracts greater than $10,000, the inclusion of the Equal Opportunity clause provided under 41 CFR 60-1 .4(b) (Executive Order 11246);
   d. Section 3 of the Housing and Urban Development Act of 1969;
   e. Contracts exceeding $100,000, compliance with the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352);
   f. For contracts in excess of $1 00,000 that involve the employment of mechanics or laborers, compliance with the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708), including work week requirements and safety conditions for workers, as supplemented by Depa1tment of Labor regulations (29 CFR Part 5); and
   g. For procurement of recovered materials where the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeded $10,000, compliance with 2 CFR 200.322 and section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recove1y Act, which requires procuring only items designated in guidelines of the EPA at 40 CFR part 247 that contain the highest percentage of recovered materials practicable.

8. The Firm will include in all negotiated contracts and subcontracts a provision which indicates that funds will not be awarded under this contract to any party which is debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549 and 2 CFR Part 2424. A certification shall be provided and received from each proposed subcontractor under this contract and its principals.

9. The Firm will include in all negotiated contracts and subcontracts a provision to the effect that the City, TDA, the Texas Comptroller of Public Accounts, the Comptroller General of the United States, the U.S. Department of Housing and Urban Development (HUD), or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to that specific contract, for the purpose of making audit, examination, excerpts, and transcriptions.

10. Firm will include in all contracts and subcontracts a requirement that the contractor maintain all relevant project records for three (3) years after the City has made final payment to the contractor and all other pending matters are closed.

STANDARD OF PERFORMANCE AND DEFICIENCIES

1. All services of the Firm and its independent professional associates, consultants and subcontractors will be performed in a professional, reasonable and prudent manner in accordance with generally accepted professional practice. The Firm represents that it has the required skills and capacity to perform work and services to be provided under this Agreement.

2. The Firm represents that services provided under this Agreement shall be performed within the limits prescribed by the City in a manner consistent with that level of care and skill ordinarily exercised by other professional consultants under similar circumstances.

3. Any deficiency in Firm's work and services performed under this contract shall be subject to the provisions of applicable state and federal law. Any deficiency discovered shall be corrected upon notice from City and at the Firm's expense if the deficiency is due to Firm's negligence. The City shall notify the Firm in writing of any such deficiency and provide an opportunity for mutual investigation and resolution of the problem prior to pursuit of any judicial remedy. In any case, this provision shall in no way limit the judicial remedies available to the City under applicable state or federal law.

4. The Firm agrees to and shall hold harmless the City, its officers, employees, and agents from all claims and liability of whatsoever kind or character due to or arising solely out of the negligent acts or omissions of the Firm, its officers, agents, employees, subcontractors, and others acting for or under the direction of the Firm doing the work herein contracted for or by or in consequence of any negligence in the performance of this Agreement, or by or on account of any omission in the performance of this Agreement.

PART III-

PAYMENT SCHEDULE

City shall reimburse the Firm for professional services provided upon completion of the following project milestones per the following percentages of the maximum contract amount:

Milestone	% of Contract
• Completion of Topographic Surveys	10%
• Progress payments on Plans and Specifications	30%
• Completion of bid advertisement and contract award	10%
• Progress payments as construction occurs	40%
• Completion of Final Closeout Assessment and submittal of As Builts to City/County	5%
• Completion of final inspection and acceptance by the City	5%
TOTAL	100%

PART IV

TERMS AND CONDITIONS

1. Termination of Agreement for Cause. If the Firm fails to fulfill in a timely and proper manner its obligations under this Agreement, or if the Firm violates any of the covenants, conditions, agreements, or stipulations of this Agreement, the City shall have the right to terminate this Agreement by giving written notice to the Firm of such termination and specifying the effective date thereof, which shall be at least five days before the effective date of such termination. In the event of termination for cause, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Firm pursuant to this Agreement shall, at the option of the City, be turned over to the City/County and become the property of the City/County. In the event of termination for cause, the Firm shall be entitled to receive reasonable compensation for any necessary services actually and satisfactorily performed prior to the date of termination.

   Notwithstanding the above, the Firm shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of the Agreement by the Firm, and the City may set-off the damages it incurred as a result of the Firm's breach of the contract from any amounts it might otherwise owe the Firm.

