

**Cumby City Council**  
**Regular Meeting Agenda**  
**June 09, 2020**  
**City Hall – 100 East Main Street, Cumby, Texas**  
**6:30 p.m.**

**Public Link:** <https://us02web.zoom.us/j/82341709223>

**Meeting ID: 823 4170 9223**

- I. Call to Order**
- II. Establish quorum**
- III. Invocation**
- IV. Pledge of Allegiance**
- V. Reports**
  - A. Police Department**
  - B. Maintenance Department**
  - C. Fire Department**
  - D. Municipal Court**
- VI. Consent Agenda**
  - A. Approve minutes of May 12, 2020 regular Meeting.**
  - B. Approve May financials.**

**VII. Announcements**

*Announcements are provided on each agenda so that City Staff, Mayor, Council Members and members of the public may make announcements concerning matters of public recognition or upcoming events of local and regional significance; to advise the public of opportunities for service, recognition or recreation within our community; and to provide community charitable, civic, and philanthropic organizations the chance to broaden their appeal by the timely publication of details of their programs and activities. To utilize this opportunity, members of the public may contact the Mayor, City Secretary or City Council Members with details of their events or may appear at City Council Meetings and make their own announcements. "Announcements" shall be limited to the recitation of facts about the subject events, congratulatory or approbative statements concerning service to the City or the community, and invitations to participation at various events. No deliberations concerning the details of upcoming events shall be conducted*

**A. Update on outstanding vendor debt**

**VIII. Presentation by Citizens (Please Limit To 2 Minutes)**

*(At this time, we would like to listen to any member of the audience on any subject matter, whether that item is on the agenda. All comments are limited to a maximum of two (2) minutes*

*for each speaker. Speakers making personal, unfounded, profane or slanderous remarks may be removed from the room. In accordance with the Open Meetings Act, the Mayor and Aldermen are restricted from discussing or acting on any items not listed on the agenda. Action can only be taken at a future meeting. When your name is called, please come to the front and state your name and address clearly before making your comments. Thank you for your cooperation).*

**X. Old Business**

- A. Discuss and consider possible action setting amount spent without council approval.**
- B. Discuss and consider adopting Ordinance 2020-05-02 Establishing Rates for Domestic & Commercial Water & Sewer Service.**
- C. Discuss and consider adopting Ordinance 2020-05-03 Establishing permit/inspection rates.**
- D. Discuss and consider adopting Ordinance 2020-05-04 authorizing golf carts on city streets.**

**XI. New Business**

- A. Discuss and consider possible action on a motion to approve the independent audit for fiscal year 2018-2019.**
- B. Discuss and consider possible action on adopting Resolution 2020-06-01 ordering a general election for November 3, 2020 for City of Cumby Alderman Place 1, Alderman Place 2, and Mayor.**
- C. Discuss and consider possible action on adopting Ordinance 2020-06-02 calling for a special election on November 3, 2020 for the purpose of reauthorizing the local sales and use tax at the rate of one quarter (1/4) for one percent (1%) to continue providing revenue for maintenance and repair of municipal streets.**
- D. Discuss and consider possible action on approving the Demolition Order for 209 Barker ST. Cumby TX, 75433.**
- E. Discuss and consider possible action on scheduling a Summer Clean-up day.**
- F. Discuss and consider possible action on contracting with Noble Resources Termite and Pest Control of Leonard, Texas to begin a fogging program to help eradicate the mosquito population.**

**XII. Adjournment**

*If during the course of the meeting, any discussion of any item on the agenda should be held in closed session, the Council will convene in such executive or closed session in accordance with the following: 1) VTCA Government Code 551.071 - Consultations with legal counsel concerning pending or threatened litigation or matters where counsel's duty to the City conflicts with the Open Meetings Act; 2) VTCA Government Code 551.072 - Deliberations regarding the purchase, sale, lease or exchange of real property;*

3) VTCA Government Code 551.073 - Deliberations regarding prospective gifts or donations; 4) VTCA Government Code 551.074 - Deliberations regarding personnel of the City; 5)VTCA Government Code 551.076 - Deliberations regarding the deployment of security devices or the implementation of security policy; and VTCA Government Code 551.087 – Deliberations regarding Economic Development negotiations.

### CERTIFICATION

I, Codi Reynolds, City Secretary for City of Cumby, hereby certify that the above notice of meeting and agenda was posted on the Public Notice Board at Cumby City Hall, 100 East Main Street, Cumby, Texas on June 5, 2020 at 4:30 p.m.

  
Codi Reynolds, City Secretary



# MAINTENANCE REPORT

FOR THE MONTH OF MAY THE MAINTENANCE DEPARTMENT:

COMPLETED 18 WORK ORDERS

REPAIRED 4 POTHOLES

REPAIRED 3 WATER MAIN LEAKS

BLEW OUT 2 SEWER MAINS

REPAIRED 1 STOP SIGN

INSTALLED 1 NEW CHECK VALVE

MONTH	CITY	COUNTY	ACREAGE	GRASS FIRE	CAR FIRE	STRUCTURE FIRE	MEDICAL	MVA
JAN	6	12	5	2	0	1	7	6
FEB	5	10	20	3	0	0	5	4
MAR	1	11	0	0	0	0	4	4
APR	1	5	0	0	0	0	2	3
MAY	5	16	0	4	1	1	11	4

INVESTIGATION / STAND BY	WATER USAGE	MAN/HOURS
2	0	70.47
3	0	29.35
4	0	36.18
1	0	19.38
1	150	35.72

## **Cumby Municipal Court Report**

For the month of May the Court Collected **\$78,341.91** total.

Of that amount the breakdown for collection fees, state fees, and that which is kept by the city is as follows.

Collections: **\$9148.92**

State: **\$24,013.18**

City: **\$45,179.81**

## CUMBY MUNICIPAL COURT

### Judges Report

Ms. Wright, the Supervising Court Clerk, will now be submitting a monthly court report for your review. I am here to answer any questions you may have about that report, but also to share items I think would be helpful for the Council to review.

When Ms. Wright took the position last July, to say things were chaotic is an understatement. We have been working with the Texas Ranger, Mr. Vance, and have found many things that were not done legally or properly. Among other things, we have located several stacks of money orders and cashier's checks that were inexplicably hidden in remote files that are uncollectable as many of those date back as far as 2016. This, in part, may largely be due to the inability of past clerk staff to properly manage an office. Although Cumby has received some negative press and criticism from the public, most of those issues no longer exist. Dwelling on the past actions taken by previous employees is not productive as there is very little way to prove and prosecute those actions. We now have an excellent group of dedicated people that are working to make Cumby the city is can be.

The key in any business, or city, county, or state agency is to have capable people in the right positions. Ms. Wright, has completely revamped the system on the citations issued and is working with other support entities that assist us in keeping the court legally and justly sound. In addition, although Kelsey and Codi have been so gracious as to help when she was overwhelmed with work, adding the second assistant clerk position Ms. Graham has made this process run more smoothly as it should have been all along.

We had remote Show Cause hearings last week and trial hearings are set to start the 4<sup>th</sup> week of June. All trials will follow the new Covid-19 Court Operating Plan written in accordance with all state and local standards.

As you can see, we have made great progress in the Court and still much to do. Having excellent staff in the two clerks, as well as the support staff of Codi and Kelsey, will make this process much easier. Once we have everything caught up, we should be able to stay on track for the future.

I certainly appreciate the support of the Mayor and Council as it takes everyone working together to achieve the success we want for the City of Cumby.

Respectfully,



Lana Adams, Municipal Court Judge, City of Cumby



Regular Meeting Minutes of the City Council of the City of Cumby

Tuesday, May 12, 2020

Cumby City Hall

PRESENT:

Doug Simmerman      Guy Butler

Betty McCarter      Julie Morris

I. Mayor Doug Simmerman called the meeting to order at 6:30p.m.

II. Invocation and Pledge of Allegiance

Invocation was led by Mayor Simmerman and the pledge was recited by the mayor, Council, and Citizens in attendance.

III. Announcements – It would not be feasible to have an interconnection with Cash SUD for emergency purposes. It would be very expensive and so much more than just connecting two waterlines.

Don Fallis called the Mayor to let him know he was very thankful to the maintenance dept for there efforts in removing a large limb that had fallen during a storm. He would like to buy them lunch.

IV. Citizens addressed the council – Sheryl Lackey would like updates regarding audit, forensic audit, the auction of 216 Tarrant St., and outstanding debt.

Audri Mayo can't find a reason not to ban the use of golf carts on city streets. She believes it is less impact on the environment and that senior citizens will be better off in golf cart.

Johnny Nabers stated that golf carts are not legal just as side by sides are not. He feels that a side by side is safer than a golf cart. He thinks if one is allowed the other should be as well.

V. Reports

A. Paul Roberts submitted the Police Department report.

B. Mayor Doug Simmerman submitted the Maintenance report.

C. Mayor Doug Simmerman submitted the Fire Department report.

VI. Consent Agenda

A. Approve minutes of the April 14, 2020 regular meeting

Betty McCarter motioned to approve the minutes and Guy Butler seconded the motion.

The motion passed 3-0.

B. Approve April financials.

Guy Butler made a motion to approve the April financials and Betty McCarter seconded the motion. The motion passed 3-0.

VII. Old Business

- A. Guy Butler motioned to approve the City of Cumby Employee Manual. Julie Morris seconded the motion. Guy Butler-Y, Betty McCarter-N, Julie Morris-Y. The motion carries 2-1.

VIII. New Business

- A. Julie Morris motioned to approve the purchase of mowing equipment and have the maintenance crew handle the mowing. Betty McCarter seconded the motion. Guy Butler-N, Betty McCarter-Y, Julie Morris-Y. The motion carries 2-1.
- B. Guy Butler motioned to approve the annual 3.49% increase for garbage rates. Julie Morris seconded the motion. The motion passed 3-0.
- C. Mayor Doug Simmerman stated that TRWA had mentioned that a lot of cities are switching over to billing per every 1000<sup>th</sup> gallon. They also stated that Cumby's rates are low. Doug Simmerman also stated that the reason for the increase would be to start a fund for capital improvements. Julie Morris wants to know the percentage as to where the split would be. By billing by every 1000<sup>th</sup> gallon some of the elderly citizens would more than likely see the bill go down. Larger families or pools would see an increase in their bill. Julie Morris stated that we have people already struggling to pay their bills and being disconnected and that we should do some more research. No action was taken.
- D. Julie Morris motioned to approve establishing a capital improvement fund. Guy Butler seconded the motion. The motion passed 3-0.
- E. Citizen Larry White stated that new builds include the inspections generally. The city should put the liability back on the homeowner. The City of Cumby is using Mike Williams as the Building Inspector. The city's cost for inspections is 50.00\$ Alderman Guy Butler would like to investigate it further. No action was taken.
- F. Mayor Doug Simmerman stated that he feels that golf carts should not be allowed on city streets. Golf carts would not be allowed to cross 499 or 275 as they are state highways. The liability is great since insurance can not be carried. There has been a lot of discussion surrounding this issue which has resulted in research and possibly adopting an ordinance. Citizen Johnny Nabers says golf carts are not street legal just as side by sides are not and if you are going to allow one you need to allow all. If one individual is causing problems handle that person not everyone. Betty McCarter doesn't see a problem with allowing the golf carts on the streets. Guy Butler stated that side by sides should be allowed as well. We are a small community. Guy Butler also thinks that this will require further discussion. No action was taken.
- G. Julie Morris motioned to approve Hayter Engineering based on their experience and expertise for the solicitation of bids and professional services. Betty McCarter seconded the motion. The motion passed 3-0.

IX. Mayor Doug Simmerman adjourned the meeting at 7:23 p.m.

Approve:

\_\_\_\_\_  
Doug Simmerman, Mayor

Attest:

\_\_\_\_\_  
Codi Reynolds, City Secretary

8:21 AM

06/02/20

Accrual Basis

City of Cumby  
Balance Sheet  
As of May 31, 2020

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	May 31, 20
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Pending Seizure Account	2,500.00
General Bank Accounts	
Arson	403.61
General Operating	7,171.46
Municipal Court Security	5,996.24
Municipal Court State Fees	68,106.58
Municipal Court Technology	3,772.40
Parks & Recreation	960.27
Police Training	1,034.26
Seizure	1,212.46
General Bank Accounts - Other	-454.39
Total General Bank Accounts	88,202.89
Utility Bank Accounts	
Water & Sewer	304.30
Street Maintenance	426.82
Water Deposit Account	4,209.88
Obligation	19,982.65
Total Utility Bank Accounts	24,923.65
Total Checking/Savings	115,626.54

**City of Cumby**  
**Profit & Loss**  
 May 2020

	May 20
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
Subdivision Fees - PD	90.00
Fines	80,021.37
Interest Earned	5.89
Permits/Registrations	100.00
Public Safety Department	
Accident Report	8.00
<b>Total Public Safety Department</b>	<b>8.00</b>
<b>Tax &amp; Franchise Fees</b>	
Franchise	24,282.81
Property Reduction Sales Tax	1,901.76
Property Tax	1,926.33
Sales Tax	7,607.03
Street Sales Tax	1,903.00
<b>Total Tax &amp; Franchise Fees</b>	<b>37,620.93</b>
<b>Water - Sewer</b>	
Water - Sewer Adjustments	-1.16
Garbage Revenue	3,798.75
Late Fee	901.62
Sales Tax Collected	317.19
Service Fee Collected	456.96
Sewer Revenue	5,748.92
Water Revenue	13,683.74
<b>Total Water - Sewer</b>	<b>24,906.02</b>
<b>Total Income</b>	<b>142,752.21</b>
<b>Expense</b>	
<b>Administration</b>	
Maintenance	42.03
Mayor/Council Monthly Fee	225.00
Office Supplies	305.45
Postage	415.45
Professional Fees	14,000.00
Technology	837.00
Telephone	546.01
Utilities	145.67
<b>Total Administration</b>	<b>16,516.61</b>
<b>Mayor &amp; Council</b>	
Mayor & Council Expense	150.00
<b>Total Mayor &amp; Council</b>	<b>150.00</b>
<b>Municipal Court</b>	
Collection Service Fee	9,321.72
Judge	300.00
Office Expense	176.00
Security	160.00
Telephone	119.99
Travel & Training	250.00
<b>Total Municipal Court</b>	<b>10,327.71</b>
<b>Payroll Expenses</b>	<b>41,852.92</b>
<b>Public Safety</b>	
Police Department	
K-9	54.75
Auto Repair & Maintenance	609.24
Equipment	480.00

City of Cumby  
Profit & Loss  
May 2020

	May 20
Fuel	1,034.95
Maintenance	1,189.00
Office Supplies	330.00
Telephone	191.55
<b>Total Police Department</b>	<b>3,889.49</b>
<b>Total Public Safety</b>	<b>3,889.49</b>
Public Works	
Street Repair	213.90
<b>Total Public Works</b>	<b>213.90</b>
Water Deposit Refund	120.20
Water/Sewer	
Mowing	2,000.00
Vehicle Purchase	516.62
Automobile Repairs	53.07
Fuel	80.00
Garbage Collection Fee	391.00
Maintenance	9,634.39
Postage	149.80
Testing	80.00
Tools & Equipment	135.13
Utilities	21.53
<b>Total Water/Sewer</b>	<b>13,061.54</b>
<b>Total Expense</b>	<b>86,132.37</b>
<b>Net Ordinary Income</b>	<b>56,619.84</b>
<b>Net Income</b>	<b>56,619.84</b>

## City of Cumby Profit & Loss Budget vs. Actual May 2020

	May 20	Budget
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Subdivision Fees - PD	90.00	
Fines	80,021.37	
Interest Earned	5.89	
Permits/Registrations	100.00	
<b>Public Safety Department</b>		
Accident Report	8.00	
<b>Total Public Safety Department</b>	<b>8.00</b>	
<b>Tax &amp; Franchise Fees</b>		
Franchise	24,282.81	
Property Reduction Sales Tax	1,901.76	
Property Tax	1,926.33	
Sales Tax	7,607.03	
Street Sales Tax	1,903.00	
<b>Total Tax &amp; Franchise Fees</b>	<b>37,620.93</b>	
<b>Water - Sewer</b>		
Water - Sewer Adjustments	-1.16	
Garbage Revenue	3,798.75	
Late Fee	901.62	
Sales Tax Collected	317.19	
Service Fee Collected	456.96	
Sewer Revenue	5,748.92	
Water Revenue	13,683.74	
<b>Total Water - Sewer</b>	<b>24,906.02</b>	
<b>Total Income</b>	<b>142,752.21</b>	
<b>Expense</b>		
<b>Administration</b>		
Maintenance	42.03	
Mayor/Council Monthly Fee	225.00	
Office Supplies	305.45	
Postage	415.45	
Professional Fees	14,000.00	
Technology	837.00	
Telephone	546.01	
Utilities	145.67	
<b>Total Administration</b>	<b>16,516.61</b>	
<b>Mayor &amp; Council</b>		
Mayor & Council Expense	150.00	
<b>Total Mayor &amp; Council</b>	<b>150.00</b>	
<b>Municipal Court</b>		
Collection Service Fee	9,321.72	
Judge	300.00	
Office Expense	176.00	
Security	160.00	
Telephone	119.99	
Travel & Training	250.00	
<b>Total Municipal Court</b>	<b>10,327.71</b>	
<b>Payroll Expenses</b>	<b>41,852.92</b>	
<b>Public Safety</b>		
<b>Police Department</b>		
K-9	54.75	
Auto Repair & Maintenance	609.24	
Equipment	480.00	

City of Cumby  
Profit & Loss Budget vs. Actual  
May 2020

	May 20	Budget
Fuel	1,034.95	
Maintenance	1,189.00	
Office Supplies	330.00	
Telephone	191.55	
Total Police Department	3,889.49	
Total Public Safety	3,889.49	
Public Works		
Street Repair	213.90	
Total Public Works	213.90	
Water Deposit Refund	120.20	
Water/Sewer		
Mowing	2,000.00	
Vehicle Purchase	516.62	
Automobile Repairs	53.07	
Fuel	80.00	
Garbage Collection Fee	391.00	
Maintenance	9,634.39	
Postage	149.80	
Testing	80.00	
Tools & Equipment	135.13	
Utilities	21.53	
Total Water/Sewer	13,061.54	
Total Expense	86,132.37	
Net Ordinary Income	56,619.84	
Net Income	56,619.84	



