

**NOTICE OF MEETING OF THE GOVERNING BODY OF THE
CITY OF NAVASOTA, TEXAS
APRIL 25, 2022**

Notice is hereby given that a Regular Meeting of the governing body of the City of Navasota will be held on the 25th of April, 2022 at 6:00 PM at the City Hall in the City Council Chambers, Room No. 161, located at 200 E. McAlpine Street, Navasota, Texas 77868, at which time the following subjects will be considered, to wit:

To watch the City Council meeting live please visit the City of Navasota's Youtube here: <https://www.youtube.com/channel/UCItnx7BQt0TCIYJRiZ14g5w>

1. Call to Order.
2. Invocation
Pledge of Allegiance
3. Remarks of visitors: Any citizen may address the City Council on any matter. Registration forms are available on the podium and/or table in the back of the city council chambers. This form should be completed and delivered to the City Secretary by 5:45 p.m. Please limit remarks to three minutes. The City Council will receive the information, ask staff to look into the matter, or place the issue on a future agenda. Topics of operational concerns shall be directed to the City Manager.
4. Staff Report:
 - (a) Introduction of new employees [Lance Hall, Finance Director];
 - (b) Development Services report [Lupe Diosdado, Development Services Director];
 - (c) Election update [Susie Homeyer, City Secretary];
 - (d) Police Department update on NRA grant award [Michael Mize, Interim Police Chief];
 - (e) Board and Commission update [City Council]; and
 - (f) Reports from City Staff or City Officials regarding items of community interests, including expressions of thanks, congratulations or condolence; information regarding holiday schedules; honorary or salutary recognition of public officials, public employees, or other citizens; reminders about upcoming events organized or sponsored by the City; information regarding social, ceremonial, or community events organized or sponsored by a non-City entity that is scheduled to be attended by City officials or employees; and announcements involving imminent threats to the public health and safety of people in the City that has arisen after the posting of the agenda. [Jason Weeks, City Manager]

5. Conduct a public hearing for the purpose of receiving public comment and testimony regarding a zoning change application submitted to the City of Navasota by Anton Drabek, for the properties located at 808 Farquhar Street, Navasota, Grimes County, TX, 77868. The zoning change application requests to change the zoning from R-1A: High Density, Single Dwelling Unit, 7,000 Square Foot Lot, Residential District to M-1: Light Industrial District, for the operation of a warehousing and distribution use. The properties affected are legally described as Camp IM, Block 5, Lot 9, 8(1/2) & Camp IM, Block 5, Lot 6,7, 8(1/2). [Lupe Diosdado, Development Services Director]
6. Presentation, discussion, and possible action on the first reading of Ordinance No. 995-22, approving a zoning change application submitted to the City of Navasota by Anton Drabek, for the properties located at 808 Farquhar Street, Navasota, Grimes County, TX, 77868. The zoning change application requests to change the zoning from R-1A: High Density, Single Dwelling Unit, 7,000 Square Foot Lot, Residential District to M-1: Light Industrial District, for the operation of a warehousing and distribution use. The properties affected are legally described as Camp IM, Block 5, Lot 9, 8(1/2) & Camp IM, Block 5, Lot 6,7, 8(1/2). [Lupe Diosdado, Development Services Director]
7. Presentation, discussion, and possible action on approval of the Single Audit Report and Annual Financial Report for the Fiscal Year ending September 30, 2021 for the City of Navasota. [Lance Hall, Finance Director]
8. Presentation, discussion, and possible action to accept the City of Navasota Quarterly Investment Report for quarter ending March 31, 2022. [Lance Hall, Finance Director]
9. Presentation, discussion, and possible action to award a professional services agreement for engineering services for the 2020-2021 and 2021-2022 Street Rehabilitation projects to Gessner Engineering, LLC for an amount not to exceed \$57,500.00 for civil engineering, \$3,200.00 for UAV flights, and \$610.00 per four (4) hour trip for construction inspection services. [Jose Coronilla, Streets Director]
10. Adjourn.