2. Termination for Convenience of the City/County.

   City/County may at any time and for any reason terminate Contractor's services and work at City/County's convenience upon providing written notice to the Contractor specifying the extent of termination and the effective date. Upon receipt of such notice, Contractor shall, unless the notice directs otherwise, immediately discontinue the work and placing of orders for materials, facilities and supplies in connection with the performance of this Agreement.

   Upon such termination, Contractor shall be entitled to payment only as follows: (1) the actual cost of the work completed in conformity with this Agreement plus (2) such other costs actually incurred by Firm as are permitted by the prime contract and approved by City/County. There shall be deducted from such sums as provided in this subparagraph the amount of any payments made to Firm prior to the date of the termination of this Agreement. Firm shall not be entitled to any claim or claim of lien against City/County for any additional compensation or damages in the event of such termination and payment.

3. Changes. The City may, from time to time, request changes in the services the Firm will perform under this Agreement. Such changes, including any increase or decrease in the amount of the Firm's compensation, must be agreed to by all parties and finalized through a signed, written amendment to this Agreement.

4. Resolution of Program Non-Compliance and Disallowed Costs. In the event of any dispute, claim, question, or disagreement arising from or relating to this Agreement, or the breach thereof, including determination of responsibility for any costs disallowed as a result of non-compliance with federal, state or TxCDBG program requirements, the parties hereto shall use their best efforts to settle the dispute, claim, question or disagreement. To this effect, the parties shall consult and negotiate with each other in good faith within 30 days of receipt of a written notice of the dispute or invitation to negotiate, and attempt to reach a just and equitable solution satisfactory to both parties. If the matter is not resolved by negotiation within 30 days of receipt of written notice or invitation to negotiate, the parties agree first to try in good faith to settle the matter by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure. The parties may enter into a written amendment to this Amendment and choose a mediator that is not affiliated with the American Arbitration Association. The parties shall bear the costs of such mediation equally. If the matter is not resolved through such mediation within 60 days of the initiation of that procedure, either party may proceed to file suit.

5. Personnel.

   a. The Firm represents that it has, or will secure at its own expense, all personnel required in performing the services under this Agreement. Such personnel shall not be employees of or have any contractual relationship with the City.

   b. All of the services required hereunder will be performed by the Firm or under its supervision and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and Local law to perform such services.

   c. None of the work or services covered by this Agreement shall be subcontracted without the prior written approval of the City. Any work or services subcontracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this Agreement.

6. Assignability. The Firm shall not assign any interest on this Agreement, and shall not transfer any interest in the same

(whether by assignment or novation), without the prior written consent of the City thereto; Provided, however, that claims for money by the Firm from the City under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Written notice of any such assignment or transfer shall be furnished promptly to the City.

7. Reports and Information. The Firm, at such times and in such forms as the City may require, shall furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs and obligations incurred or to be incurred in connection therewith, and any other matters covered by this Agreement.

8. Records and Audits. The Firm shall insure that the City maintains fiscal records and supporting documentation for all expenditures of funds made under this contract in a manner that conforms to 2 CFR 200.300-.309, 24 CFR 570.490, and this Agreement. Such records must include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the funds provided under this Agreement. The Firm and the City shall retain such records, and any supporting documentation, for the greater of three years from closeout of the Agreement or the period required by other applicable laws and regulations.

9. Findings Confidential. All of the reports, information, data, etc., prepared or assembled by the Firm under this contract are confidential and the Firm agrees that they shall not be made available to any individual or organization without the prior written approval of the City.

10. Copyright. No report, maps, or other documents produced in whole or in part under this Agreement shall be the subject of an application for copyright by or on behalf of the Firm.

11. Compliance with Local Laws. The Firm shall comply with all applicable laws, ordinances and codes of the State and local governments, and the Firm shall save the City harmless with respect to any damages arising from any tort done in performing any of the work embraced by this Agreement.