**City of Cumby**  
**Profit & Loss Budget vs. Actual**  
 May 2020

	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Subdivision Fees - PD		
Fines		
Interest Earned		
Permits/Registrations		
Public Safety Department		
Accident Report		
Total Public Safety Department		
Tax & Franchise Fees		
Franchise		
Property Reduction Sales Tax		
Property Tax		
Sales Tax		
Street Sales Tax		
Total Tax & Franchise Fees		
Water - Sewer		
Water - Sewer Adjustments		
Garbage Revenue		
Late Fee		
Sales Tax Collected		
Service Fee Collected		
Sewer Revenue		
Water Revenue		
Total Water - Sewer		
<b>Total Income</b>		
<b>Expense</b>		
Administration		
Maintenance		
Mayor/Council Monthly Fee		
Office Supplies		
Postage		
Professional Fees		
Technology		
Telephone		
Utilities		
Total Administration		
Mayor & Council		
Mayor & Council Expense		
Total Mayor & Council		
Municipal Court		
Collection Service Fee		
Judge		
Office Expense		
Security		
Telephone		
Travel & Training		
Total Municipal Court		
Payroll Expenses		
Public Safety		
Police Department		
K-9		
Auto Repair & Maintenance		
Equipment		

City of Cumby  
Profit & Loss Budget vs. Actual  
May 2020

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	<u>\$ Over Budget</u>	<u>% of Budget</u>
Fuel		
Maintenance		
Office Supplies		
Telephone		
Total Police Department		
Total Public Safety		
Public Works		
Street Repair		
Total Public Works		
Water Deposit Refund		
Water/Sewer		
Mowing		
Vehicle Purchase		
Automobile Repairs		
Fuel		
Garbage Collection Fee		
Maintenance		
Postage		
Testing		
Tools & Equipment		
Utilities		
Total Water/Sewer		
Total Expense		
Net Ordinary Income		
Net Income		

# VII. Announcements

9:51 AM

05/28/20

## City of Cumby Unpaid Bills Detail As of May 28, 2020

Type	Date	Num	Due Date	Aging	Open Balance
<b>AT&amp;T Mobility</b>					
Bill	05/15/2020	28725...	06/14/2020		191.55
Bill	05/21/2020		06/20/2020		190.68
Total AT&T Mobility					382.23
<b>AVR, Inc.</b>					
Bill	02/24/2020	008844	03/05/2020	84	5,400.00
Total AVR, Inc.					5,400.00
<b>Card Service Center</b>					
Bill	01/06/2020	****2...	01/16/2020	133	2,934.62
Total Card Service Center					2,934.62
<b>Commerce Fix &amp; Feed</b>					
Bill	05/17/2020	CO-02...	05/27/2020	1	42.03
Bill	05/26/2020	CO-02...	06/05/2020		135.13
Total Commerce Fix & Feed					177.16
<b>Constellation Energy</b>					
Bill	04/30/2020	17292...	04/30/2020	28	156.87
Bill	04/30/2020	17065...	04/30/2020	28	54.92
Total Constellation Energy					211.79
<b>Crossroad Communications</b>					
Bill	10/23/2018	8433	10/23/2018	583	275.00
Total Crossroad Communications					<del>275.00</del>
<b>ECS House Industries, Inc.</b>					
Bill	04/03/2019	Inv.#1...	04/13/2019	411	3,000.00
Total ECS House Industries, Inc.					3,000.00
<b>Farmers Electric Cooperative</b>					
Bill	05/24/2020		06/03/2020		21.53
Total Farmers Electric Cooperative					21.53
<b>Galls, LLC</b>					
Bill	02/24/2020	01493...	03/25/2020	64	343.29
Bill	03/31/2020	01537...	04/30/2020	28	347.69
Total Galls, LLC					690.98
<b>Hall Oil Company</b>					
Bill	03/16/2020	22783	03/26/2020	63	916.50
Bill	03/29/2020	23005	04/08/2020	50	762.50
Bill	04/07/2020	23266	04/17/2020	41	594.00
Bill	04/27/2020	23576	05/07/2020	21	591.75
Bill	05/04/2020	23959	05/14/2020	14	571.20
Bill	05/21/2020	24349	05/31/2020		463.75
Total Hall Oil Company					3,899.70
<b>Hopkins County Tax A/C</b>					
Bill	03/07/2019	Licens...	03/17/2019	438	7.50
Total Hopkins County Tax A/C					<del>7.50</del>
<b>House Industries</b>					
Bill	11/15/2018	425254	11/30/2018	545	3,294.00
Total House Industries					<del>3,294.00</del>
<b>Kinloch Equipment &amp; Supply, Inc.</b>					
Bill	01/24/2019	Inv#A...	02/23/2019	460	500.00

**City of Cumby**  
**Unpaid Bills Detail**  
 As of May 28, 2020

Type	Date	Num	Due Date	Aging	Open Balance
Total Kinloch Equipment & Supply, Inc.					500.00
<b>Northeast Texas Disposal</b>					
Bill	12/27/2018	18798	12/09/2018	536	2,320.00
Bill	11/27/2018	18800	12/27/2018	518	4,740.00
Bill	12/04/2018	18641	01/03/2019	511	2,470.00
Bill	12/05/2018	17233	01/04/2019	510	420.00
Bill	12/11/2018	18801	01/10/2019	504	3,415.00
Bill	12/21/2018	18804	01/20/2019	494	4,020.00
Bill	01/02/2019	21086	02/01/2019	482	2,900.00
Total Northeast Texas Disposal					20,285.00
<b>O'Reilly Auto Parts</b>					
Bill	05/14/2020	0372-...	06/13/2020		53.07
Bill	05/21/2020	0372-...	06/20/2020		16.99
Total O'Reilly Auto Parts					70.06
<b>Pitney Bowes</b>					
Bill	06/16/2019	80009...	06/26/2019	337	50.00
Total Pitney Bowes					50.00
<b>Purchase Power</b>					
Bill	01/29/2020		02/28/2020	90	78.69
Bill	05/19/2020	80009...	06/18/2020		415.45
Total Purchase Power					494.14
<b>Quill Corporation</b>					
Bill	04/16/2020	6289382	04/26/2020	32	87.81
Bill	05/19/2020	7006524	05/29/2020		280.70
Bill	05/19/2020	7005740	05/29/2020		24.75
Total Quill Corporation					393.26
<b>Republic Services</b>					
Bill	02/04/2020	0795-...	02/14/2020	104	4,291.64
Bill	03/26/2020	0795-...	04/05/2020	53	4,291.64
Bill	04/26/2020	0795-...	05/06/2020	22	4,291.64
Total Republic Services					12,874.92
<b>RVS Software</b>					
Bill	09/03/2019	160962	09/13/2019	258	953.00
Total RVS Software					953.00
<b>SMPLSGNL, LLC</b>					
Bill	04/23/2020	1151	05/03/2020	25	1,189.00
Bill	04/27/2020	1153	05/07/2020	21	837.00
Bill	05/21/2020	1165	05/31/2020		837.00
Bill	05/21/2020	1163	05/31/2020		1,189.00
Total SMPLSGNL, LLC					4,052.00
<b>Stryker Electric LLC</b>					
Bill	05/11/2020	1337	05/21/2020	7	384.00
Total Stryker Electric LLC					384.00
<b>Texas Municipal League</b>					
Bill	04/06/2020		04/16/2020	42	7,069.25
Bill	04/07/2020		04/17/2020	41	591.00
Total Texas Municipal League					7,660.25
<b>Texas Tank Services</b>					
Bill	02/06/2020	2228	02/16/2020	102	3,465.00
Bill	04/02/2020	2300	04/12/2020	46	3,665.00

**City of Cumby**  
**Unpaid Bills Detail**  
 As of May 28, 2020

Type	Date	Num	Due Date	Aging	Open Balance
Total Texas Tank Services					7,130.00
<b>The Productivity Center, Inc.</b>					
Bill	05/21/2020	CPD0...	05/31/2020		330.00
Total The Productivity Center, Inc.					330.00
<b>Underground Utility Supply</b>					
Bill	02/27/2020	213834	03/28/2020	61	448.66
Bill	03/16/2020	214900	04/15/2020	43	171.90
Bill	03/16/2020	214802	04/15/2020	43	112.50
Bill	03/19/2020	215111	04/18/2020	40	71.04
Bill	03/19/2020	214943	04/18/2020	40	66.37
Bill	03/27/2020	215224	04/26/2020	32	110.00
Bill	03/27/2020	215183	04/26/2020	32	32.89
Bill	03/27/2020	215290	04/26/2020	32	77.34
Bill	03/27/2020	215460	04/26/2020	32	150.00
Bill	04/17/2020	215960	05/17/2020	11	175.00
Bill	04/29/2020	216529	05/29/2020		429.90
Bill	04/29/2020	216424	05/29/2020		437.90
Bill	05/04/2020	216852	06/03/2020		674.40
Bill	05/04/2020	216834	06/03/2020		90.00
Bill	05/04/2020	216883	06/03/2020		26.00
Bill	05/04/2020	216794	06/03/2020		1,036.05
Bill	05/04/2020	216821	06/03/2020		42.00
Bill	05/14/2020	217144	06/13/2020		50.70
Bill	05/14/2020	217186	06/13/2020		132.55
Bill	05/14/2020	217199	06/13/2020		28.00
Total Underground Utility Supply					4,363.20
<b>UniFirst</b>					
Bill	10/26/2018	82610...	11/05/2018	570	56.86
Bill	11/09/2018	82610...	11/19/2018	556	56.86
Bill	11/16/2018	82610...	11/26/2018	549	56.86
Bill	11/23/2018	82610...	12/03/2018	542	56.86
Bill	11/30/2018	82610...	12/10/2018	535	59.50
Total UniFirst					286.94
<b>WatchGuard Video</b>					
Bill	05/21/2020	ADVR...	05/31/2020		480.00
Total WatchGuard Video					480.00
<b>TOTAL</b>					<b>80,601.28</b>

**ORDINANCE NO. 2020-05-02**

**AN ORDINANCE OF THE CITY OF CUMBY AMENDING THE CITY'S CURRENT WATER AND SEWER SERVICE RATES; ESTABLISHING RATES FOR WATER SERVICE AND SEWER SERVICE AS SHOWN ON THE "SCHEDULE OF SERVICES AND RATES" (EXHIBIT A); PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Mayor and City Council of the City of Cumby, Texas recognize the importance and necessity of amending the existing Schedule of Rates and Charges that equitably applies to those Customers and Entities that receive Services from the City; and

**WHEREAS**, as authorized under law, and in the best interest of the citizens of Cumby, Texas, the Mayor and City Council deems it expedient and necessary to adopt an amended *SCHEDULE OF SERVICES AND RATES* as included under "Exhibit A" of this Ordinance;

**NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CUMBY, TEXAS:**

**SECTION 1. FINDINGS OF FACT.** All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

**SECTION 2. SCHEDULE OF SERVICES AND RATES.** The *Schedule of Services and Rates* attached hereto as "Exhibit A" is hereby adopted as effective and binding in and for the City of Cumby and is incorporated herein for all purposes.

**SECTION 3. REPEAL OF CONFLICTING ORDINANCES.** All Ordinances, or other Rate Schedules or Policies of the City, or portions of those Ordinances and/or Policies, that are in conflict with the Provisions of this Ordinance and the amendments to the "Schedule of Services and Rates" (Exhibit A) attached hereto, shall be repealed unto the conflict only and shall otherwise remain in full force and effect.

**SECTION 4. SEVERABILITY.** Should any paragraph or part or section of this Ordinance or the "Schedule of Services and Rates" (Exhibit A) be adjudged or held to be illegal or invalid, such severability shall not affect the validity of the remainder of the Ordinance and the "Schedule of Services and Rates."

**SECTION 5. EFFECTIVE DATE.** This Ordinance and the "Schedule of Services and Rates" (Exhibit A) shall be of full force and effect immediately upon the adoption by the City Council of the City of Cumby.

**ADOPTED AND APPROVED** on this 12<sup>th</sup> day of May, 2020, by the City Council of the City of Cumby, Texas.

**ATTEST:**

\_\_\_\_\_  
Douglas Simmerman, Mayor

\_\_\_\_\_  
Codi Reynolds, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Edgar J. Garrett, Jr., City Attorney

**CITY OF CUMBY**  
**Ordinance No. 2020-05-02**

**EXHIBIT A**  
**Schedule of Services and Rates**



APPENDIX- Effective May 12, 2020

Deposit — Residential/Owner	125.00	
Deposit — Residential/Renter	175.00	
Deposit — Commercial	325.00	
Late Fee	20.00	
Disconnect Notice Fee	5.00	
Disconnect Fee	30.00	
Connect/Reconnect Fee	30.00	
Returned Check fee	35.00	
Transfer Fee	35.00	
Water Tap Fee — Residential	\$ 750.00	Standard Installation
Water Tap Fee — Commercial	\$1,000.00	Standard Installation
Wastewater Tap Fee — Residential	\$1,000.00	Standard Installation
Wastewater Tap Fee — Commercial	\$1,500.00	Standard Installation
Water Monthly Base Rates —	\$ 8.00	Includes 1,000 gallons

Water Rate Usage: \$ 8.00 per 1000<sup>th</sup> gallon

Monthly Base Rates— Commercial water rates inside and outside the corporate limits of the City:

3/4" Meter \$ 42.00 Includes 2,000 gallons

1 " Meter \$ 75.00 Includes 2,000 gallons 2" Meter \$125.00 Includes 2,000 gallons

Water Rate Usage Inside City:

Over 2,000 gallons \$4.50 per 1,000 gallons

Over 3,000 gallons \$5.50 per 1,000 gallons

Over 5,000 gallons \$ 7.00 Per 1 ,000 gallons

Bulk Water Rate: \$ 45.00 per load Maximum 3,000 gallons per load

Wastewater Rates:

Monthly Base Rate \$ 23.00 Includes up to 2,000 gallons

Wastewater Rate Usage:

2001 gallons and over \$ 4.50 Per 1,000 gallons or part thereof

Garbage Service Monthly Rates:

Residential/within City — (1 cart)      \$14.50

Residential/outside City — (1 cart)      \$17.50

Multiple Unit      \$50.00

Commercial 1 " or 2" (2 carts)

Housing Authority:      \$31.00

Above rates subject to: Any additional tax.

## Bill Comparison

Old Water Rate vs New Water Rate  
1,000 gallons: Water, Sewer, Garbage (Inside  
City Limits)

### Old Rates:

Water:	23.00
Sewer:	23.00
Garbage:	14.50
Sales Tax:	1.20
<b>Total Bill:</b>	<b>61.70</b>

### New Rates:

Water:	8.00
Sewer:	23.00
Garbage:	14.50
Sales Tax:	1.20
<b>Total Bill:</b>	<b>46.70</b>

## Bill Comparison

Old Water Rate vs New Water Rate  
3,000 gallons: Water, Sewer, Garbage (Inside  
City Limits)

### Old Rates:

Water:	28.50
Sewer:	23.00
Garbage:	14.50
Sales Tax:	1.20
<b>Total Bill:</b>	<b>67.20</b>

### New Rates:

Water:	24.00
Sewer:	23.00
Garbage:	14.50
Sales Tax:	1.20
<b>Total Bill:</b>	<b>62.20</b>

## Bill Comparison

### Old Water Rate vs New Water Rate

5,000 gallons: Water, Sewer, Garbage (Inside  
City Limits)

#### Old Rates:

Water: 39.78

Sewer: 27.50

Garbage: 14.50

Sales Tax: 1.20

**Total Bill: 82.98**

#### New Rates:

Water: 40.00

Sewer: 27.50

Garbage: 14.50

Sales Tax: 1.20

**Total Bill: 83.20**

## Bill Comparison

Old Water Rate vs New Water Rate  
7,000 gallons: Water, Sewer, Garbage (Inside  
City Limits)

### Old Rates:

Water:	52.56
Sewer:	36.50
Garbage:	14.50
Sales Tax:	1.20
<b>Total Bill:</b>	<b>104.76</b>

### New Rates:

Water:	56.00
Sewer:	36.50
Garbage:	14.50
Sales Tax:	1.20
<b>Total Bill:</b>	<b>108.20</b>

## Bill Comparison

Old Water Rate vs New Water Rate  
10,000 gallons: Water, Sewer, Garbage (Inside  
City Limits)

### Old Rates:

Water:	73.56
Sewer:	45.50
Garbage:	14.50
Sales Tax:	1.20
<b>Total Bill:</b>	<b>134.76</b>

### New Rates:

Water:	80.00
Sewer:	45.50
Garbage:	14.50
Sales Tax:	1.20
<b>Total Bill:</b>	<b>141.20</b>

**ORDINANCE NO. 2020-05-03**

**AN ORDINANCE OF THE CITY OF CUMBY AMENDING ORDINANCES 2006-9 AND 2010-3; PROVIDING FOR CONTRACTOR REGISTRATION AND YEARLY REGISTRATION FEE; PROVIDING FOR PLAN SUBMISSION AND REVIEW REQUIREMENTS AND FEES; PROVIDING FOR MOVING INSPECTION REQUIREMENT, TERMS AND FEES; PROVIDING FOR NEW RESIDENTIAL PERMIT REQUIREMENT, TERMS AND FEES; PROVIDING FOR NEW COMMERCIAL PERMIT REQUIREMENT, TERMS AND FEES; PROVIDING FOR ALTER EXISTING COMMERCIAL STRUCTURE PERMIT REQUIREMENT, TERMS AND FEES; PROVIDING FOR DEMOLITION PERMIT REQUIREMENT, TERMS AND FEES; PROVIDING FOR SIGN PERMIT REQUIREMENT, TERMS AND FEES; ESTABLISHING THE LONGEVITY OF PERMITS ISSUED UNDER THIS ORDINANCE; ESTABLISHING A PENALTY FOR THE VIOLATION OF THE TERMS OF THIS ORDINANCE; PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE OF THIS ORDINANCE.**

**WHEREAS**, the Mayor and City Council of the City of Cumby, Texas recognize the importance and necessity of amending the existing permit requirements, terms, and fees; and

**WHEREAS**, as authorized under law, and in the best interest of the citizens of Cumby, Texas, the Mayor and City Council deems it expedient and necessary to adopt this Ordinance amending the existing permit requirements, terms, and fees;

**NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CUMBY, TEXAS:**

**SECTION 1. FINDINGS OF FACT.** All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

**SECTION 2. REGISTRATION, LICENSURE, PLAN SUBMISSION AND REVIEW, AND PERMIT REQUIREMENTS, TERMS AND FEES.** The following is hereby adopted as effective and binding in and for the City of Cumby and is incorporated herein for all purposes:

**A. Contractor Registration.**

\$50.00 Yearly Registration Fee



Each person who performs electrical, plumbing, heating/AC, and general contractors are considered contractors and must complete the register with the City of Cumby prior to beginning work within the City of Cumby, Texas, by completing a Contractor Registration Form. Each contractor must be licensed in at least one of the following areas: Electrical, Plumbing, Heating/AC, and/or General Contractor.