DATED THIS THE 20TH OF APRIL, 2022

/JW/

BY: JASON WEEKS, CITY MANAGER

I, the undersigned authority, do hereby certify that the above notice of meeting of the governing body of the CITY OF NAVASOTA, is a true and correct copy of said notice and that I posted a true and correct copy of said notice in the glass bulletin board, in the foyer, on the south side of the Municipal Building as well as in the bulletin board on the north side of the Municipal Building of the City of Navasota, Texas, a place convenient and readily accessible to the general public at all times, and said notice was posted on the 20th of April, 2022 at 02:59 PM and will remain posted continuously for at least 72 hours preceding the scheduled time of said meeting. Agendas may be viewed at www.navasotatx.gov.

The City Council reserves the right to convene in Executive Session at any time deemed necessary for the consideration of confidential matters under the Texas Government Code, Sections 551.071-551.089.

DATED THIS THE 20TH OF APRIL, 2022

/SMH/

BY: SUSIE M. HOMEYER, CITY SECRETARY

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (936) 825.6475 OR (936) 825.6408 OR BY FAX AT (936) 825.2403.

**CITY OF NAVASOTA
CITY COUNCIL AGENDA**

AGENDA ITEM NO.: 4. **AGENDA DATE:** April 25, 2022

PREPARED BY: Susie M. Homeyer, City Secretary

APPROVED BY: JW

ITEM: Staff Report:

(a) Introduction of new employees [Lance Hall, Finance Director];

(b) Development Services report [Lupe Diosdado, Development Services Director];

(c) Election update [Susie Homeyer, City Secretary];

(d) Police Department update on NRA grant award [Michael Mize, Interim Police Chief];

(e) Board and Commission update [City Council]; and

(f) Reports from City Staff or City Officials regarding items of community interests, including expressions of thanks, congratulations or condolence; information regarding holiday schedules; honorary or salutary recognition of public officials, public employees, or other citizens; reminders about upcoming events organized or sponsored by the City; information regarding social, ceremonial, or community events organized or sponsored by a non-City entity that is scheduled to be attended by City officials or employees; and announcements involving imminent threats to the public health and safety of people in the City that has arisen after the posting of the agenda. [Jason Weeks, City Manager]

ITEM BACKGROUND:

BUDGETARY AND FINANCIAL SUMMARY:

STAFF RECOMMENDATION:

ATTACHMENTS:

1. NRA Grant
2. Vision-Mission-Strategic Plan - 2022
3. Planning Calendar

Final Reports

Acceptable Documentation for Check Awards

The information below will help you in the successful completion of the required 2022 Final Report, which will be due by November 1, 2022. You will be sent an email when the final reports are ready.

This is a brief overview of the common questions or errors we see on final reports. If you have specific questions or concerns call the NRA Grant Department at 1-800-554-9498, Option 1.

RECEIPTS:

- Receipts must be legible
- Receipts must show a date (from the grant year of the award)
- Invoices must show a payment or be accompanied by a copy of the canceled check to that vendor. Estimates or initial orders cannot be accepted.
- Online orders must indicate that payment has been made
- Handwritten records from the applying organization or grant contact will not be accepted
- Homemade Word or Excel documents not from a commercial vendor cannot be accepted
- Administrative costs such as printing, postage, copying, insurance are not eligible expenses

AWARDS/TROPHIES:

- Trophies, medals, ribbons, and certificates are the only allowable award expenditures
- Firearms awarded in the grant merchandise program can not be given as awards

TRAVEL/COMPETITIONS/FOSTERING MILEAGE:

- Proof of event traveling to (registration confirmation, flyer)
- Roster/List of event attendees (for minors a first name, last initial will suffice)(coaches, parent volunteers, drivers, or chaperones may be included)
- Mileage driven, starting and ending point, with proof of mileage (MapQuest, Google Maps, etc.)
- Number of vehicles making the trip

MEALS FOR TRAVELING TEAMS/PROGRAMS:

- Proof of event traveling to (registration confirmation, flyer)
- Roster/List of event attendees (for minors a first name, last initial will suffice)(coaches, parent volunteers, drivers, or chaperones may be included)
- Number of days for the event
- One-day events, what meals did attendees need
- Meals accounted for at \$10 breakfast, \$15 lunch, \$30 dinner up to \$55/day maximum
- Proof of reimbursement to individuals participating