12. Conflicts of interest.

    a. Governing Body. No member of the governing body of the City and no other officer, employee, or agent of the City, who exercises any functions or responsibilities in connection with administration, construction, engineering, or implementation of TxCDBG award between TDA and the City/County, shall have any personal financial interest, direct or indirect, in the Firm or this Agreement; and the Firm shall take appropriate steps to assure compliance.

    b. Other Local Public Officials. No other public official, who exercises any functions or responsibilities in connection with the planning and carrying out of administration, construction, engineering or implementation of the TxCDBG award between TDA and the City, shall have any personal financial interest, direct or indirect, in the Firm or this Agreement; and the Firm shall take appropriate steps to assure compliance.

    c. The Firm and Employees. The Firm warrants and represents that it has no conflict of interest associated with the TxCDBG award between TDA and the City or this Agreement. The Firm further warrants and represents that it shall not acquire an interest, direct or indirect, in any geographic area that may benefit from the TxCDBG award between TDA and the City or in any business, entity, organization or person that may benefit from the award. The Firm further agrees that it will not employ an individual with a conflict of interest as described herein.

13. Conflicts Disclosure Statement (Sec. 176.003 in Chapter 176 of the Local Government Code)
    a. A local government officer shall file a conflicts disclosure statement with respect to a vendor if:
        1) the vendor enters into a contract with the local governmental entity or the local governmental entity is considering entering into a contract with the vendor; and
        2) the vendor:
            (A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds $2,500 during the 12-month period preceding the date that the officer becomes aware that (i) a contract between the local governmental entity and vendor has been executed; or (ii) the local governmental entity is considering entering into a contract with the vendor;
            (B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than $100 in the 12-month period preceding the date the officer becomes aware that: (i) a contract between the local governmental entity and vendor has been executed; or (ii) the local governmental entity is considering entering into a contract with the vendor; or has a family relationship with the local government officer.

(a-1). A local government officer is not required to file a conflicts disclosure statement in relation to a gift accepted by the officer or a family member of the officer if the gift is: (1) a political contribution as defined by Title 15, Election Code; or a (2) food accepted as a guest.
(a-2). A local government officer is not required to file a conflicts disclosure statement under Subsection (a) if the local governmental entity or vendor described by that subsection is an administrative agency created under Section 791.013, Government Code.

b. A local government officer shall file the conflicts disclosure statement with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement under Subsection (a).

14. Debarment and Suspension (Executive Orders 12549 and 12689)
The Firm certifies, by entering into this Agreement, that neither it nor its principals are presently debarred, suspended, or otherwise excluded from or ineligible for participation in federally-assisted programs under Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235). The term "principal" for purposes of this Agreement is defined as an officer, director, owner, partner, key employee, or other person with primary management or supervisory responsibilities, or a person who has a critical influence on or substantive control over the operations of the Firm. The Firm understands that it must not make any award or permit any award (or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

Federal Civil Rights Compliance.

15. Equal Opportunity Clause (applicable to contracts and subcontracts over $10,000).

During the performance of this contract, the Firm agrees as follows:

a. The Firm will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Firm will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Firm agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

b. The Firm will, in all solicitations or advertisements for employees placed by or on behalf of the Firm, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.

c. The Firm will not discourage or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's duty to furnish information.

d. The Firm will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Firm's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

e. The Firm will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

f. The Firm will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

g. In the event of the Firm's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the Firm may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

h. The Firm will include the portion of the sentence immediately preceding paragraph (a) and the provisions of paragraphs (a) through (h) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Firm will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event a Firm becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency the Firm may request the United States to enter into such litigation to protect the interests of the United States.

16. Civil Rights Act of 1964. Under Title VI of the Civil Rights Act of 1964, no person shall, on the grounds of race, color, religion, sex, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

17. Section 109 of the Housing and Community Development Act of 1974. The Firm shall comply with the provisions of Section 109 of the Housing and Community Development Act of 1974. No person in the United States shall on the ground of race, color, national origin, religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

18. Section 504 of the Rehabilitation Act of 1973, as amended. The Firm agrees that no otherwise qualified individual with disabilities shall, solely by reason of his/her disability, be denied the benefits of, or be subjected to discrimination, including discrimination in employment, under any program or activity receiving federal financial assistance.

19. Age Discrimination Act of 1975. The Firm shall comply with the Age Discrimination Act of 1975 which provides that no person in the United States shall on the basis of age be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

20. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) (if contract greater than or equal to $100,000)

The Firm certifies that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining this contract. The Firm shall disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award.