**B. Plan Submission and Review.**

House Plan Review - \$50.00 Fee

Commercial Plan Review - \$150.00 Fee

If a permit is required as indicated below, a plan must be submitted to the City of Cumby, Texas. Plans must be submitted prior to receiving a permit. The plan must be submitted at least five (5) days prior to the date the applicant intends to begin utilizing the permit, and the plan must be approved by the building inspector prior to issuance of the requested permit(s).

**C. Moving Inspection Fee.**

\$65.00 Fee

Before any previously-constructed, fabricated, and/or used structure(s) intended for living and/or residential purposes, including, but not limited to, homes constructed on-site, mobile homes, modular homes, and/or any other homes partially or totally constructed off-premises, as well as any other residences that are to be moved from one premises to another located within the city limits of the City of Cumby, Texas, there must first be an inspection from the City of Cumby's building inspection with a non-refundable fee as listed above to determine if the structure is structurally sound to move.

**D. Permits Required.** Permits are required for the following:

**i. New Residential Permit.**

\$500.00 Permit Fee

The permit fee includes one of each of the following inspections:

- T-Pole
- Plumbing Rough
- Foundation
- All Trades
- Flatwork (walks, drives, approaches)
- Temporary Final (electrical & gas)
- Certificate of Occupancy

**ii. New Commercial Permit.**

Permit Fee is total of \$1,000.00 plus \$0.10 per square foot

The permit fee includes one of each of the following inspections:

- T-Pole
- Plumbing Rough
- Slab
- Wall Rough (framing, plumbing, and electrical)
- Paving
- Metal Duct Inspection (before insulated more than one)
- Above Ceiling (electrical, mechanical & plumbing)
- Underground Electrical
- Underground Gas Service
- Final
- Certificate of Occupancy

**iii. Alter Existing Commercial Structure Permit.**

Permit Fee is total of \$500.00 plus \$0.10 per square foot

A determination at the time of plan submission and review will be made as to the amount of inspections and increase, if any, to cost.

**iv. Demolition Permit.**

\$500.00 Permit Fee for Commercial Demolition

No Fee for Residential Demolition (Permit is still required.)

All plans submitted for issuance of a demolition permit must comply with the Asbestos Survey Requirement as part of Senate Bill 509, and the applicant must also file with the City of Cumby, Texas an Asbestos Affidavit Verification of Survey.

**v. Sign Permits.**

The Permit Fee for sign permits shall be based on the square footage of said sign in the following manner:

- Up to 50 sq. ft.: \$75.00 Permit Fee
- 51 sq. ft. to 100 sq. ft.: \$95.00 Permit Fee
- 101 sq. ft. to 200 sq. ft.: \$125.00 Permit Fee
- 201 sq. ft. to 672 sq. ft.: \$150 Permit Fee

In the event any work is started or proceeded with prior to obtaining the necessary permit, the applicable above-specified fee shall be doubled to obtain the required permit. If a permit is denied, the sign content permit fee will be refunded.

**E. Cost Increase.**

In the event that additional inspections are required, as determined by the City of Cumby, the permit price will increase accordingly. The increased amount will be determined prior to the final inspection and shall be remitted to the City of Cumby at the amount determined by the City.

**F. Longevity of Permits.**

All permits shall be valid for a term of 180 days from the date of the last inspection or from the date the permit was issued, as determined by the City of Cumby, Texas.

**SECTION 3. PENALTY PROVISION.** Any person, firm, corporation or business entity violating this Ordinance shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be subject to a fine not to exceed the sum of FIVE HUNDRED AND NO/100 DOLLARS (\$500.00), unless the violation is related to fire safety, zoning, or public health and sanitation, including dumping and refuse, in which case the fine shall not exceed the sum of TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00). Each continuing day's violation under this Ordinance shall constitute a separate offense. The penal provisions imposed under this Ordinance shall not preclude the City of Cumby from filing suit to enjoin the violation. The City retains all legal rights and remedies available to it pursuant to local, state, and federal law.

**SECTION 4. REPEAL OF CONFLICTING ORDINANCES.** All Ordinances, or other Policies of the City, or portions of those Ordinances and/or Policies, that are in conflict with the Provisions of this Ordinance shall be repealed unto the conflict only and shall otherwise remain in full force and effect.

**SECTION 5. SEVERABILITY.** Should any paragraph or part or section of this Ordinance be adjudged or held to be illegal or invalid, such severability shall not affect the validity of the remainder of the Ordinance.

**SECTION 6. EFFECTIVE DATE.** This Ordinance shall be of full force and effect immediately upon the adoption by the City Council of the City of Cumby.

**ADOPTED AND APPROVED** on this 12<sup>th</sup> day of May, 2020, by the City Council of the City of Cumby, Texas.

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Douglas Simmerman, Mayor

**ATTEST:**

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Codi Reynolds, City Secretary

**APPROVED AS TO FORM:**

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Edgar J. Garrett, Jr., City Attorney

**ORDINANCE NO. 2020-05-04**

**AN ORDINANCE OF THE CITY OF CUMBY, TEXAS, ALLOWING FOR THE OPERATION OF GOLF CARTS IN THE CITY ON CERTAIN CITY STREETS; PROVIDING DEFINITIONS; PROVIDING FOR OPERATIONAL REGULATIONS; REQUIRING CERTAIN SAFETY EQUIPMENT; ESTABLISHING A PENALTY FOR THE VIOLATION OF THE TERMS OF THIS ORDINANCE; PROVIDING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE OF THIS ORDINANCE.**

**WHEREAS**, the Texas Transportation Code authorizes the governing body of a municipality to regulate and control the operation of golf carts within the city's legal boundaries and on its public streets to ensure the public safety of the community; and

**WHEREAS**, Texas Transportation Code Section 551.404, as amended, establishes specific requirements for each municipal government under subsection (a) thereto; and

**WHEREAS**, House Bill No. 2553 (2009) additionally authorizes the governing body of a municipality to regulate and enforce other standards of operation which may be particular to its unique situation; and

**WHEREAS**, golf cart use can help to reduce overall emissions, and their use is an eco-friendly or "green" alternative to traditional passenger vehicles; and

**WHEREAS**, golf carts are not standardly equipped with many of the traditional safety features that are customarily required or found on more commonly-used motor vehicles.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CUMBY, TEXAS:**

**SECTION 1. FINDINGS OF FACT.** The findings and recitations set out above are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

**SECTION 2. DEFINITIONS.** When used in this Ordinance, the following terms are defined as follows:

*City* means the City of Cumby, Texas;

*Driver's License* means an authorization issued by the Department of Public Safety for operation of a motor vehicle and includes a temporary license, instructional permit, and an occupational license;

*Golf Cart* shall have the meaning assigned by the Texas Transportation Code §502.001, as amended, and means a motor vehicle commonly referred to as a golf cart, which must have a minimum of four (4) wheels and has an attainable top speed not greater than 25 miles per hour on a paved level surface and which is manufactured primarily for transporting persons on a golf course and in compliance with those federal motor vehicle safety standards for low-speed vehicles. Specifically excluded from this definition are those motorized conveyances commonly referred to as all-terrain vehicles (“ATVs”), off-road vehicles, four-wheelers, Mules, Gators, and design-altered golf carts which have been altered to allow them to travel at a speed greater than 25 miles per hour;

*Night Time* shall have the meaning assigned by Texas Transportation Code §541.401(5) and means the period beginning one-half hour after sunset and ending one-half hour before sunrise;

*Operate* shall mean the driving of a golf cart;

*Operator* means any person driving and having physical control over the golf cart;

*Park or Parking* means the standard of a vehicle, whether occupied or not, other than temporarily for the purpose of, and while actually engaged in, loading or unloading merchandise or passengers;

*Street* means a public roadway of the City of Cumby, Texas by whatever name (e.g., road, alley, avenue, highway, route, boulevard, etc.) that:

- (a) provides for no more than two lanes of vehicular traffic per direction; or
- (b) is not designated as part of either the state or federal highway system;

**SECTION 3. PERMITTED LOCATIONS OF OPERATION.** Golf carts are permitted to be operated in public parking areas and on streets where the posted speed limit is 35 miles per hour or less (“permitted locations”), provided that the street is not designated as part of a state highway system. No operation of golf carts is permitted on state or federal highway systems.

#### **SECTION 4. OPERATION AND REGULATIONS.**

All operators of golf carts on public roadways shall:

- (a) be licensed to operate a motor vehicle as provided by Texas Transportation Code §521.021, as amended, and carry a valid driver’s license as provided by Texas Transportation Code §521.025, and all driver’s license permissions and restrictions shall apply to the operating of a golf cart;
- (b) abide by all traffic regulations applicable to vehicular traffic when operating a golf cart in the City;
- (c) use standard hand signals for turning during daylight if the operator’s golf cart is not equipped with turn signals;

- (d) not operate or park a golf cart on a sidewalk, pedestrian walkway, jogging path, or park trail;
- (e) not pull any object or person with a golf cart in a permitted location;
- (f) not intentionally or knowingly allow an unlicensed or unregistered operator to operate a golf cart in violation of this Ordinance;
- (g) not exceed the seating capacity of the golf cart as designed by the manufacturer;
- (h) be allowed to cross streets on which golf carts are not otherwise permitted under this Ordinance.

All operators and passengers of golf carts shall:

- (a) remain seated at all times while the golf cart is in motion; and
- (b) be three years of age or older.

#### **SECTION 5. REQUIRED EQUIPMENT.**

A golf cart that is operated in the City of Cumby, Texas, shall display a "slow-moving vehicle" emblem when it is operated on a public roadway.

A golf cart must be equipped with the following equipment as mandated by Texas Transportation Code, Section 551.404(a), as amended, and/or required by the City of Cumby, Texas, to operate on permitted locations:

- (a) side reflectors;
- (b) operational parking brake; and
- (c) rearview mirror(s).

Additionally, golf carts driven during the nighttime shall be equipped with the following:

- (a) operational headlamps;
- (b) operational tail lamps;
- (c) turn signals;
- (d) horn; and
- (e) brake lights.

All equipment and its installation must meet standards provided by the Texas Transportation Code, as amended. All such safety equipment shall be maintained as required by state law.

**SECTION 6. PENALTY.** Any person violating this Ordinance shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be subject to a fine not to exceed the sum of THREE HUNDRED AND NO/100 DOLLARS (\$300.00). Each continuing day's violation under this Ordinance shall constitute a separate offense. The penal provisions imposed under this Ordinance shall not preclude the City of Cumby from filing suit to enjoin the violation. The City retains all legal rights and remedies available to it pursuant to local, state, and federal law.

**SECTION 7. REPEAL OF CONFLICTING ORDINANCES.** All Ordinances or other Policies of the City, or portions of those Ordinances and/or Policies, that are in conflict with the Provisions of this Ordinance shall be repealed unto the conflict only and shall otherwise remain in full force and effect.

**SECTION 8. SEVERABILITY.** Should any paragraph or part or section of this Ordinance be adjudged or held to be illegal or invalid, such severability shall not affect the validity of the remainder of the Ordinance.

**SECTION 5. EFFECTIVE DATE.** This Ordinance shall be of full force and effect immediately upon the adoption by the City Council of the City of Cumby.

**ADOPTED AND APPROVED** on this 12<sup>th</sup> day of May, 2020, by the City Council of the City of Cumby, Texas.

\_\_\_\_\_  
Douglas Simmerman, Mayor

**ATTEST:**

\_\_\_\_\_  
Codi Reynolds, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Edgar J. Garrett, Jr., City Attorney





June 1, 2020

To the Honorable Mayor  
and Members of the City Council  
City of Cumby  
Cumby, Texas

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Cumby, Texas for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 18, 2019. Professional standards also require that we communicate to you the following information related to our audit.

In planning and performing our audit of the financial statements of the City of Cumby for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. A separate letter dated June 1, 2020 contains our communication of significant deficiencies or material weaknesses in the City's internal control.

We will review the status of these comments during our next audit engagement, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

#### Fund Accounting

We noted account numbers were not assigned to the accounts and W&S and general funds were comingled and not recognized as separate funds. To ensure proper reporting of funds, designate separate QuickBooks files for water and sewer and general fund and assign accounts numbers for chart of accounts.

Duplicate and similar accounts were created (i.e. legal fees, legal fee). Review the chart of accounts and consolidate duplicated accounts.

#### Cash & Bank Accounts

All transactions were coded to the general operating account. To ensure appropriate accounting, transactions should be coded to the account specified for the related purpose (i.e. water & sewer, municipal court).

The operating account bank reconciliation includes stale dated checks extending back to 2014, as well as uncleared paychecks. Follow up with stale dated checks and uncleared transactions, void and reissue (if necessary) so that stale transactions do not skew the cash balance on the books.

#### Cash Disbursement

Vendors were entered with two names in the billing system, which resulted in outstanding payables being split between "separate" vendors (i.e. ECS House Industries, House Industries). To prevent duplicating vendors within the system, create a system that will prevent creating two names, such as entering vendors by the full name on the invoice. Further review the list of vendors presently within QuickBooks and consolidate duplicated vendors.

Multiple voided and duplicate entries were noted throughout the general ledger, specifically to the Contingency/Bank Rec account which had approximately \$30,000 of debt entries such as: "double entry", "error in entry", and "deposit posted twice". Correction of errors, need to be reversed to the original account, thus eliminating the error, not coded to a new account.

#### RevTrak Deposits - Revenue

Activity totaling approximately \$80,000 was coded to "RevTrak Clearing Account" and accounted for deposits that had not been allocated to W/S and Court funds. Deposits from RevTrak need to be accurately recognized as revenues as utilities within water & sewer, or citations within the general fund. No balances should remain in a clearing account.

#### Citation Receivable

The prior auditor did not grant us access to the previous revenue and receivable workpapers. Furthermore, the City was unable to provide adequate accounting records to establish sufficient audit evidence regarding the gross citation receivable balance of \$748,873 recorded in the prior year audit report at September 30, 2018. The City needs to maintain accounting records to support balances on the audit report.

#### Inventory

Annual physical inventory is not performed by the City. The City needs to perform annual inventory count and incorporate the balance in the financial statement.

#### Payroll

During observation of randomly selected personnel files, we observed incomplete files which include: missing I-9 and W-4, and lack of documentation regarding pay adjustments. The City should establish a policy to include I-9s and W-4s within all personnel files. We also recommend that initial pay rates, and subsequent pay increases be documented, signed as acknowledged by employee and employer, and maintained within the personnel file.

We noted that all payroll is lumped together and not being separated by fund, as well as being incorrectly reported (gross payroll versus employer taxes). To ensure proper reporting of funds, payroll needs to be designated by fund and accounted for accordingly. Management should review the payroll allocation in QBs and verify that the employer and employee payroll taxes are appropriately coded.

During review of payroll we noted duplicate pay period entries with separate pay dates, for example: Paid 11.07.18, Period 11.02.18 -11.08.18; Paid 11.19.18, Period 11.02.18 – 11.08.18. The City needs to establish a diligent review process to ensure that payroll checks are dated accurately prior to issuance of payroll.

#### Compensated Absences

Observed override of accrued vacation hours. As a result, the payroll system did not provide an accurate vacation accrual report. For a specific employee, the accrued vacation time fluctuated from 120 hours to 80 hours and then to 160 hours for three consecutive pay periods, without any "used" vacation hours. Weekly payrolls need to be reviewed by management and the City's vacation policy need to be followed.

#### Credit Card

Observed that credit card use was not properly accounted for. Business use of credit cards need to be verified and credit card holders need to submit invoices to accounting department for each purpose. Credit card transactions are not being recognized as expense when individual purchases are made, but rather when the payment is made. Each credit card transaction should be recorded as an expense in accordance with its purpose (i.e. supplies, equipment, etc.), and offset to a liability account (credit card). When a payment is made, it should reduce the liability. The liability on the books should always reflect the balance on the credit card.

### Supporting Documents

The City received an insurance claim of \$15,000 during the fiscal year. However, we were not able to obtain documentation related to this. The City need to keep accounting records to support transactions on the general ledger.

### Accounting Manual

The City does not have a formal accounting manual documenting the procedures for fiscal operations. A written accounting manual is necessary to ensure that transactions are treated in a standardized manner and that proper internal controls exist in the accounting system. Should employees have a question as to the proper handling of a transaction in accordance with management's authorization, such information is not available in writing. City personnel were unaware of the need to have a formal accounting manual. We recommend that operating guidelines for fiscal activities be prepared including a description of each fiscal procedure, such as payments of invoices, maintenance of accounts receivable and accounts payable subsidiary records, and payroll procedures. In addition, an expense allocation methodology should also be incorporated into the accounting manual.

### Segregation of Duties

During review of walkthrough procedures, we noted the following inconsistencies with predetermined policies. The city policy requires dual signing of checks, one from an administrative employee and the other from an elected official, preferably the mayor. However, we observed that both signors on a check were administrative employees. Moreover, a credit card user also authorizes payments, reviews transactions, reconcile the cards, records transactions in the accounting system, and pays the card online. We also noted that the Utility clerk receives payments, acknowledges payments within the system, and makes the deposits to the bank.