LODGING/AIRFARE:

- Lodging and airfare are reimbursed at the actual rate shown on registrations/itineraries and payment records

THE **NRA** FOUNDATION

TEACH FREEDOM

March 24, 2022

City of Navasota Foundation for Community Projects
PO Box 910
Navasota, TX 77868

Project: Range improvement and safety
Grant Number: 22TXE020

Dear City of Navasota Foundation for Community Projects,

Congratulations! The NRA Foundation Board of Trustees has approved the State Fund Committee's recommendations for support of your program. Enclosed is a check in the amount of **\$2,500.00**.

Please note that grant awards by the Foundation shall be used **ONLY** for the purposes set forth in the application and according to the Recommendations of the State Fund Committee. No funds shall be used for fundraising raffles, no grant awarded merchandise shall be used as an award or towards any fundraising activities.

You may use this check to purchase only the approved items based on the request for funding submitted with your application. Approved items may be found through the Foundation claim site.

***Login to view approved items at: <http://claims.nrafoundation.org/#/login>
Grant Number: 22TXE020
Claim Code: 30490545***

Unused funds must be returned to The NRA Foundation, Attn: Grant Dept., 11250 Waples Mill Rd., Fairfax, VA 22030. Please write your grant number on the memo line of the check.

Please note that the check is void 90 days from the date of issue. Be sure to deposit it as soon as possible.

If you have any questions, please contact us at grantprogram@nrahq.org.

Sincerely,

The NRA Foundation Grant Program

3/24/2022

Ref Nbr	Invoice Nbr	Inv Date	Invoice Amount	Amount Paid	Disc Taken	Net Check Amt
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292759	35990540	03/21/22	2,500.00	2,500.00		2,500.00
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Check # 013161

Atlantic Union Bank

0514030164

Check # 013161

The NRA Foundation, Inc.

11250 Waples Mill Road
Fairfax, VA 22030-9400

Check Date

3/24/2022

Check Amount

*****\$2,500.00

**** Void after 90 days ****

Two Thousand Five Hundred and 00/100

US Dollar

PAY TO THE ORDER OF	City of Navasota Foundation for Community Projec PO Box 910 Navasota, TX 77868
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[Handwritten signature]

Thomas R. Zedler

Authorized Signatures

1101316111 120514031641852542304311

HELP

Finished

Please review your order, and make sure to print for your records.

6 Finished

Organization: Navasota Police Department

Grant Reference Number: 22TXE020

Claimed Date: 03-21-2022



Print >

Merchandise Award

ITEM DESC.	QTY REQUESTED	QTY AWARDED	STATUS	ADDRESS TYPE
Walker's Razor Slim Electronic Muff	25	25	Fully Awarded	Standard
Challenge Targets Outdoor Plate Rack	1	1	Fully Awarded	Freight

ITEM DESC.	QTY REQUESTED	QTY AWARDED	STATUS	ADDRESS TYPE
Range Safety Officer Vest (One Size Fits All)	3	3	Fully Awarded	Standard

Monetary Award

ITEM DESC.	AMT REQUESTED	AMT AWARDED	STATUS
Motoshot target system	\$8,246.42	\$2,500.00	Partially Awarded

Expected Grant Value: \$5,400.00

Confirmation Email Address: mmize@navasotatx.gov

Check / Mailing Address

Name: Mike Mize
Address: 200 E MCALPINE ST
State: TX
Phone:

Business Name:
City: Navasota
Zip: 778683680

Standard Shipping

Name: Mike Mize
Address: 200 E MCALPINE ST
State: TX
Phone: 9367270575

Business Name: Navasota Police Department
City: Navasota
Zip: 778683680

Freight Address

Name: Mike Mize
Address: 200 E MCALPINE ST
State: TX
Phone: 9367270575

Business Name: Navasota Police Department
City: Navasota
Zip: 778683680

Hours of Operation:

MON: 8AM - 5PM

TUE: 8AM - 5PM

WED: 8AM - 5PM

THU: 8AM - 5PM

FRI: 8AM - 5PM

**PRINT**

Please review your order, and make sure to print for your records.