[If this Contract is greater than $100,000, include the following Section 3 language:]

21. Economic Opportunities for Section 3 Residents and Section 3 Business Concerns.

a. The work to be performed under this contract is subject to the requirements of section 3 of the housing and Urban Development Act of 1968, as amended, 12 U.S.C. 170lu (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted project covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

b. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidence by their execution of this contract, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

c. The Firm agrees to send to each labor organization or representative of workers with which the Firm has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Firm's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set for minimum number and job title subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

d. The Firm agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor where the Firm has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

e. The Firm will certify that any vacant employment positions, including training positions, that are filled (1) after the Firm is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Firm's obligations under 24 CFR part 135.

f. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

g. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section e and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

22. Patent Rights and Inventions – The Firm shall comply with the requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is develop in the course of or under such contract (2 CFR 200 Appendix II (f) and Right to Inventions in 37 CFR Part 401).

    Rights to Inventions Made Under a Contract or Agreement – If the Federal award meets the definition of "funding agreement" under 37 CFR §401.2 (a) and the Subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the Subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency. (2 CFR 200 Appendix II (f), Rights to Inventions).

23. Energy Efficiency – The Firm shall comply with the mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94A 163, 89 Stat. 871. (24 CRF 85.26 (i) (13)).

24. Verification No Boycott Israel. As required by Chapter 2270, Government Code, the Firm hereby verifies that it does not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business, activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a

person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

25. Foreign Terrorist Organizations. Pursuant to Chapter 2252, Texas Government Code, the Firm represents and certifies that, at the time of execution of this Agreement neither the Firm, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapter 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

PROJECT TIME SCHEDULE ENGINEERING/SURVEYOR PROFESSIONAL SERVICES

It is understood that the TDA grant agreement beginning date is **March 1, 2022**. All time outlined below are based on this beginning date.

1.	Complete plans & specifications	**December 1, 2022**
2.	Complete bid, award and construction contract execution.	**March 1, 2023**
3.	Complete construction phase engineering.	**February 29, 2024**

City Council
City of Fairfield, Texas
Agenda Action Form

AGENDA DATE:	June 6, 2022	**AGENDA ITEM**	ONCOR ordinance

AGENDA SUBJECT:	DISCUSSION AND POSSIBLE ACTION ON ORDINANCE 06-07-2022 RATES, AN ORDINANCE DENYING A PROPOSED CHANGE IN RATES FOR ONCOR ELECTRIC COMPANY

PREPARED BY:	Nate Smith	**Date Submitted:**	June 2, 2022

EXHIBITS:	Ordinance 06-07-2022

BUDGETARY IMPACT

None

CITYADMINISTRATOR APPROVAL:

SUMMARY:

ONCOR is asking cities to deny a proposed rate increase, so that all rates will be negotiated at the Public Utilities Commission. Matt Wilkinson, the new Area Manager for ONCOR, will explain the case.

RECOMMENDED ACTION:

Recommend approval

ORDINANCE NO. 06-07-2022 RATES

AN ORDINANCE DENYING THE PROPOSED CHANGE IN RATES OF ONCOR ELECTRIC DELIVERY COMPANY LLC, FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW, AND DECLARING AN EFFECTIVE DATE OF THIS ORDINANCE.

BE IT ORDAINED BY THE CITY COUNCIL OF FARIFIELD, TEXAS:

SECTION 1. That the proposed change in rates filed with the Governing Body of this municipality by Oncor Electric Delivery Company LLC on May 13, 2022, are hereby denied and disapproved, and Oncor Electric Delivery Company LLC shall continue to provide electric delivery service within this municipality in accordance with its rate schedules and service regulations in effect within this municipality on May 13, 2022.

SECTION 2. That it is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public and as required by law, and public notice of the time, place and purpose of said meeting was given as required.

SECTION 3. This Ordinance shall be effective on the date of the passage and approval hereof.

PASSED AND APPROVED at a regular meeting of the City Council of Fairfield, Texas, on this the 7th day of June, 2022.

____
Kenneth Hughes, Mayor

ATTEST:

____
Misty Richardson, City Secretary
STATE OF TEXAS §
COUNTY OF FREESTONE §
CITY OF FAIRFIELD §

City Council
City of Fairfield, Texas
Agenda Action Form

AGENDA DATE:	June 6, 2022	**AGENDA ITEM**	Demolition Bids

AGENDA SUBJECT:	DISCUSSION AND POSSIBLE ACTION ON AWARDING DEMOLITION BIDS FOR HOMES AT 517 N. HALL, 430 BRADLEY ST., AND 233 S. FAIRWAY ST.