Dual check signing should be performed per the City's policy and asset custodianship, approval and record keeping should be segregated to prevent misappropriation of assets.

### Physical Safeguarding of Assets

During review of the City processes, it was determined that prenumbered checks, as well as the utility payment drop box key, are held in an unlocked drawer. We recommend keeping checks and the drop box key in a secure location.

### Organizational Structure

The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

### Skill, Knowledge and Experience of Accounting Personnel

Accounting personnel and management lack appropriate skill, knowledge, and experience to oversee GAAP accounting procedures including performing the financial statement preparation. We recommend the city to employ individuals with appropriate skill, knowledge, and experience.

### Non-Compliance with the Law

The City has reached 89% water system capacity but is required by law to have a maximum of 85%. As a result, the City cannot add new meters. Management should regularly review the City's compliance with laws, and take immediate remedial actions when non-compliance has occurred.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Cumby; Texas are described in the first note to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2019.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they were reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The list of such misstatements is communicated in a separate letter and management has corrected all such misstatements.

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 1, 2020.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

We wish to thank the City Secretary and her department for their support and assistance during our audit.

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

Very truly yours,



K. Evans & Associates, CPAs  
Frisco, Texas

**CITY OF CUMBY, TEXAS**

Financial Statements  
(With Auditor's Report Thereon)

September 30, 2019

**CITY OF CUMBY, TEXAS**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor  
And Members of the City Council  
**City of Cumby**  
Cumby, Texas 75433

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cumby, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the City of Cumby as of September 30, 2018 were audited by Christopher A Turner PLLC CPA whose report dated January 14, 2019, expressed an unmodified opinion on the statements.

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

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

### Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Unmodified
General Fund	Qualified
Proprietary Fund	Unmodified

### **Basis for Qualified Opinion on Governmental Activities and General Fund**

Because of the inadequacy of accounting records for 2018 fiscal year citation receivable balance, we were unable to obtain sufficient appropriate audit evidence regarding the gross citation receivable balance of \$748,873 recorded as of September 30, 2018.

We were unable to obtain a discussion or evaluation from one of the City's outside legal counsel regarding any pending or threatened litigation as described within the footnote on page 35 of the report. We were unable to obtain sufficient appropriate audit evidence by performing other audit procedures.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities and General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and General Fund of the City of Cumby, as of September 30, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and proprietary fund of the City of Cumby, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Adjustments to Prior Period Financial Statements**

The financial statements of the City of Cumby as of September 30, 2018, were audited by other auditors whose opinion dated January 14, 2019, on those statements was unmodified. As discussed in Prior Period Adjustment footnote on page 35, the City restated its September 30, 2018 financial statements during the current year to reflect the appropriate amount of sales tax receivable within the general fund and to recognize deferred property taxes and deferred citations as revenue on the government-wide financial statements, in accordance with accounting principles generally accepted in the United States of America. The Other auditor reported on the September 30, 2018 financial statements before the restatement.

As part of our audit of the September 30, 2019 financial statements, we also audited adjustments described in the Prior Period Adjustment footnote that were applied to restate the September 30, 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the September 30, 2018 financial statement of the City other than with respect to the adjustment and accordingly, we do not express an opinion or any other form of assurance on the September 30, 2018 financial statements as a whole.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, on pages 4 through 8 and 17, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*K. Evans & Associates*

Frisco, Texas  
June 1, 2020



## Management's Discussion and Analysis

As management of the City of Cumby (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1,274,204 (net position). Of this amount, \$94,998 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$94,482. This increase is attributable to the recognition of unearned revenues related to citations, as revenues on the government-wide financial statements.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of (\$68,801), a decrease of \$63,356 in comparison with the prior year. Of the fund balance, (\$113,117) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was (\$113,117) or -16 percent of total general fund expenditures.
- As of the close of the current fiscal year, the City's proprietary fund reported total net position of \$883,232 including unrestricted net position of (\$124,904). Proprietary fund net position decreased by \$126,875.
- The City's long-term debt decreased by \$34,868 during the current fiscal year. This was due to scheduled principal payments on outstanding debt.
- The City did not purchase any capital assets for governmental activities during the current year, and spent \$14,988 on water/sewer system improvements.

### Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, municipal court, public works, and recreation. The business-type activities of the City of Cumby include the water and sewer system and sanitation services.

The government-wide financial statements can be found on pages 9-11 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains one governmental fund, the General Fund, which accounts for the City's basic operations. The City adopts an annual appropriated budget for its general fund. A Budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-16 of this report.

**Proprietary Funds.** The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer and Sanitation operations.

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

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-34 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's process in funding its obligation to provide pension benefits to its employees. The required supplementary information can be found on pages 35-40 of this report.

**Other Information.** The City adopts an annual budget for its enterprise fund. A Budgetary comparison statement has been provided to demonstrate compliance with this budget and can be found on page 42 of this report.

## **Government – Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cumby, assets exceed liabilities by \$1,274,204 at the close of the most recent fiscal year.

A portion of the City's net position (88 percent) reflects its investment in capital assets (e.g. land, building, infrastructure, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$94,998 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Cumby is reporting a negative balance in unrestricted net position for the government as a whole.

CITY OF CUMBY – Net Position

	Governmental Activities		Business-Type Activities		Total	
	09/30/19	09/30/18	09/30/19	09/30/18	09/30/19	09/30/18
Current & Other Assets	\$ 441,541	\$ 102,960	\$ 62,896	\$ 47,828	\$ 504,437	\$ 150,788
Capital Assets	126,154	158,691	1,545,544	1,644,510	1,671,698	1,803,201
Total Assets	567,695	261,651	1,608,440	1,692,338	2,176,135	1,953,989
Deferred Outflows of Resources	17,077	24,738	6,975	10,104	24,052	34,842
Long-Term Liabilities	45,993	34,600	563,284	558,857	609,277	593,457
Other Liabilities	137,820	99,265	158,719	124,716	296,539	223,981
Total Liabilities	183,813	133,865	722,003	683,573	905,816	817,438
Deferred Inflows of Resources	10,587	19,983	9,580	8,162	20,167	28,145
Net Position:						
Net Invested in Capital Assets	126,154	158,691	1,000,264	1,064,363	1,126,418	1,223,054
Restricted	44,316	24,409	8,472	18,537	52,788	42,946
Unrestricted	219,902	(50,559)	(124,904)	(72,193)	94,998	(122,752)
Total Net Position	\$ 390,372	\$ 132,541	\$ 883,832	\$ 1,010,707	\$ 1,274,204	\$ 1,143,248

CITY OF CUMBY – Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	09/30/19	09/30/18	09/30/19	09/30/18	09/30/19	09/30/18
Revenues:						
Program Revenues:						
Charges for Services	\$ 756,271	\$ 458,882	\$ 369,097	\$ 362,808	\$ 1,125,368	\$ 821,690
Grants & Contributions	1,000	-	-	-	1,000	-
General Revenues:						
Property Taxes	86,710	87,305	-	-	86,710	87,305
Other Taxes	137,781	131,125	-	-	137,781	131,125
Other	1,873	3,513	20,009	-	21,882	3,513
Total Revenues	983,635	680,825	389,106	362,808	1,372,741	1,043,633
Expenses:						
General Government Activities	750,768	733,833	-	-	750,768	733,833
Business-Type Activities	-	-	527,491	488,795	527,491	488,795
Total Expenses	750,768	733,833	527,491	488,795	1,278,259	1,222,628
Increase/(Decrease) in Net Position Before Transfers	232,867	(53,008)	(138,385)	(125,987)	94,482	(178,995)
Transfer In/(Out)	(11,510)	4,680	11,510	(4,680)	-	-
Increase/(Decrease) in Net Position	221,357	(48,328)	(126,875)	(130,667)	94,482	(178,995)
Net Position - Beginning	132,541	181,580	1,010,707	1,142,873	1,143,248	1,324,453
Prior Period Adjustment	36,474	(711)	-	(1,499)	36,474	(2,210)
Net Position - Ending	\$ 390,372	\$ 132,541	\$ 883,832	\$ 1,010,707	\$ 1,274,204	\$ 1,143,248

The following key elements influenced the changes in net position from the prior year:

Governmental Activities:

Governmental activities (after transfers) increased the City's net position by \$221,357. This can be contributed to the recognition of unearned revenues related to citations, as revenues on the government-wide financial statements.

Business – Type Activities

Business-Type activities (after transfers) decreased the City's net position by \$126,875. Revenues and expenses remained consistent with the prior year.

## **Financial Analysis of the Government's Funds**

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

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of (\$68,801), a decrease of \$63,356 from the prior year. Of the current combined ending fund balance, (\$113,117) is unassigned and \$44,316 is restricted.

The general fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was (\$113,117). Total unassigned fund balance represents -16% of total general fund expenditures.

**Proprietary Funds.** The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Enterprise Fund at the end of the year amounted to (\$124,904). The total decrease in net position of the Enterprise Fund was \$126,875. The factors concerning the finances of this fund have already been addressed in the discussion of the City's business type activities.

## **General Fund Budgetary Highlights**

During the fiscal year, the City did not revise the budget. Generally, amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; 3) increase in appropriations that become necessary to maintain services.

During the year, budgetary estimates exceeded both actual revenues and expenditures. However, the budget estimated a \$32,760 decrease in fund balance, and actual results were consistent with a decrease in fund balance of \$30,596.

## **Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, was \$1,671,698 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, and furniture and equipment. The change in capital assets during the year was a result of depreciation expense of \$146,491, and asset additions of \$14,988.

Additional information on the City's capital assets can be found on pages 26-27 of the notes to the financial statements.

**Long-Term Debt.** At the end of the current fiscal year, the City had long-term debt outstanding of \$545,280. The City's long-term debt decreased by \$34,868 due to scheduled principal payments on outstanding debt.

Additional information on the City's long-term debt can be found on pages 27-28 of the notes to the financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

The City's management approach is conservative, yet accommodating, to its citizens economic development. The tax rate for the year ended September 30, 2020 will remain consistent with the current rate of \$0.440768 per \$100 value of assessed land.

Whenever possible, the Mayor and City Council actively pursue grants and other funding to provide new and better services for the City while relying on existing revenues and living within the budget. The City finances long-term projects only when necessary.

**Request for Information**

This financial report is designed to provide a general overview of the City of Cumby's finances and to demonstrate the City's financial accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Cumby, P.O. Box 349, Cumby, Texas 75493.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF CUMBY, TEXAS**  
Statement of Net Position  
September 30, 2019

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 10,809	\$ 2,785	\$ 13,594
Cash - Restricted	44,316	8,472	52,788
Receivable (Net of Allowance for Uncollectibles):			
Utility Bills	-	51,639	51,639
Citations	364,351	-	364,351
Delinquent Property Taxes	8,169	-	8,169
Sales Tax	8,708	-	8,708
Other	5,188	-	5,188
Capital Assets Not Being Depreciated:			
Land	32,000	11,370	43,370
Capital Assets (Net of Accumulated Depreciation):			
Building & Improvements	45,558	102,729	148,287
Infrastructure	23,030	1,366,088	1,389,118
Furniture & Equipment	25,566	65,357	90,923
Total Assets	<u>567,695</u>	<u>1,608,440</u>	<u>2,176,135</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to TMRS Pension	15,946	6,513	22,459
Deferred Outflow Related to TMRS OPEB	1,131	462	1,593
Total Deferred Outflows of Resources	<u>17,077</u>	<u>6,975</u>	<u>24,052</u>
<b>LIABILITIES</b>			
Accounts Payable	132,343	100,536	232,879
Accrued Payroll	5,477	6,437	11,914
Deposits	-	45,790	45,790
Accrued Interest Payable	-	5,956	5,956
Noncurrent Liabilities:			
Due Within One Year	3,190	31,385	34,575
Due in More Than One Year	-	514,415	514,415
Net Pension Liability	33,394	13,640	47,034
Net OPEB Liability	9,409	3,844	13,253
Total Liabilities	<u>183,813</u>	<u>722,003</u>	<u>905,816</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to TMRS Pension	7,445	3,041	10,486
Deferred Inflow Related to TMRS OPEB	3,142	1,284	4,426
Deferred Inflow - Other	-	5,255	5,255
Total Deferred Inflows of Resources	<u>10,587</u>	<u>9,580</u>	<u>20,167</u>
<b>NET POSITION</b>			
Net Invested in Capital Assets	126,154	1,000,264	1,126,418
Restricted for:			
Debt Service	-	8,472	8,472
Court Use	3,202	-	3,202
Seizure Funds	41,114	-	41,114
Unrestricted	219,902	(124,904)	94,998
Total Net Position	<u>\$ 390,372</u>	<u>\$ 883,832</u>	<u>\$ 1,274,204</u>

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

**CITY OF CUMBY, TEXAS**  
Statement of Activities  
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 155,295	\$ -	\$ -	\$ -
Public Safety	337,815	-	-	-
Municipal Court	242,009	756,271	-	-
Public Works	14,896	-	-	-
Parks & Recreation	752	-	1,000	-
Total Governmental Activities	<u>750,768</u>	<u>756,271</u>	<u>1,000</u>	<u>-</u>
Business-Type Activities:				
Water & Sewer	474,016	307,349	-	-
Sanitation	53,475	61,748	-	-
Total Business-Type Activities	<u>527,491</u>	<u>369,097</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 1,278,259</u>	<u>\$ 1,125,368</u>	<u>\$ 1,000</u>	<u>\$ -</u>

General Revenues:  
Property Taxes  
Sales Taxes  
Franchise Taxes  
Unrestricted Investment Earnings  
Miscellaneous Revenue  
Transfers  
Total General Revenues & Transfers

Change in Net Position

Net Position - Beginning, as Restated

Net Position - Ending

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



Net (Expense) Revenue and Change in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (155,295)	\$ -	\$ (155,295)
(337,815)	-	(337,815)
514,262	-	514,262
(14,896)	-	(14,896)
248	-	248
<u>6,503</u>	<u>-</u>	<u>6,503</u>
	(166,667)	(166,667)
	8,273	8,273
	<u>(158,394)</u>	<u>(158,394)</u>
<u>6,503</u>	<u>(158,394)</u>	<u>(151,891)</u>
86,710	-	86,710
107,937	-	107,937
29,844	-	29,844
35	-	35
1,838	20,009	21,847
(11,510)	11,510	-
<u>214,854</u>	<u>31,519</u>	<u>246,373</u>
221,357	(126,875)	94,482
<u>169,015</u>	<u>1,010,707</u>	<u>1,179,722</u>
<u>\$ 390,372</u>	<u>\$ 883,832</u>	<u>\$ 1,274,204</u>

**CITY OF CUMBY, TEXAS**  
 Balance Sheet  
 Governmental Funds  
 September 30, 2019

	General Fund
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 10,809
Cash - Restricted	44,316
Receivables (Net Allowance for Uncollectibles):	
Citations	364,351
Delinquent Property Taxes	8,169
Sales Tax	8,708
Other	5,188
Total Assets	\$ 441,541
 <b>LIABILITIES:</b>	
Accounts Payable	\$ 132,343
Accrued Payroll	5,477
Total Liabilities	137,820
 <b>DEFERRED INFLOWS OF RESOURCES:</b>	
Unavailable Revenue - Property Taxes	8,170
Unavailable Revenue - Citations	364,352
Total Deferred Inflows of Resources	372,522
 <b>FUND BALANCES:</b>	
Restricted for:	
Court Use	3,202
Seizure Funds	41,114
Unassigned	(113,117)
Total Fund Balances	(68,801)
 Total Liabilities, Deferred Inflows, & Fund Balances	 \$ 441,541

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

**CITY OF CUMBY, TEXAS**  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 September 30, 2019

<b>Total Fund Balances - Governmental Funds</b>	\$ (68,801)
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$1,010,967 and the accumulated depreciation was \$(852,276). The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net assets.	158,691
The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(32,537)
Property Tax revenues reported as unearned revenue in the governmental fund financial statements are recorded as revenue in the government-wide financial statements. The net effect of recognizing the unearned revenue is to increase net assets.	8,170
Citation revenues reported as unearned revenue in the governmental fund financial statements are recorded as revenue in the government-wide financial statements. The net effect of recognizing the unearned revenue is to increase net assets.	364,352
Accrued liabilities for compensated absences are not due and payable in the current period, and therefore, are not reported in the fund financial statements. The net effect of recognizing compensated absences is to decrease net assets.	(3,190)
Included in the noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of \$(33,394), a deferred resource inflow in the amount of \$(7,445), and a deferred resource outflow in the amount of \$15,946. The net effect of this adjustment is a decrease in net position.	(24,893)
Included in the noncurrent liabilities is the recognition of the City's net OPEB liability required by GASB 75 in the amount of \$(9,409), a deferred resource inflow in the amount of \$(3,142), and a deferred resource outflow in the amount of \$1,131. The net effect of this adjustment is a decrease in net position.	(11,420)
<b>Net Position of Governmental Activities</b>	<u>\$ 390,372</u>

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

**CITY OF CUMBY, TEXAS**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended September 30, 2019

	<u>General Fund</u>
<b>REVENUES</b>	
Taxes:	
Property	\$ 86,710
Sales	107,937
Franchise	29,844
License & Permits	1,150
Fines & Forfeitures	428,213
Investment Income	35
Donations/Fund Raisers	1,000
Miscellaneous	<u>1,838</u>
Total Revenues	<u>656,727</u>
<b>EXPENDITURES</b>	
Current:	
General Government	153,255
Public Safety	307,300
Municipal Court	239,942
Public Works	<u>8,076</u>
Total Expenditures	<u>708,573</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(51,846)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfer Out	<u>(11,510)</u>
Total Other Financing Sources/(Uses)	<u>(11,510)</u>
Net Change in Fund Balances	(63,356)
Fund Balances - Beginning, as Restated	<u>(5,445)</u>
Fund Balances - Ending	<u>\$ (68,801)</u>

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

**CITY OF CUMBY, TEXAS**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended September 30, 2019

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (63,356)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current resources. The net effect of the current year's depreciation is to decrease net position.	(32,537)
The change in deferred revenue must be eliminated to convert from the modified accrual basis of accounting to accrual basis of accounting.	326,908
Expenditures related to the change in compensated absences are not recognized in governmental funds. The net effect is to increase net position.	2,842
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/18 caused the change in the ending net position to increase in the amount of \$4,263. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net net position totaling \$(4,483). The City's reported TMRS net pension expense had to be recorded. The net pension expense decreased the change in net position by \$(12,066). The net effect of these changes is to decrease net position.	(11,846)
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/18 caused the change in the ending net position to increase in the amount of \$274. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$(275). The City's reported TMRS net OPEB expense had to be recorded. The net OPEB expense decreased the change in net position by \$(656). The net effect of these changes is to decrease net position.	(654)
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 221,357</u>

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

**CITY OF CUMBY, TEXAS**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual – General Fund  
For the Fiscal Year Ended September 30, 2019

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes:			
Property	\$ 86,900	\$ 86,710	\$ (190)
Sales	108,200	107,937	(263)
Franchise	29,900	29,844	(56)
License & Permits	100	1,150	1,050
Fines & Forfeitures	480,000	428,213	(51,787)
Investment Income	100	35	(65)
Donations/Fund Raisers	-	1,000	1,000
Miscellaneous	-	1,838	1,838
Total Revenues	<u>705,200</u>	<u>656,727</u>	<u>(48,473)</u>
<b>EXPENDITURES</b>			
Current:			
General Government	114,174	153,255	(39,081)
Public Safety	329,391	307,300	22,091
Municipal Court	264,695	239,942	24,753
Public Works	27,700	8,076	19,624
Parks & Recreation	2,000	-	2,000
Total Expenditures	<u>737,960</u>	<u>708,573</u>	<u>29,387</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,760)</u>	<u>(51,846)</u>	<u>(19,086)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer Out	-	(11,510)	(11,510)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(11,510)</u>	<u>(11,510)</u>
Net Change in Fund Balances	(32,760)	(63,356)	(30,596)
Fund Balances - Beginning, as Restated	<u>(5,445)</u>	<u>(5,445)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (38,205)</u>	<u>\$ (68,801)</u>	<u>\$ (30,596)</u>

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

**CITY OF CUMBY, TEXAS**  
Statement of Net Position  
Proprietary Fund  
September 30, 2019

<b>ASSETS</b>	<u>2019</u>
Current Assets:	
Cash & Cash Equivalents	\$ 2,785
Cash - Restricted	8,472
Receivables (Net of Allowance of Uncollectibles)	51,639
Total Current Assets	<u>62,896</u>
Noncurrent Assets:	
Capital Assets:	
Land	11,370
Buildings & Improvements	164,820
Infrastructure	2,734,276
Furniture & Equipment	215,209
Less: Accumulated Depreciation	<u>(1,580,131)</u>
Total Capital Assets (Net of Accumulated Depreciation)	1,545,544
Total Noncurrent Assets	<u>1,545,544</u>
Total Assets	<u>1,608,440</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflow Related to TMRS Pension	6,513
Deferred Outflow Related to TMRS OPEB	462
Total Deferred Outflows of Resources	<u>6,975</u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	100,536
Accrued Payroll	6,437
Deposits	45,790
Accrued Interest Payable	5,956
Compensated Absences	520
Current Portion of Long-Term Debt	30,865
Total Current Liabilities	<u>190,104</u>
Noncurrent Liabilities:	
Long-Term Debt	514,415
Net Pension Liability	13,640
Net OPEB Liability	3,844
Total Noncurrent Liabilities	<u>531,899</u>
Total Liabilities	<u>722,003</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflow Related to TMRS Pension	3,041
Deferred Inflow Related to TMRS OPEB	1,284
Deferred Inflow - Other	5,255
Total Deferred Inflows of Resources	<u>9,580</u>
 <b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	1,000,264
Restricted for:	
Debt Service	8,472
Unrestricted	<u>(124,904)</u>
Total Net Position	<u>\$ 883,832</u>

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

**CITY OF CUMBY, TEXAS**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
For the Fiscal Year Ended September 30, 2019

	2019
<b>OPERATING REVENUES</b>	
Water Sales	\$ 190,187
Sewer Charges	106,684
Sanitation Charges	61,748
Late Fees	6,131
Service Charges	4,347
Miscellaneous	20,009
Total Operating Revenues	389,106
<b>OPERATING EXPENSES</b>	
Personnel Services	175,007
Contract Services	60,551
Supplies & Materials	20,417
Repair & Maintenance	101,452
Utilities	16,369
Miscellaneous	15,127
Depreciation	113,954
Total Operating Expenses	502,877
Operating Income/(Loss)	(113,771)
<b>NONOPERATING REVENUES/(EXPENSES)</b>	
Transfers In	11,510
Interest Expense	(24,614)
Total Nonoperating Revenues/(Expenses)	(13,104)
Change in Net Position	(126,875)
Net Position, Beginning	1,010,707
Net Position, Ending	\$ 883,832

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



**CITY OF CUMBY, TEXAS**  
Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended September 30, 2019

	2019
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 366,929
Cash Paid to Employees	(178,266)
Cash Paid to Suppliers	(137,562)
Net Cash Provided by Operating Activities	51,101
Cash Flows from Noncapital Financing Activities:	
Transfers From Other Funds	11,510
Net Cash Provided by /(Used in) Noncapital Financing Activities	11,510
Cash Flows from Capital and Related Financing Activities:	
Principal Payments on Capital Debt	(34,868)
Interest Paid on Capital Debt	(24,614)
Purchase of Capital assets	(14,988)
Net Cash Used in Capital and Related Financing Activities	(74,470)
Net Increase/(Decrease) in Cash & Cash Equivalents	(11,859)
Cash & Cash Equivalents - Beginning	23,116
Cash & Cash Equivalents - Ending	\$ 11,257
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Loss	\$ (113,771)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation/Amortization Expense	113,954
(Increase)/Decrease in Receivables (Net)	(26,927)
(Increase)/Decrease in Deferred Outflows of Resources	3,129
Increase/(Decrease) in Accounts Payable	65,992
Increase/(Decrease) in Deposits	4,750
Increase/(Decrease) in Compensated Absences	(3,259)
Increase/(Decrease) in Net Pension Liability	6,792
Increase/(Decrease) in Net OPEB Liability	(977)
Increase/(Decrease) in Deferred Inflows of Resources	1,418
Total Adjustments	164,872
Net Cash Provided by Operating Activities	\$ 51,101

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

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Cumby, Texas, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**Reporting Entity**

The City of Cumby, TX (the City) was incorporated May 13, 1911 and operates under a Mayor-Council form of government, which provides the following services as authorized by its charter: public safety - police, streets, water utility service, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

**Government – Wide & Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds.

**Measurement Focus, Basis of Accounting & Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Measurement Focus, Basis of Accounting & Financial Statement Presentation** *(continued)*

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal year is considered to be susceptible to accrual as revenue of the current year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following proprietary funds:

The *enterprise fund* is used to account for those operations that are financed and operated in a manner similar to private business or where the council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The government's enterprise fund is for water and sewer operations.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

**Deposits & Investments**

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

**Short-Term Inter-Fund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Restricted Assets**

Certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. When the government incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Useful Life</u>
Buildings & Improvements	10 - 39
Infrastructure	5 - 40
Furniture & Equipment	5 - 10

**Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Fund Equity**

Fund Balance Classification: The governmental fund financial statements present fund balance classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2019.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by an official to which the City Council delegates this authority.
- Unassigned: This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of unassigned funds, then assigned funds, and finally committed funds, as needed.

As of September 30, 2019, fund balances are composed of the following:

	General Fund
Restricted for:	
Court Use	\$ 3,202
Seizure Funds	41,114
Unassigned	(113,117)
Total Fund Balance	\$ (68,801)

**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/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS.

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Pensions** *(continued)*

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.

**STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund and water and sewer fund. All annual appropriations lapse at fiscal yearend.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to September 1, the City Staff meet with the City Council in a series of workshops to work on the budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance.
4. Under Civil Statutes, the City is prohibited from budgeting total proposed expenditures in excess of total anticipated revenues and any unencumbered funds from prior years; therefore, expenditures may not legally exceed revenues and unencumbered fund balances from prior years.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Fund.

Formal encumbrance accounting is not used by the City.

**DEPOSITS & 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 the 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 banks dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance.

At September 30, 2019, the government's carrying amount of deposits was \$66,382 and the bank balance of the government's deposits was \$80,107. The federal depository insurance covers up to \$250,000, therefore, the City's cash deposits were fully covered at September 30, 2019.

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

Credit Risk is the risk that a security issuer may default on an interest or principal payment.

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**DEPOSITS & INVESTMENTS** *(continued)*

Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution or counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover its deposits, value of its investments, or collateral securities that are in the possession of an outside party. The PFIA, the government's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments. The government's funds are deposited and invested under terms of a depository contract with amounts greater than the FDIC insurance coverage protected by approved pledged securities held on behalf of the government. Public funds investment pools created to function as money market mutual funds must mark their portfolios to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. The government's policy manages custodial credit risk by requiring securities purchased by a brokerdealer for the government to be held in a Safekeeping account in the government's name. The policy also requires that security transactions be conducted on a delivery-versus-payment basis. The government is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. It is the government's policy to not allow for a concentration of credit risk. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. The government is not exposed to concentration of credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the government's investment in external investment pools is less than 60 days.

Foreign Currency Risk is the potential for loss due to fluctuations in exchange rates. The government's policy does not allow for any direct foreign investments, and therefore the government is not exposed to foreign currency risk.

**RECEIVABLES**

Receivables at September 30, 2019 consist of the following:

	Receivables	Allowance	Net
Governmental Funds:			
Citations	\$ 1,444,423	\$ (1,080,072)	\$ 364,351
Delinquent Taxes	9,077	(908)	8,169
Sales Taxes	8,708	-	8,708
Franchise Taxes	5,188	-	5,188
	1,467,396	(1,080,980)	386,416
Proprietary Funds:			
Utility Bills	\$ 54,385	\$ (2,746)	\$ 51,639

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**RECEIVABLES** (continued)

Taxes are levied on October 1 and are payable until February 1 without penalty. Property taxes attach as an enforceable lien on property as of February 1. No discounts are allowed for early payment. Penalty is calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 up to the date collected by the government at the rate of 1% per month. Under state law, property taxes on real property constitute a lien on the property and cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes applicable to personal property may be deemed uncollectible by the government.

**INTER-FUND TRANSFERS**

The composition of inter-fund balances as of September 30, 2019, is as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>	
General	Water & Sewer	\$ 11,510
	Total	<u>\$ 11,510</u>

**CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 32,000	\$ -	\$ -	\$ 32,000
Total Capital Assets Not Being Depreciated	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>32,000</u>
Capital Assets Being Depreciated:				
Buildings & Improvements	139,001	-	-	139,001
Infrastructure	270,536	-	-	270,536
Furniture & Equipment	569,430	-	-	569,430
Total Capital Assets Being Depreciated	<u>978,967</u>	<u>-</u>	<u>-</u>	<u>978,967</u>
Less Accumulated Depreciation for:				
Buildings & Improvements	(90,728)	(2,715)	-	(93,443)
Infrastructure	(241,771)	(5,735)	-	(247,506)
Furniture & Equipment	(519,777)	(24,087)	-	(543,864)
Total Accumulated Depreciation	<u>(852,276)</u>	<u>(32,537)</u>	<u>-</u>	<u>(884,813)</u>
Total Capital Assets Being Depreciated, Net	<u>126,691</u>	<u>(32,537)</u>	<u>-</u>	<u>94,154</u>
Governmental Activities Capital Assets, Net	<u>\$ 158,691</u>	<u>\$ (32,537)</u>	<u>\$ -</u>	<u>\$ 126,154</u>



**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**CAPITAL ASSETS** *(continued)*

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 11,370	\$ -	\$ -	\$ 11,370
Total Capital Assets Not Being Depreciated	11,370	-	-	11,370
Capital Assets Being Depreciated:				
Buildings & Improvements	164,820	-	-	164,820
Infrastructure	2,719,288	14,988	-	2,734,276
Furniture & Equipment	215,209	-	-	215,209
Total Capital Assets Being Depreciated	3,099,317	14,988	-	3,114,305
Less Accumulated Depreciation for:				
Buildings & Improvements	(57,148)	(4,943)	-	(62,091)
Infrastructure	(1,278,029)	(90,159)	-	(1,368,188)
Furniture & Equipment	(131,000)	(18,852)	-	(149,852)
Total Accumulated Depreciation	(1,466,177)	(113,954)	-	(1,580,131)
Total Capital Assets Being Depreciated, Net	1,633,140	(98,966)	-	1,534,174
Business-Type Activities Capital Assets, Net	<u>\$ 1,644,510</u>	<u>\$ (98,966)</u>	<u>\$ -</u>	<u>\$ 1,545,544</u>

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

Governmental Activities:	
General Government	\$ 1,653
Public Safety	23,312
Public Works	6,820
Parks & Recreation	752
Total Depreciation Expense - Governmental Activities	<u>\$ 32,537</u>
Business-Type Activities:	
Water & Sewer	<u>\$ 113,954</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 113,954</u>

**COMPENSATED ABSENCES**

Compensated Absences activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Accrued	Used	Ending Balance
General Fund	\$ 6,032	2,643	(5,485)	\$ 3,190
Water and Sewer Fund	\$ 3,779	520	(3,779)	\$ 520

Compensated Absences are included in accrued expenses on the financial statements.

**LONG-TERM DEBT**

On October 1, 2012, the City issued \$695,000 in Combination Tax and Revenue bonds, for sewer infrastructure improvements which were completed during 2013. The bonds require semi-annual interest payments in January and July at an average interest rate of 3.98% and matures on October 1, 2034. The outstanding balance at September 30, 2019 was \$535,000.

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**LONG-TERM DEBT** *(continued)*

In January 2014, the City secured a note in the amount of \$45,436 to purchase a sewer jet spray. Interest is payable quarterly at a rate of 5.25%. The note matures in January of 2019. As of September 30, 2019, the note was paid in full.

In May 2016, the City entered into a capital lease with Ally Financial for a 2016 Silverado in the amount of \$27,736. The lease is to be paid in monthly payments of \$517 with an interest rate of 4.39%. The lease will be paid in full in May 2021.

For the year ended September 30, 2019 there were no outstanding Long-Term liabilities reported in the Governmental Activities.

During the year ended September 30, 2019, the following changes occurred in Long-Term liabilities reported in the Water & Sewer Fund:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes Payable:					
Capital Lease	\$ 15,604	\$ -	\$ (5,324)	\$ 10,280	\$ 5,865
Note Payable	5,092	-	(5,092)	-	-
Certificates of Obligation					
Bond Payable	559,452	-	(24,452)	535,000	25,000
<b>Total</b>	<u>\$ 580,148</u>	<u>\$ -</u>	<u>\$ (34,868)</u>	<u>\$ 545,280</u>	<u>\$ 30,865</u>

Debt service requirements, until maturities, are as follows:

Water & Sewer Fund			
Fiscal Year End	Principal	Interest	Total
9/30/2020	\$ 30,865	\$ 21,186	\$ 52,051
9/30/2021	34,415	20,097	54,512
9/30/2022	30,000	19,053	49,053
9/30/2023	30,000	18,035	48,035
9/30/2024	30,000	16,971	46,971
2025-2029	180,000	65,070	245,070
2030-2034	210,000	24,160	234,160
	<u>\$ 545,280</u>	<u>\$ 184,572</u>	<u>\$ 729,852</u>

Interest expense on long-term debts outstanding for the year ended September 30, 2019 was \$24,614.

**LEASES**

On November 22, 2016, the City entered into a 60-month lease agreement with Pitney Bowes for a postage meter. Payments are due quarterly at a rate of \$84.

Future minimum lease payments for the fiscal years ending September 30 are as follows:

2020	\$ 336
2021	140
	<u>\$ 476</u>

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**RISK MANAGEMENT**

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reimburse through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reimbursement. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**RETIREMENT SYSTEM – PENSION PLAN**

**Plan Description** - The City of Cumby 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 includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained at [www.tmr.com](http://www.tmr.com).

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

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

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

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**RETIREMENT SYSTEM – PENSION PLAN** *(continued)*

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

	Plan Year	
	2019	2018
Employee deposit rate	5%	5%
Matching ratio (city to employee)	2 to 1	2 to 1
Year Required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5,0/20	60/5,0/20
Updated service credit	0%	0%
Annuity increase ( to retirees)	0% of CPI	0% of CPI

**Employees Covered by Benefit Terms** – At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	3
Inactive Employees Entitled to but Not Yet Receiving Benefits	17
Active Employees	10
	30

**Contributions** - Under the state law governing TMRS, the contribution rate for each government is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member’s projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that government. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credit and Annuity Increases.

The government contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the government make contributions monthly. Since the government needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Employees of the City were required to contribute 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 2.18% and 1.96% in calendar year 2019 and 2018, respectively. The City’s contributions to TMRS for the year ended September 30, 2019 were \$8,069 and were equal to required contributions.

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

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**RETIREMENT SYSTEM – PENSION PLAN** *(continued)*

**Net Pension Liability** *(continued)*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/17	\$ 290,767	\$ 267,153	\$ 23,614
Changes for the year:			
Service cost	28,316	-	28,316
Interest	20,122	-	20,122
Change in benefit terms	-	-	-
Diff between expected/actual experience	(3,136)	-	(3,136)
Changes of assumptions	-	-	-
Contributions - employer	-	8,405	(8,405)
Contributions - employee	-	21,615	(21,615)
Net investment income	-	(7,975)	7,975
Benefit payments, including refunds of employee contributions	(13,636)	(13,636)	-
Administrative expenses	-	(155)	155
Other charges	-	(8)	8
Net changes	31,666	8,246	23,420
Balance at 12/31/18	<u>\$ 322,433</u>	<u>\$ 275,399</u>	<u>\$ 47,034</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would have been 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 (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability	<u>\$ 88,271</u>	<u>\$ 47,034</u>	<u>\$ 13,014</u>

**Pension Expense and Deferred Outflows and Inflows of Resources** - For the year ended September 30, 2019, the City recognized pension expense in the amount of \$8,160. At September 30, 2019, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 642	\$ 10,486
Changes in actuarial assumptions	1,654	-
Differences between projected and actual investment earnings (net of current year amortization)	14,139	-
Contributions subsequent to the measurement date	6,024	-
Total	<u>\$ 22,459</u>	<u>\$ 10,486</u>

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**RETIREMENT SYSTEM – PENSION PLAN** *(continued)*

**Pension Expense and Deferred Outflows and Inflows of Resources** *(continued)*

\$6,024 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,		
2020	\$	(1,249)
2021		304
2022		1,694
2023		5,200
	\$	<u>5,949</u>

**RETIREMENT SYSTEM – OTHER POST EMPLOYMENT BENEFITS**

**Plan Description** - The City participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). SDBF is an unfunded multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Texas Municipal Retirement System (TMRS).