PREPARED BY:	Nate Smith	**Date Submitted:**	June 2, 2022

EXHIBITS:	Bids

BUDGETARY IMPACT

Will have to be an additional budget transfer

CITYADMINISTRATOR APPROVAL:

SUMMARY:

In May, staff submitted a bid from a single vendor for demolition and clearing at three homes. The council asked staff to return with more bids, which has been accomplished.

RECOMMENDED ACTION:

Council Discretion

From:	Hershell Jones
To:	Nate Smith
Subject:	Bid proposal
Date:	Sunday, May 15, 2022 10:11:01 AM

HJ Dozer services
300 CR 521
Fairfield TX 75840
Ph. 903-390-0186
Email- hjdozerservices@yahoo.com

Proposed bid to clean up 3 city lots for the city of Fairfield Tx.

Scope of work to be performed.

Mobilize to said locations remove structures haul off dispose of and clean up locations.

Lot-1 517 N Hall st	cost $ 6,825.00
Lot-2 430 Bradley st	cost $ 6,325.00
Lot-3 233 S Fairway st	cost $ 8,275.00

Total bid for all three locations $ 21,425.00

Thank you for the opportunity to bid these projects
Hershell Jones.
Sent from Yahoo Mail for iPhone

KENT TRUCKING & CONST. LLC

P.O. BOX. 256, FAIRFIELD, TEXAS. 75840
OFFICE: 903-389-7497 FAX: 903-389-9655

QUOTE

DATE: 5/25/2022 QUOTE# 2162

TO: PAGE: 1 OF 1

CITY OF FAIRFIELD, TEXAS

We propose hereby to furnish material and labor necessary for the completion of the project described below.

DEMO HOUSE = 417 N HALL

ITEM	
1	DEMO HOUSE
2	REMOVE OR DEMO RV IN FRONT YARD
3	DEMO OUT BUILDING
4	REMOVE REQUIRED TREES OR BRANCHES TO DEMO HOUSE
5	HAUL OFF DEBRIS AND TRASH

We are pleased to offer the Amount of $19,250.00
NINETEEN THOUSAND TWO HUNDRED FIFTY DOLLARS AND 00/100
For the described Project.

Note: This proposal may be withdrawn by us if not accepted within 30 days.

KENT TRUCKING & CONST. LLC

P.O. BOX. 256, FAIRFIELD, TEXAS. 75840
OFFICE: 903-389-7497 FAX: 903-389-9655

QUOTE

DATE: 5/25/2022 QUOTE# 2160

TO: PAGE: 1 OF 1

CITY OF FAIRFIELD, TEXAS

We propose hereby to furnish material and labor necessary for the completion of the project described below.

DEMO HOUSE = 430 BRADLEY ST.

ITEM

1 DEMO HOUSE

2 DEMO OUT BUILDINGS

3 REMOVE REQUIRED TREES OR BRANCHES TO DEMO HOUSE

4 DEMO ROCK FENCE

5 HAUL OFF DEBRIS AND TRASH

We are pleased to offer the Amount of $11,495.00
ELEVEN THOUSAND FOUR HUNDRED NINETY FIVE DOLLARS AND 00/100
For the described Project.

Note: This proposal may be withdrawn by us if not accepted within 30 days.

KENT TRUCKING & CONST. LLC
P.O. BOX. 256, FAIRFIELD, TEXAS. 75840
OFFICE: 903-389-7497 FAX: 903-389-9655

QUOTE

DATE: 5/25/2022 QUOTE# 2161

TO: PAGE: 1 OF 1
CITY OF FAIRFIELD, TEXAS

We propose hereby to furnish material and labor necessary for the completion of the project described below.

DEMO HOUSE = 233 S FAIRWAY

ITEM	
1	DEMO HOUSE
2	REMOVE DOWN TREES
3	CLEAN UP TRASH IN BACK YARD
4	HAUL OFF DEBRIS AND TRASH

We are pleased to offer the Amount of $12,265.00
TWELVE THOUSAND TWO HUNDRED SIXTY FIVE DOLLARS AND 00/100
For the described Project.

Note: This proposal may be withdrawn by us if not accepted within 30 days.