**OPEB Plan Fiduciary Net Position** - Detailed information about the TMRS SDBF's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. This report may be obtained at [www.tmrs.com](http://www.tmrs.com).

**Benefits Provided** – SDBF is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit and is a fixed amount of \$7,500.

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

Employees for the City of Cumby were not required to contribute to the SDBF. The contribution rates for the City were 0.14% and 0.12% in calendar year 2019 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$512 and were equal to required contributions.

**Employees Covered by Benefit Terms** – At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	3
Inactive Employees Entitled to but Not Yet Receiving Benefits	-
Active Employees	<u>10</u>
	13

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**RETIREMENT SYSTEM – OTHER POST EMPLOYMENT BENEFITS** *(continued)*

**Actuarial Assumptions** - The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Discount Rate*	3.31%
Retirees' share of benefit related costs	\$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

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

Note: The actuarial assumption used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 - December 31, 2014.

**Total OPEB Liability** - The City's Total OPEB Liability was determined by an actuarial valuation as of December 31, 2018.

	<u>Increase/Decrease</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at 12/31/17	\$ 16,623
Changes for the year:	
Service cost	1,297
Interest	571
Change in benefit terms	-
Diff between expected/actual experience	(4,019)
Changes of assumptions	(1,176)
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(43)
Administrative expenses	-
Other charges	-
Net changes	<u>(3,370)</u>
Balance at 12/31/18	<u>\$ 13,253</u>

**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**RETIREMENT SYSTEM – OTHER POST EMPLOYMENT BENEFITS** *(continued)*

**Discount Rate Sensitivity Analysis** - The following presents the total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate.

	1% Decrease (2.71%)	Discount Rate (3.71%)	1% Increase (4.71%)
City's total OPEB liability	\$ 16,377	\$ 13,253	\$ 10,858

**OPEB Expense and Deferred Outflows and Inflows of Resources** - For the year ended September 30, 2019, the City recognized OPEB expense in the amount of \$1,352. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 3,424
Changes in actuarial assumptions	1,206	1,002
Differences between projected and actual investment earnings (net of current year amortization)	-	-
Contributions subsequent to the measurement date	387	-
Total	\$ 1,593	\$ 4,426

\$387 reported as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended December 31,		
2020	\$	(516)
2021		(516)
2022		(516)
2023		(516)
2024		(575)
Thereafter		(581)
	\$	(3,220)

**TAX ABATEMENTS**

In compliance with GASB Statement #77, the City did not have any outstanding tax abatements for the year ended September 30, 2019.



**CITY OF CUMBY, TEXAS**  
Notes to the Financial Statements  
September 30, 2019

**PRIOR PERIOD ADJUSTMENT**

During fiscal year 2018, the City did not reflect the appropriate amount of sales tax receivable within the general fund. This resulted in a decrease in fund balance and net position of \$9,140. Additionally, during fiscal year 2018, the City did not appropriately recognize deferred property taxes and deferred citations as revenue on the government-wide financial statements. This resulted in an increase in net position of \$45,614. The details for the prior period adjustments are as follows:

	<u>Governmental Activities</u>
Net Position - as Originally Reported	\$ 132,541
Increase in Sales Tax Receivable	(9,140)
Recognize PY Deferred Revenue for Property Taxes	8,170
Recognize PY Deferred Revenue for Citations	37,444
Net Position - as Restated	<u>\$ 169,015</u>

  

	<u>General Fund</u>
Fund Balance - as Originally Reported	\$ 3,695
Increase in Sales Tax Receivable	(9,140)
Fund Balance - as Restated	<u>\$ (5,445)</u>

**PENDING OR THREATENED LITIGATION, CLAIMS AND ASSESSMENTS**

We were unable to obtain a discussion or evaluation with one of the City's outside legal counsel regarding pending or threatened litigation, claims and assessments.

**EVALUATION OF SUBSEQUENT EVENTS**

The City has evaluated subsequent events through June 1, 2020, the date which the financial statements were available to be issued and cited the below subsequent event has occurred since the fiscal year ended September 30, 2019.

The City has passed the maximum of 85% water system capacity limit required by law. As a result, it cannot add new meters unless it takes remedial action related to the non-compliance.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CUMBY, TEXAS**  
Schedule of Changes in Net Pension Liability and Related Ratios  
For the Year Ended September 30, 2019

	2018	2017
<b>Total Pension Liability</b>		
Service cost	\$ 28,316	\$ 25,696
Interest (on the total pension liability)	20,122	17,966
Changes of benefit terms	-	-
Difference between expected and actual experience	(3,136)	1,509
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	(13,636)	(15,430)
<b>Net Change in Total Pension Liability</b>	31,666	29,741
<b>Total Pension Liability - Beginning</b>	290,767	261,026
<b>Total Pension Liability - Ending (a)</b>	\$ 322,433	\$ 290,767
 <b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 8,405	\$ 8,258
Contributions - employee	21,615	20,044
Net investment income	(7,975)	30,871
Benefit payments, including refunds of employee contributions	(13,636)	(15,430)
Administrative expense	(155)	(160)
Other	(8)	(8)
<b>Net Change in Plan Fiduciary Net Position</b>	8,246	43,575
<b>Plan Fiduciary Net Position - Beginning</b>	267,153	223,578
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 275,399	\$ 267,153
 <b>Net Pension Liability - Ending (a) - (b)</b>	\$ 47,034	\$ 23,614
 <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	85.41%	91.88%
 <b>Covered Employee Payroll</b>	\$ 432,303	\$ 400,879
 <b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	10.88%	5.89%

Plan Year Ended December 31,		
2016	2015	2014
\$ 26,743	\$ 26,601	\$ 23,554
16,715	17,719	16,133
-	-	-
(5,657)	(30,388)	255
-	8,070	-
<u>(22,056)</u>	<u>(33,095)</u>	<u>(4,534)</u>
15,745	(11,093)	35,408
245,281	256,374	220,966
<u>\$ 261,026</u>	<u>\$ 245,281</u>	<u>\$ 256,374</u>
\$ 9,831	\$ 9,766	\$ 8,217
20,828	20,431	19,564
13,606	302	9,808
(22,056)	(33,095)	(4,534)
(154)	(184)	(102)
<u>(8)</u>	<u>(9)</u>	<u>(8)</u>
22,047	(2,789)	32,945
201,531	204,320	171,375
<u>\$ 223,578</u>	<u>\$ 201,531</u>	<u>\$ 204,320</u>
<u>\$ 37,448</u>	<u>\$ 43,750</u>	<u>\$ 52,054</u>
85.65%	82.16%	79.70%
\$ 416,554	\$ 408,623	\$ 391,274
8.99%	10.71%	13.30%

**CITY OF CUMBY, TEXAS**  
Schedule of Pension Contributions  
For the Year Ended September 30, 2019

	2019	2018
Actuarially determined contribution	\$ 8,069	\$ 8,258
Contributions in relation to actuarially determined contribution	<u>(8,069)</u>	<u>(8,258)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 380,646	\$ 400,879
Contributions as a percentage of covered employee payroll	2.12%	2.06%

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:** There were no benefit changes during the year.

Fiscal Year Ended September 30,		
2017	2016	2015
\$ 8,691	\$ 8,418	\$ 9,234
<u>(8,691)</u>	<u>(8,418)</u>	<u>(9,234)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 421,916	\$ 408,623	\$ 391,274
2.06%	2.06%	2.36%

**CITY OF CUMBY, TEXAS**  
Schedule of Changes in Total OPEB Liability and Related Ratios  
For the Year Ended September 30, 2019

	<u>Plan Year Ended December 31,</u>	
	2018	2017
<b>Total OPEB Liability</b>		
Service Cost	\$ 1,297	\$ 1,042
Interest (on the Total OPEB Liability)	571	525
Changes of Benefit Terms	-	-
Difference Between Expected & Actual Experience	(4,019)	-
Change of Assumptions	(1,176)	1,712
Benefit Payments, Including Refunds of Employee Contributions	(43)	(40)
Net Change in Total OPEB Liability	<u>(3,370)</u>	<u>3,239</u>
Total OPEB Liability - Beginning	<u>16,623</u>	<u>13,384</u>
Total OPEB Liability - Ending	<u>\$ 13,253</u>	<u>\$ 16,623</u>
Covered Employee Payroll	\$ 432,303	\$ 400,879
Total OPEB Liability as a Percentage of Covered Payroll	3.07%	4.15%

**Notes to Schedule of Changes in Total OPEB Liability and Related Ratios**

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

**Actuarial Assumptions Used to Determine Contribution Rates**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	17 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**                                      There were no benefit changes during the year.



**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF CUMBY, TEXAS**  
Schedule of Revenues, Expenses, and Changes in Fund Net Position  
Budget and Actual - Enterprise Fund  
For the Fiscal Year Ended September 30, 2019

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Water Sales	\$ 183,100	\$ 190,187	\$ 7,087
Sewer Charges	102,600	106,684	4,084
Sanitation Charges	59,400	61,748	2,348
Late Fees	5,900	6,131	231
Service Charges	4,200	4,347	147
Miscellaneous	4,800	20,009	15,209
Total Operating Revenues	<u>360,000</u>	<u>389,106</u>	<u>29,106</u>
<b>OPERATING EXPENSES</b>			
Personnel Services	182,835	175,007	7,828
Contract Services	52,000	60,551	(8,551)
Supplies & Materials	27,000	20,417	6,583
Repair & Maintenance	42,000	101,452	(59,452)
Utilities	18,000	16,369	1,631
Miscellaneous	10,000	15,127	(5,127)
Depreciation	-	113,954	(113,954)
Total Operating Expenses	<u>331,835</u>	<u>502,877</u>	<u>(171,042)</u>
Operating Income/(Loss)	<u>28,165</u>	<u>(113,771)</u>	<u>(141,936)</u>
<b>NONOPERATING REVENUES/(EXPENSES)</b>			
Transfers In	-	11,510	11,510
Interest Expense	(27,700)	(24,614)	3,086
Total Nonoperating Revenues/(Expenses)	<u>(27,700)</u>	<u>(13,104)</u>	<u>14,596</u>
Change in Net Position	465	(126,875)	(127,340)
Net Position, Beginning	<u>1,010,707</u>	<u>1,010,707</u>	<u>-</u>
Net Position, Ending	<u>\$ 1,011,172</u>	<u>\$ 883,832</u>	<u>\$ (127,340)</u>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor  
and Members of the City Council  
**City of Cumby, Texas**

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 and the business-type activities of the City of Cumby, Texas (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 1, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 have not been identified. However, as described in the accompanying summary of findings, recommendations, and management response, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying summary of Internal Control Findings, Recommendations, and Management Response as items 1, 2, 5, 11, 12, 13, and 15, to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany Summary of Findings, Recommendations, and Management Response 3, 4, 6, 7, 8, 9 and 10 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed item 16 as an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Summary of Findings, Recommendations, and Management Response.

### **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 and which are described in the accompanying Summary of Findings, Recommendations, and Management Response.

### **City of Cumby Response to Findings**

City of Cumby response to the findings identified in our audit is described in the accompanying Summary of Findings, Recommendations, and Management Response. City of Cumby response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

*K. Evann & Associates*

Frisco, TX  
June 1, 2020

## **Summary of Internal Control Findings, Recommendations and Management Response**

### **1. Fund Accounting**

We noted account numbers were not assigned to the accounts and W&S and general funds were comingled and not recognized as separate funds. To ensure proper reporting of funds, designate separate QuickBooks files for water and sewer and general fund and assign accounts numbers for chart of accounts.

Duplicate and similar accounts were created (i.e. legal fees, legal fee). Review the chart of accounts and consolidate duplicated accounts.

#### **Management Response**

The City will work with QuickBooks advisor on staff with K. Evans & Associates to designate separate QuickBooks files for water and sewer and general fund and assign account numbers for the chart of accounts. While doing so the City will also review and consolidate the chart of accounts to assure there are no duplicate accounts.

### **2. Cash & Bank Accounts**

All transactions were coded to the general operating account. To ensure appropriate accounting, transactions should be coded to the account specified for the related purpose (i.e. water & sewer, municipal court).

The operating account bank reconciliation includes stale dated checks extending back to 2014, as well as uncleared paychecks. Follow up with stale dated checks and uncleared transactions, void and reissue (if necessary) so that stale transactions do not skew the cash balance on the books.

#### **Management Response**

By separating the QuickBooks files this will also ensure that transactions are coded to the specified account for the related purposes. The City will follow up with stale dated checks and uncleared transactions, void and reissue (if necessary).

### **3. Cash Disbursement**

Vendors were entered with two names in the billing system, which resulted in outstanding payables being split between "separate" vendors (i.e. ECS House Industries, House Industries). To prevent duplicating vendors within the system, create a system that will prevent creating two names, such as entering vendors by the full name on the invoice. Further review the list of vendors presently within QuickBooks and consolidate duplicated vendors.

Multiple voided and duplicate entries were noted throughout the general ledger, specifically to the Contingency/Bank Rec account which had approximately \$30,000 of debt entries such as: "double entry", "error in entry", and "deposit posted twice". Correction of errors, need to be reversed to the original account, thus eliminating the error, not coded to a new account.

#### **Management Response**

The City is now entering full name and address along with the phone number for each vendor directly from the invoice. The City will review the vendor list in QuickBooks and consolidate any duplications. The City will also make corrections of errors to eliminate the errors and ensure it is reversed to the original account and not coded to a new account.

### **4. RevTrak Deposits - Revenue**

Activity totaling approximately \$80,000 was coded to "RevTrak Clearing Account" and accounted for deposits that had not been allocated to W/S and Court funds. Deposits from RevTrak need to be accurately recognized as revenues as utilities within water & sewer, or citations within the general fund. No balances should remain in a clearing account.

### Management Response

The City is now accounting for all deposits as they are entered. The City is no longer using the "RevTrak Clearing Account" in QuickBooks. The City will also go back through and allocate the deposits to the appropriate accounts to clear up the sum in the "RevTrak clearing account"

### 5. Citation Receivable

The prior auditor did not grant us access to the previous revenue and receivable workpapers. Furthermore, the City was unable to provide adequate accounting records to establish sufficient audit evidence regarding the gross citation receivable balance of \$748,873 recorded in the prior year audit report at September 30, 2018. The City needs to maintain accounting records to support balances on the audit report.

### Management Response

The City is already working to keep better accounting records to support the balances. The reports are being kept organized by month.

### 6. Inventory

Annual physical inventory is not performed by the City. The City needs to perform annual inventory count and incorporate the balance in the financial statement.

### Management Response

The City will begin performing annual inventory counts. The City has already started implementing logs of all tools that have been purchased.

### 7. Payroll

During observation of randomly selected personnel files, we observed incomplete files which include: missing I-9 and W-4, and lack of documentation regarding pay adjustments. The City should establish a policy to include I-9s and W-4s within all personnel files. We also recommend that initial pay rates, and subsequent pay increases be documented, signed as acknowledged by employee and employer, and maintained within the personnel file.

We noted that all payroll is lumped together and not being separated by fund, as well as being incorrectly reported (gross payroll versus employer taxes). To ensure proper reporting of funds, payroll needs to be designated by fund and accounted for accordingly. Management should review the payroll allocation in QBs and verify that the employer and employee payroll taxes are appropriately coded.

During review of payroll we noted duplicate pay period entries with separate pay dates, for example: Paid 11.07.18, Period 11.02.18 -11.08.18; Paid 11.19.18, Period 11.02.18 – 11.08.18. The City needs to establish a diligent review process to ensure that payroll checks are dated accurately prior to issuance of payroll.

### Management Response

The City has already started keeping proper new hire documentation in personnel files and has also started putting pay rate letters on file. Management will separate payroll by fund and review the payroll allocation in QBs and verify that the employer and employee taxes are being coded appropriately. The City is already developing a better review process than previously. Payroll is reviewed by City Secretary twice before creating the checks and then reviewed by the Mayor when signed.

### 8. Compensated Absences

Observed override of accrued vacation hours. As a result, the payroll system did not provide an accurate vacation accrual report. For a specific employee, the accrued vacation time fluctuated from 120 hours to 80 hours and then to 160 hours for three consecutive pay periods, without any "used" vacation hours. Weekly payrolls need to be reviewed by management and the City's vacation policy need to be followed.

### Management Response

The City has already started having weekly payroll reviewed by the mayor and the vacation policy is being followed.

### 9. Credit Card

Observed that credit card use was not properly accounted for. Business use of credit cards need to be verified and credit card holders need to submit invoices to accounting department for each purpose. Credit card transactions are not being recognized as expense when individual purchases are made, but rather when the payment is made. Each credit card transaction should be recorded as an expense in accordance with its purpose (i.e. supplies, equipment, etc.), and offset to a liability account (credit card). When a payment is made, it should reduce the liability. The liability on the books should always reflect the balance on the credit card.

### Management Response

Upon working with the QuickBooks advisor management will begin proper accounting of the credit card use.

### 10. Supporting Documents

The City received an insurance claim of \$15,000 during the fiscal year. However, we were not able to obtain documentation related to this. The City need to keep accounting records to support transactions on the general ledger.

### Management Response

The City is already working to keep better records to support transactions on the general ledger as well as all transactions.

### 11. Accounting Manual

The City does not have a formal accounting manual documenting the procedures for fiscal operations. A written accounting manual is necessary to ensure that transactions are treated in a standardized manner and that proper internal controls exist in the accounting system. Should employees have a question as to the proper handling of a transaction in accordance with management's authorization, such information is not available in writing. City personnel were unaware of the need to have a formal accounting manual. We recommend that operating guidelines for fiscal activities be prepared including a description of each fiscal procedure, such as payments of invoices, maintenance of accounts receivable and accounts payable subsidiary records, and payroll procedures. In addition, an expense allocation methodology should also be incorporated into the accounting manual.

### Management Response

The City will develop a formal accounting manual to document the procedures as well as the expense allocation methodology.

### 12. Segregation of Duties

During review of walkthrough procedures, we noted the following inconsistencies with predetermined policies. The city policy requires dual signing of checks, one from an administrative employee and the other from an elected official, preferably the mayor. However, we observed that both signors on a check were administrative employees. Moreover, a credit card user also authorizes payments, reviews transactions, reconcile the cards, records transactions in the accounting system, and pays the card online. We also noted that the Utility clerk receives payments, acknowledges payments within the system, and makes the deposits to the bank.

Dual check signing should be performed per the City's policy and asset custodianship, approval and record keeping should be segregated to prevent misappropriation of assets.

#### Management Response

The City has already started following the policy of the dual signature requirement of the administrative employee and mayor or council member when the mayor is not available. The City will work on implementing segregation of duties as much as possible with its small staff. The credit card use is authorized by the Mayor before any purchase can be made with it.

#### 13. Physical Safeguarding of Assets

During review of the City processes, it was determined that prenumbered checks, as well as the utility payment drop box key, are held in an unlocked drawer. We recommend keeping checks and the drop box key in a secure location.

#### Management Response

The City has implemented keeping the keys to the drop box in a locked drawer. The prenumbered checks are now being held in a locked and secure location.

#### 14. Organizational Structure

The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

#### Management Response

The Board of Directors will remain involved in the financial affairs of the organization. Management is working to segregate duties as much as possible with its small staff.

#### 15. Skill, Knowledge and Experience of Accounting Personnel

Accounting personnel and management lack appropriate skill, knowledge, and experience to oversee GAAP accounting procedures including performing the financial statement preparation. We recommend the city to employ individuals with appropriate skill, knowledge, and experience.

#### Management Response

Management will find some training courses that apply to GAAP accounting procedures in order to be better equipped.

#### 16. Non-Compliance with the Law

The City has reached 89% water system capacity but is required by law to have a maximum of 85%. As a result, the City cannot add new meters. Management should regularly review the City's compliance with laws and take immediate remedial actions when non-compliance has occurred.

#### Management Response

The City is working on getting an ACR waiver as well as looking for grants available that would assist in expanding the system. However, at this time the City is not installing any new meters.



RESOLUTION NO. 2020-06-01

**A RESOLUTION OF THE CITY OF CUMBY, TEXAS, CALLING A GENERAL ELECTION AND ESTABLISHING THE PROCEDURE FOR THE GENERAL ELECTION FOR CITY OFFICERS TO BE HELD ON NOVEMBER 3, 2020 IN THE CITY OF CUMBY, TEXAS; AND PROVIDING FOR OTHER MATTERS RELATING TO THE ELECTION.**

**WHEREAS**, the laws of the State of Texas provide that on November 3, 2020, there shall be a general election for municipal officers; and

**WHEREAS**, the Texas Election Code is applicable to said election, and in order to comply with said Code, a resolution should be passed calling the election and establishing the procedures to be followed in said election and designating the voting place for said election; and

**WHEREAS**, the City of Cumby, Texas (the "City") lies within the boundaries of Hopkins County, Texas; and

**WHEREAS**, the City approves and agrees to conduct the City General Election jointly with other political subdivisions in Hopkins County in accordance with Texas Election Code Chapter 271; and

**WHEREAS**, the City and other political subdivisions in the area have made provision to contract with the Hopkins County Election Officer to conduct the City's election, pursuant to Chapter 31, Texas Election Code and Chapter 791, Texas Gov't Code.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF CUMBY, TEXAS THAT:**

**Section 1. General Election Ordered.** A general election shall be held on November 3, 2020 to elect the following city officers: One (1) Mayor and two (2) Aldermen, being Place 1 and Place 2, of the City of Cumby, Texas; each to serve a term of two (2) years.

**Section 2. Filing Period.** Candidates for the above offices may file their application beginning at 8:00 a.m. on July 18, 2020 and shall file their applications no later than 5:00 p.m. on August 17, 2020. All candidates for the office to be filled in the election to be held on November 3, 2020, shall file their application to become candidates with the City Secretary of the City of Cumby, Texas on a form as prescribed by the Election Code of the State of Texas.

**Section 3. Drawing.** The order in which the names of the candidates are to be printed on the ballot shall be determined by a drawing conducted in accordance with Section 52.094 of the Texas Election Code.

**Section 4. Ballots and Printed Materials.** The ballots used for the election shall comply with the Texas Election Code and be on the form provided by the City to the Hopkins County Election Officer (the "Election Officer") for use on the voting devices and ballots used by Hopkins County. The official ballots, together with such other election materials as are required by the Texas Election Code, as amended, shall be printed in both the English and Spanish languages and shall contain such provisions, markings, and language as required by law.

**Section 5. Joint Election.** The City agrees to conduct a joint election with the political subdivisions designated by the Elections Officer, provided that such political subdivisions hold an election on November 3, 2020 in all or part of the same territory as the City. The joint election for political subdivisions in Hopkins County will be conducted in accordance with state law, this resolution, and the contract for election services with Hopkins County ("Election Services Contract").

**Section 6. Conduct of Election.** The Election Officer and his/her employees and appointees, and the election judges, alternate judges and clerks properly appointed for the election, shall hold and conduct the election in the manner provided by the Election Services Contract and the law governing the holding of general elections by general law cities of the State of Texas.

**Section 7. Election Precinct and Polling Place.** The election precincts for the election shall be the election precincts established by Hopkins County, provided that each shall contain and include geographic area that is within the City. Election Day voting shall be conducted at places, times, and locations authorized and required by state law and the Election Officer. The returns for the precincts in Hopkins County will be provided by the precinct, and the Election Officer shall tabulate and provide the election returns for the election. Any polling place may be changed by the Election Officer upon compliance with state and federal law.

**Section 8. Election Officer.** The Election Officer is appointed to serve as the City's Election Officer, Joint Early Voting Clerk and the Joint Custodian of Records for precincts which may be affected, to conduct the City's election on November 3, 2020. As the City's Election Officer and Early Voting Clerk, the Election Officer shall coordinate, supervise, and conduct all aspects of administering voting in the City's election in compliance with state law and the Election Services Contract.

**Section 9. Early Voting.** Early voting, both by personal appearance and by mail, will be conducted by the Election Officer in accordance with the Texas Election Code. Early Voting by personal appearance shall be conducted at places, time, and locations authorized and required by state law and the Election Officer. Early voting shall commence on October 19, 2020 and continue through October 30, 2020. Early voting by City residents may be conducted at any Hopkins County early voting location and any location exclusively designated by the Election Officer for City residents.

**Section 10. Election Judges and Clerks.** The presiding judges, alternate presiding judges, and clerks for the election shall be selected and appointed by Hopkins County and its appointees in compliance with the requirements of state law, and such judges and clerks so selected by Hopkins County and its appointees are hereby designated and appointed by the City Council as the election officers, judges, and clerks, respectively, for the holding of said general election. The presiding judges, alternate presiding judges, and clerks shall perform the functions and duties of their respective positions that are provided by state law. The City Council will further confirm and appoint the election judges and alternate election judges that are appointed by Hopkins County for the election.

**Section 11. City Secretary.** The City Secretary, or designee, is instructed to aid the Election Officer in the acquisition and furnishing of all election supplies and materials necessary to conduct the election as provided by the Election Service Contract. The City Secretary will serve as Regular Early Voting Clerk for the City to receive requests for applications for early voting ballots and forward those applications to the Joint Early Voting Clerk. The City Secretary is further authorized to give or cause to be given notices required for the election and to take such other and further action as is required to conduct the election in compliance with the Texas Election Code; provided that, pursuant to the Election Services Contract between Hopkins County and the City, the Election Officer shall have the duty and be responsible for organizing and conducting the election in compliance with the Texas Election Code; and for providing all services specified to be provided in the Election Services Contract. The Election Officer shall give the notices required by the Texas Election Code to be given for the election not required to be given by the City under the Election Services Contract.

**Section 12. Notice of Election.** Notice of the election shall be given by posting a notice containing a substantial copy of this resolution on the bulletin board used for posting notice of meetings of the governing body at the City Hall and at the aforesaid election day polling places not later than the twenty-first (21<sup>st</sup>) day before the election, and by publishing said Notice of Election at least one time, not earlier than thirty (30) days nor later than ten (10) days prior to said election, in a newspaper of general circulation within the City. The notice that is posted and the notice that is published in a newspaper of general circulation within the City will be written in both English and Spanish.

**Section 13. General.** The Election Officer shall hold said election in accordance with the Texas Election Code and the Election Services Contract, and only resident qualified voters of said City shall be eligible to vote at said election. Returns of election shall be made known as soon as possible after the closing of the polls; and the election returns shall be canvassed by the City Council not earlier than November 7, 2020 nor later than November 14, 2020.

**Section 14. Effective Date; Election Code.** This Resolution shall be in full force and effect from and after its passage on the date shown below; provided that if any term or provision of this Resolution conflicts with, or is inconsistent with, the Texas

Election Code, the Texas Election Code shall govern and control and the Election Officer shall comply with the Texas Election Code.

**Section 15. Open Meetings.** It is official found and determined that the meeting at which this Resolution is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by Chapter 551, Texas Gov't Code.

**PASSED AND APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2020.**

\_\_\_\_\_  
Doug Simmerman, Mayor

\_\_\_\_\_  
Guy Butler, Alderman, Place 3

\_\_\_\_\_  
Betty McCarter, Alderman, Place 4

\_\_\_\_\_  
Julie Morris, Alderman, Place 5

**ATTEST:**

\_\_\_\_\_  
Codi Reynolds, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Edgar J. Garrett, Jr., City Attorney

**ORDER OF ELECTION FOR THE CITY OF CUMBY, TEXAS**

An election is hereby ordered to be held on November 3, 2020, for the purpose of electing one member to each of the following offices – Alderman, Place 1; Alderman, Place 2; and Mayor.

Early voting by personal appearance will be conducted each weekday at:

Hopkins County Tax Office/J.P. Officers (J.P. #2 Courtroom)  
128 Jefferson Street  
Sulphur Springs, Texas 75482

between the hours as set by the early voting clerk, beginning on October 19, 2020 and ending on October 30, 2020.

Applications for ballot by mail shall be mailed to:

Hopkins County Clerk  
Tracy Smith  
128 Jefferson St., Ste. C  
Sulphur Springs 75482

Applications for ballots by mail must be received no later than the close of business on October 23, 2020.

Issued this the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Alderman, Place 3

\_\_\_\_\_  
Alderman, Place 4

\_\_\_\_\_  
Alderman, Place 5



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

May 1, 2020

Second Notification

Ms. Codi Reynolds  
City Secretary  
City of Cumby  
PO Box 349  
Cumby, TX 75433-0349

Dear Ms. Reynolds:

A review of our records shows that the City of Cumby's 1/4% sales tax for Street Maintenance will expire on December 31, 2020, unless the city holds a reauthorization election as prescribed in Section 327.007, Tax Code. For sales tax elections we advise you to use statutory language when drafting ballot language. Please contact our office if you need assistance with this.

**Please notify the Comptroller's office of the City's plans with respect to the continuation of this tax as soon as possible.**

If you have any questions or need more information, I may be reached at 800-531-5441, extension 3-9634, or direct in Austin at 512-463-9634. You may also email me at [Aubrey.Mashburn@cpa.texas.gov](mailto:Aubrey.Mashburn@cpa.texas.gov). My mailing address is Comptroller of Public Accounts, Revenue Accounting Division, Tax Allocation Section, P.O. Box 13528, Austin, Texas 78711.

Sincerely,

*Aubrey Mashburn*

Aubrey Mashburn  
Tax Allocation Section  
Revenue Accounting Division

ORDINANCE NO. 2020-06-02

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CUMBY, TEXAS, CALLING FOR THE HOLDING OF A SPECIAL ELECTION ON NOVEMBER 3, 2020, FOR THE PURPOSE OF REAUTHORIZING THE LOCAL SALES AND USE TAX AT THE RATE OF ONE QUARTER (1/4) OF ONE PERCENT (1%) TO CONTINUE PROVIDING REVENUE FOR MAINTENANCE AND REPAIR OF MUNICIPAL STREETS; AND MAKING OTHER PROVISIONS RELATED TO THE SUBJECT; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.

**WHEREAS**, pursuant to Section 327.007 of the Texas Tax Code, the City Council of the City of Cumby is authorized and hereby finds and determines that it is appropriate, advisable and in the best interest of the citizens of the City to hold a special election in the City for the purpose of submitting a proposition pertaining to the reauthorization of the local sales and use tax at the rate of one quarter (1/4) of one percent (1%) to continue providing revenue for maintenance and repair of municipal streets; and

**WHEREAS**, the City Council of the City of Cumby, Texas, deems that in accordance with the laws of the State of Texas, a Special Election should occur on November 3, 2020; and

**WHEREAS**, the laws of the State of Texas further provide that the Texas Election Code ("Code") is applicable to all municipal elections and in order to comply with said Code, an ordinance should be passed establishing the procedures to be followed for the November 3, 2020, special election;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CUMBY, TEXAS:**

**Section 1. Special Election; Proposition.** In accordance with the general laws and the Constitution of the State of Texas, a Special Municipal Election is hereby called and ordered to be held in and throughout the City of Cumby, Texas on November 3, 2020, between the hours of \_\_\_\_\_ a.m. and \_\_\_\_\_ p.m. at which Special Election, all resident, qualified voters of the City of Cumby, Texas (the "City") may vote on a proposition to reauthorize the local sales and use tax at the rate of one quarter (1/4) of one percent (1%) to continue providing revenue for maintenance and repair of municipal streets.

**Section 2. Ballot Proposition.** The official ballots for said election shall be prepared in accordance with the Texas Election Code so as to permit the electors to vote "FOR" or "AGAINST" the proposition, with the ballots to contain such provisions and language required by Texas Tax Code Section 327.007, and with such proposition to be expressed as follows:

- FOR**                    □ The reauthorization of the local sales and use tax in the City of  
**AGAINST**            □ Cumby, Texas at the rate of one quarter (1/4) of one percent (1%) to  
continue providing revenue for maintenance and repair of municipal  
streets.

**Section 3. Determination of Ballots.** If the greater number of votes are “FOR,” the tax is reauthorized, and if the greater number of votes are “AGAINST,” the tax is not reauthorized.

**Section 4. Persons Qualified to Vote.** All resident, qualified electors of the City shall be eligible to vote at the Special Election.

**Section 5. Joint Election.** The City agrees to conduct a joint election with the political subdivisions designated by the Hopkins County Election Officer (the “Election Officer”), provided that such political subdivisions hold an election on November 3, 2020 in all or part of the same territory as the City. The joint election for political subdivisions in Hopkins County will be conducted in accordance with state law, this Ordinance, and the contract for election services with Hopkins County (“Election Services Contract”).

**Section 6. Conduct of Election.** The Election Officer and his/her employees and appointees, and the election judges, alternate judges and clerks properly appointed for the election, shall hold and conduct the election in the manner provided by the Election Services Contract and the law governing the holding of general elections by general law cities of the State of Texas.

**Section 7. Election Precinct and Polling Place.** The election precincts for the election shall be the election precincts established by Hopkins County, provided that each shall contain and include geographic area that is within the City. Election Day voting shall be conducted at places, times, and locations authorized and required by state law and the Election Officer. The returns for the precincts in Hopkins County will be provided by the precinct, and the Election Officer shall tabulate and provide the election returns for the election. Any polling place may be changed by the Election Officer upon compliance with state and federal law.

**Section 8. Election Officer.** The Election Officer is appointed to serve as the City’s Election Officer, Joint Early Voting Clerk and the Joint Custodian of Records for precincts which may be affected, to conduct the City’s election on November 3, 2020. As the City’s Election Officer and Early Voting Clerk, the Election Officer shall coordinate, supervise, and conduct all aspects of administering voting in the City’s election in compliance with state law and the Election Services Contract.

**Section 9. Early Voting.** Early voting, both by personal appearance and by mail, will be conducted by the Election Officer in accordance with the Texas Election Code. Early Voting by personal appearance shall be conducted at places, time, and locations authorized and required by state law and the Election Officer. Early voting shall commence on October



19, 2020 and continue through October 30, 2020. Early voting by City residents may be conducted at any Hopkins County early voting location and any location exclusively designated by the Election Officer for City residents.

**Section 10. Election Judges and Clerks.** The presiding judges, alternate presiding judges, and clerks for the election shall be selected and appointed by Hopkins County and its appointees in compliance with the requirements of state law, and such judges and clerks so selected by Hopkins County and its appointees are hereby designated and appointed by the City Council as the election officers, judges, and clerks, respectively, for the holding of said general election. The presiding judges, alternate presiding judges, and clerks shall perform the functions and duties of their respective positions that are provided by state law. The City Council will further confirm and appoint the election judges and alternate election judges that are appointed by Hopkins County for the election.

**Section 11. City Secretary.** The City Secretary, or designee, is instructed to aid the Election Officer in the acquisition and furnishing of all election supplies and materials necessary to conduct the election as provided by the Election Service Contract. The City Secretary will serve as Regular Early Voting Clerk for the City to receive requests for applications for early voting ballots and forward those applications to the Joint Early Voting Clerk. The City Secretary is further authorized to give or cause to be given notices required for the election and to take such other and further action as is required to conduct the election in compliance with the Texas Election Code; provided that, pursuant to the Election Services Contract between Hopkins County and the City, the Election Officer shall have the duty and be responsible for organizing and conducting the election in compliance with the Texas Election Code; and for providing all services specified to be provided in the Election Services Contract. The Election Officer shall give the notices required by the Texas Election Code to be given for the election not required to be given by the City under the Election Services Contract.

**Section 12. Notice of Election.** Notice of the election shall be given by posting a notice containing a substantial copy of this Ordinance on the bulletin board used for posting notice of meetings of the governing body at the City Hall and at the aforesaid election day polling places not later than the twenty-first (21<sup>st</sup>) day before the election, and by publishing said Notice of Election at least one time, not earlier than thirty (30) days nor later than ten (10) days prior to said election, in a newspaper of general circulation within the City. The notice that is posted and the notice that is published in a newspaper of general circulation within the City will be written in both English and Spanish.

**Section 13. General.** The Election Officer shall hold said election in accordance with the Texas Election Code and the Election Services Contract, and only resident qualified voters of said City shall be eligible to vote at said election. Returns of election shall be made known as soon as possible after the closing of the polls; and the election returns shall be canvassed by the City Council not earlier than November 7, 2020 nor later than November 14, 2020.

**Section 14. Incorporation of Recitals.** The above and foregoing recitals of this Ordinance are true and correct and are incorporated herein and made a part hereof for all purposes.

**Section 15. Open Meetings.** It is official found and determined that the meeting at which this Ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by Chapter 551, Texas Gov't Code.

**Section 16. Savings.** This Ordinance shall be cumulative of all other ordinances of the City and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those ordinances are in direct conflict with the provisions of this Ordinance.

**Section 17. Severability.** The sections, paragraphs, sentences, phrases, clauses and words of this Ordinance are severable, and if any section, paragraph, sentence, phrase, clause or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares that it would have passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

**Section 18. Effective date.** This Ordinance shall be effective upon its passage and approval.

**PASSED AND APPROVED** by the City Council of the City of Cumby, Texas this the \_\_\_\_\_ of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Douglas Simmerman, Mayor

**ATTEST:**

\_\_\_\_\_  
Codi Reynolds, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Edgar J. Garrett, Jr., City Attorney

## NOTICE OF DEMOLITION AGREEMENT

The City of Cumby code enforcement officer Johnny Painter, Judge Lana Adams, and Mayor Doug Simmerman met for the abandonment of the structure at 209 Barker St. As a result of several code violations being issued to the owner of 209 Barker St, Mr. Alan Romans, Mr. Romans requested how this matter could be resolved, agreed to and signed for the demolition of the house at 209 Barker St. (see attached).

In return, the City of Cumby will assist in the demolition and clean-up of the structure with the address of 209 Barker St.

**CITY OF CUMBY**

CITY HALL & MUNICIPAL COURT

100 E. Main Street, PO Box 349, Cumby, Texas 75433

Hours: M-F • 8:00 a.m. to 5:00 p.m.

I, ALAN RAY ROMANS, hereby state that I have an ownership interest in the following property, to-wit: Residential and accessory Structures and lot located at ORIG TOWN OF CUMBY BLK 6 LOT 12 ACRES 0.309 commonly known as 209 E BARKER ST CUMBY, Hopkins County TEXAS 75433.

I further state that to the degree that I have an ownership interest, I hereby approve and grant to the City of Cumby the right to enter upon the described property to demolish all or parts of a residential and accessory detached structure on that property and to clear the property of all debris, trash, and litter.

As an owner, I understand that such demolition of any structures located upon said described property is solely for the benefit of the health, safety, and welfare of the citizens of the City of Cumby and not for any benefit to me as the owner. I understand that the City may use third-party agents to execute the described activities, and that the City and/or agents may salvage structural components to offset the costs associated with the demolition of the stated house and lot.

I hereby release the City of Cumby, its employees and agents from any and all claims and causes of action which presently exist or may arise in the future as a result of the demolition of the structure or structures on the described property and removal of all materials and structures on the property. I further agree not to seek monetary damages from the City of Cumby, its employees and/or agents because of the removal and demolition of the structures on the described property.

In signing this release I am acting voluntarily. It is my intention to bind myself and my successors and heirs.

It is acknowledged and agreed by the Parties that the terms thereof are not intended to and shall not be deemed to create a partnership, joint venture, joint enterprise, or other relationship between parties.

The undersigned officers and/or agents of the Parties hereto are the properly authorized persons and have the necessary authority to execute this Agreement on behalf of the parties hereto.

**STATE OF TEXAS  
COUNTY OF HOPKINS**

Before me, the undersigned authority, this day personally appeared Alan Ray Romans  
(Affiant)

Known to be to be the person whose name is subscribed to the foregoing instrument.

Given my hand and seal of office, this 3 day of June 2020

Rita Jean Graham  
Notary Public in and for the State of Texas  
6/3/2020

Seal:



Signature: [Signature]

Signed this 3 day of 6 2020

[Signature]  
Code Enforcement Officer

Date: 6-3-20

[Signature]  
City Secretary

Date: 06-3-20





# PROPOSAL

6/2/2020

Kelsie Thomas  
 209 BARKER ST  
 209 Barker St  
 Cumby, TX 75433  
 Quote: A205847558

City of Cumby Utilities:

Below is our proposal of recommended services, customized for your business needs identified during our discussions. If you ever need additional services, or just need an extra pickup, please give us a call at 800-678-7274. It's that easy.

### Service Details

#### LARGE CONTAINERS

Equipment Qty/Type/Size:	1 - Open Top 40.00Yd(s)	Haul Rate:	\$382.00 per haul
Frequency:	On-Call	Tons Included in Haul Rate:	7.0
Material Type:	Solid Waste	Additional Tons:	\$29.35 per ton
Hauls/ month:	1.0		

#### Estimated Monthly Amount \*

Large Container Haul Charge	\$382.00
Total Fuel/ Environmental Recovery Fees**	\$110.20
Administrative Fee**	\$5.95
<b>Total Estimated Amount</b>	<b>\$498.15</b>

#### One Time Charges

Delivery Charge Subtotal	\$314.00
Valued Customer Discount - Delivery	-\$239.00
Total Fuel/ Environmental Recovery Fees**	\$21.30
<b>Total One-Time Amount</b>	<b>\$96.30</b>

KYLE HARVILLE  
 Republic Services

kharville@republicservices.com  
[www.republicservices.com](http://www.republicservices.com)

\* The Total Estimated Amount is merely an estimate of your typical monthly invoice amount without one-time start-up charges (e.g., delivery). It does not include any applicable taxes or local fees, which would be additional charges on your invoice.

\*\* FRF, ERF & ADMIN: The Fuel Recovery Fee (FRF) is a variable charge that changes monthly. For more information on the FRF, Environmental Recovery Fee (ERF) and Administrative Fee, please visit the links available on the Bill Pay page of our website, [www.republicservices.com](http://www.republicservices.com). The proposed rates above are valid for 60 days. This proposal is not a contract or agreement or an offer to enter into a contract or agreement. The purpose of this proposal is to set forth the proposed framework of service offerings and rates and fees for those offerings. Any transaction based upon this proposal is subject to and conditioned upon the execution by both parties of Republic Services' Customer Service Agreement.



Temporary Service Agreement

INVOICE TO		SITE LOCATION	
CUSTOMER NAME	City of Cumby Utilities	SITE NAME	209 BARKER ST
ATTN	Kelsie Thomas	ADDRESS	209 Barker St
ADDRESS	PO Box 349	CITY	Cumby, TX
CITY	Cumby, TX	SUITE	
STATE		ZIP CODE	75433
ZIP CODE	75433	TEL. NO.	(903) 994-2272
TEL. NO.	903-994-2272	FAX NO.	FAX NO.
		AUTHORIZED BY	Kelsie Thomas
		TITLE	Utility Clerk

AGREEMENT NUMBER	A205847558
ACCOUNT NUMBER	795 -
EMAIL	utilities@cityofcumby.com

N/O	CONT. GRP	TYPE	SIZE	C	QTY	ACCT. TYPE	C/O	SERV. FREQUENCY	EST. LIFTS	S	P.O. REQ	RECP. REQ	LIF. CODE	OPEN/ CLOSE DATE	LIFT CHARGE	MONTHLY SERVICE	EXTRA LIFT	DISP RATE	ADDITIONAL CHARGES	ONE TIME CHARGES	TC/RC CMP
N		RO	40.00yd(s)	N	1	T	N	O/C	1.0	N		N	MA01	6/5/2020	\$382.00			\$29.35 over 7.0 tons	Delivery \$314.00 Dry Run \$293.00 Relocate \$299.50 Removal \$298.87 Washout \$208.72		

The undersigned individual signing this Agreement on behalf of the Customer acknowledges that he or she has read and understands the terms and conditions of this Agreement and that he or she has the authority to sign the Agreement on behalf of the Customer.

Republic Waste Services of Texas, Ltd. DBA Duman Disposal - Republic Services of Cumby, TX  
HEREINAFTER REFERRED TO AS THE "COMPANY"

BY: [Redacted] TITLE: [Redacted]

[Redacted] (AUTHORIZED SIGNATURE)

[Redacted] DATE OF AGREEMENT

BY: [Redacted] TITLE: [Redacted]

[Redacted] (AUTHORIZED SIGNATURE)

[Redacted] CUSTOMER NAME (PLEASE PRINT)

TERMS AND CONDITIONS

**SERVICES.** Customer grants to Company the exclusive right to collect, transport, and dispose of or recycle all of Customer's non-hazardous solid waste materials (including Recyclable Materials) (collectively, "Waste Materials"), and Company agrees to furnish such services as permitted by Applicable Laws.

**TERM.** THE TERM OF THIS AGREEMENT SHALL START ON THE DATE ON WHICH SERVICE UNDER THIS AGREEMENT COMMENCES AND SHALL CONTINUE UNTIL THE EARLIER OF CUSTOMER GIVING WRITTEN NOTICE TO COMPANY OF THE FINAL PULL UNDER THIS AGREEMENT OR 30 DAYS AFTER WRITTEN NOTICE TO COMPANY. COMPANY MAY TERMINATE THIS AGREEMENT AT ANY TIME BY ORAL OR WRITTEN NOTICE TO CUSTOMER. COMPANY SHALL REMOVE ALL EQUIPMENT PROVIDED TO CUSTOMER WITHIN 30 DAYS OF THE EFFECTIVE DATE OF THE TERMINATION OF SERVICES.

**WASTE MATERIALS.** The Waste Materials shall not contain any hazardous materials, wastes or substances; toxic substances; wastes or pollutants; contaminants; pollutants; infectious wastes; medical wastes; or radioactive wastes (collectively, "Excluded Waste"), each as defined by applicable federal, state or local laws or regulations (collectively, "Applicable Laws"). **CUSTOMER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS COMPANY FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, SUITS, PENALTIES, FINES, REMEDIATION COSTS, AND LIABILITIES (INCLUDING COURT COSTS AND REASONABLE ATTORNEYS' FEES) (COLLECTIVELY, "LOSSES") RESULTING FROM THE INCLUSION OF EXCLUDED WASTE IN THE WASTE MATERIALS.**

**TITLE.** Company shall acquire title to Waste Materials when they are loaded into Company's truck. Title to and liability for any Excluded Waste shall remain with Customer and shall at no time pass to Company.

CONTINUED ON NEXT PAGE

COMMENTS

Additional Items:  
40.00Yd(s) - Minimum Lift Fee: \$150 for 1 minimum lift per month effective on 7/01/2020;

Valued Customer Discount - Delivery for 1 container RO 40.00 yard - \$239.00

Delivery Notes:  
Safety: No Safety Concerns

**TERMS AND CONDITIONS (Continued from previous page)**

**PAYMENT.** Customer shall pay Company for the services and equipment furnished by Company at the rates provided in this Agreement. Customer shall pay all taxes, fees and other governmental charges assessed against or passed through to Company (other than income or real property taxes). Customer shall pay such fees as the Company may impose from time to time by notice to Customer (including, by way of example only, late payment fees, administrative fees and environmental fees), with Company to determine the amounts of such fees in its discretion up to the maximum amount allowed by Applicable Law. Without limiting the foregoing, Customer shall pay Company: (a) a fee of \$50 (which Company may increase from time to time by notice to Customer) for each check submitted by Customer that is an insufficient funds check or is returned or dishonored; and (b) fuel/environmental recovery fees in the amount shown on each of Company's invoices, which amount Company may increase or decrease from time to time by showing the amount on the invoice. Customer shall pay Company within 20 days after the date of Company's invoice. At any time after Company becomes concerned about Customer's creditworthiness or after Customer has made any late payment, Company may request, and if requested Customer shall pay, a deposit in an amount equal to one month's charges under this Agreement.

**RATE ADJUSTMENTS.** Company may, from time to time by 30 days prior written notice to Customer, increase the rates provided in this Agreement to adjust for any increase in: (a) disposal costs; (b) transportation costs due to a change in location of Customer or the disposal or recycling facility used by Company; (c) the Consumer Price Index for All Urban Consumers (Water, Sewer and Trash Collection Services), U.S. City Average; (d) the average weight per cubic yard of Customer's Waste Materials above the number of pounds per cubic yard upon which the rates provided in this Agreement are based as indicated on the cover page of this Agreement; (e) recycling sorting, processing and related costs; (f) costs related to Customer's failure to separate Recyclable Materials from other Waste Materials, the contamination of the Recyclable Materials, or other decreases in the value of the Recyclable Materials; or (g) Company's costs due to changes in Applicable Laws. Company may increase rates for reasons other than those set forth above with Customer's consent, which may be evidenced verbally, in writing or by the parties' actions and practices.

**SERVICE CHANGES.** The parties may change the type, size or amount of equipment, the type or frequency of service, and correspondingly the rates by agreement of the parties, which may be evidenced verbally, in writing or by the parties' actions and practices. This Agreement shall apply to any change of location of Customer within the area in which Company provides collection and disposal services.

**RECYCLABLE MATERIALS.** This section applies in the event Company has expressly agreed to remove and transport Recyclable Materials (material that Company determines can be recycled typically including, without limitation, aluminum cans (UBC – Used Beverage Containers), cardboard (free of wax), ferrous metal cans, mixed office paper, newspaper and plastics containers) to a material recovery facility, recycling center or similar facility. Customer agrees that Company in its sole discretion may determine any single load is contaminated and may refuse to collect it or may charge Customer for any additional costs, including (but not limited to) sorting, processing, transportation and disposal costs. Customer shall comply with all Applicable Laws regarding the separation of solid waste from Recyclable Materials and use of its best efforts to not place items in the container that may result in the decrease in the value of Recyclable Materials or make the Recyclable Materials unsuitable for recycling.

**RESPONSIBILITY FOR EQUIPMENT; ACCESS.** Any equipment Company furnishes shall remain Company's property. Customer shall be liable for all loss or damage to such equipment (except for normal wear and tear and for loss or damage resulting from Company's handling of the equipment). Customer shall use the equipment only for its proper and intended purpose and shall not overload (by weight or volume), move or alter the equipment. **CUSTOMER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS COMPANY FROM AND AGAINST ALL LOSSES ARISING FROM ANY INJURY OR DEATH TO PERSONS OR LOSS OR DAMAGE TO PROPERTY (INCLUDING THE EQUIPMENT) ARISING OUT OF CUSTOMER'S USE, OPERATION OR POSSESSION OF THE EQUIPMENT.** Customer shall provide safe, unobstructed access to the equipment on the scheduled collection day. Company may charge an additional fee for any additional collection service required by Customer's failure to provide access.

**DAMAGE TO PAVEMENT.** Company shall not be responsible for any damages to Customer's pavement, curbing or other driving surfaces resulting from Company's providing service at Customer's location.

**SUSPENSION.** If any amount due from Customer is not paid within 60 days after the date of Company's invoice, Company may, without notice and without terminating this Agreement, suspend collecting and disposing of Waste Materials until Customer has paid such amount to Company. If Company suspends service, Customer shall pay Company a service interruption fee in an amount determined by Company in its discretion up to the maximum amount allowed by Applicable Law.

**ASSIGNMENT.** Customer shall not assign this Agreement without Company's prior written consent, which Company shall not unreasonably withhold. Company may assign this Agreement without Customer's consent.

**EXCUSED PERFORMANCE.** Except for Customer's obligation to pay amounts due to Company, any failure or delay in performance due to contingencies beyond a party's reasonable control, including strikes, riots, terrorist acts, compliance with Applicable Laws or governmental orders, fires and acts of God, shall not constitute a breach of this Agreement.

**ATTORNEYS' FEES.** If any litigation is commenced under this Agreement, the successful party shall be entitled to recover, in addition to such other relief as the court may award, its reasonable attorneys' fees, expert witness fees, litigation related expenses, and court or other costs incurred in such litigation or proceeding.

**MISCELLANEOUS.** This Agreement sets forth the entire agreement of the parties and supersedes all prior agreements, whether written or oral, that exist between the parties regarding the subject matter of this Agreement. Company shall have no confidentiality obligation with respect to any Waste Materials. This Agreement shall be binding upon and inure solely to the benefit of the parties and their permitted assigns. If any provision of this Agreement shall be invalid, illegal or unenforceable, it shall be modified so as to be valid, legal and enforceable but so as most nearly to retain the intent of the parties. If such modification is not possible, such provision shall be severed from this Agreement. In either case, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected thereby. Customer and Company agree that electronic signatures are valid and effective, and that an electronically stored copy of this Agreement constitutes proof of the signature and contents of this Agreement, as though it were an original.

CUSTOMER'S INITIAL: \_\_\_\_\_

DATE: \_\_\_\_\_

\_\_\_\_\_

# Memo

The City of Cumby would like to schedule a Summer Clean-up day. Due to COVID-19 the City decided to hold off on the spring clean-up day. Now that the Governor has began the reopening of Texas we would like to get that under way.



Noble Resources  
P.O. Box 1333  
Leonard, Texas 75452  
866-693-2200

# ESTIMATE



TPCL 10783

City of Cumby  
P.O. Box 349  
Cumby Tx 75433

**Service Address**  
City of Cumby  
City Streets  
Cumby Tx 75433

Estimate # 12935  
Estimate Date 06/04/2020  
**Estimate Total \$210.00**

Item	Description	Cost	Quantity	Total
	Mosquito Fogging	\$210.00	1	\$210.00
	Mosquito Fogging			

**Subtotal \$210.00**  
**ex \$0.00**  
**Estimate Total \$210.00**

*\*Note\**

This estimate is per spray. The Council would need to determine how many sprays are required. In 2018 we had them out twice a month through the summer months. Totaling 8 trips.