Progress

- 1 Award Summary
- 2 Monetary Award
 - Monetary Award (Cont'd)
- 3 Merchandise Award
 - Shipping Information
 - Review Shipping
 - Shipping Payment
- 4 Recognition
- 5 Reminder
- 6 Finished

For questions contact the grant department at 1-800-554-9498 or grantprogram@nrahq.org

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11250 Waples Mill Road, Fairfax, VA 22030

THE **NRA** FOUNDATION

TEACH FREEDOM

FOR IMMEDIATE RELEASE
(Insert Date)

CONTACT FOR INFORMATION:
(Insert name of local Committee Member)
(Insert telephone or email address)

(SAMPLE MEDIA RELEASE)

The NRA Foundation Awards \$(dollar amount) to the (grant recipient)

(City/State) – The NRA Foundation has awarded the *(Name of Community)* a grant totaling *(dollar amount)* to fund *(the items the grant covers)*. "We are very excited about *(Name of Project or Service)*, "said *(Name of grant recipient's contact)*, "and pleased that the NRA is making an investment in our community."

(Insert more information about the grant recipient's organization and any other information about the grant worth mentioning.)

(Insert another quote from the grant recipient if needed.)

About the National Rifle Association

Established in 1871, the National Rifle Association is America's oldest civil rights and sportsmen's group. Five million members strong, NRA continues its mission to uphold Second Amendment rights and is the leader in firearm education and training for law-abiding gun owners, law enforcement and the military. Visit nra.org.

About The NRA Foundation

Established in 1990, The NRA Foundation, Inc. is a 501(c)(3) tax-exempt organization that raises tax-deductible contributions in support of a wide range of firearm-related public interest activities of the National Rifle Association of America and other organizations that defend and foster the Second Amendment rights of all law-abiding Americans. These activities are designed to promote firearm and hunting safety, to enhance marksmanship skills of those participating in the shootings sports, and to educate the general public about firearms in their historic, technological, and artistic context. More information about The NRA Foundation can be found online at www.nrafoundation.org.

About Friends of NRA

Friends of NRA is a grassroots fund-raising program that fosters community involvement to organize and, with help from NRA field staff, plan community events for firearms enthusiasts. All net proceeds from *Friends of NRA* events are allocated to The NRA Foundation, the leading charitable organization in support of the shooting sports. Through NRA Foundation grants for equipment, training materials, range improvements, and more, qualified local, state, and national

programs receive aid to involve and inspire a new generation of competitive shooters. Learn more about *Friends of NRA* at www.friendsofnra.org.

###

If you included any photographs with the press release then mention at the end of the press release the people included in the photographs (title and name; from left to right) and any other information.



So much, so close.

**Report
and
Strategic Plan**

**Adopted
April 26, 2021**

**Prepared and Facilitated
By
Ron Cox Consulting**



REPORT AND STRATEGIC PLAN COUNCIL/STAFF RETREAT

CITY OF NAVASOTA

February 12, 2021

Introduction

On February 12, 2021, the Mayor, City Council and staff of the City of Navasota met for a retreat planning session. The purpose of this meeting was twofold.

- Confirm and expand the governance philosophy for the City Council. Included in that is identifying key elements of the Council's vision for Navasota.
- Prepare a strategic plan for the city.

The Mayor, Council and staff freely worked together, and their work was exemplary in all respects. Ron Cox facilitated the process.

Governance

In their February 12, 2021 session the Council confirmed the governance policy they established in 2017 and expanded on it by further defining their governance philosophy. The Council participated in discussions about their role, together and their leadership responsibilities. The elements of a strong governance model are having and following clear vision and mission, establishing leadership and communications philosophies, and identifying the expectations of each other as City Council members, and the City staff, and of identifying and recognizing the expectations staff has of the City Council.

The key elements of the Governance Philosophy are leadership, communication and understanding and defining expectations. These define how the team will function together. Visioning and planning are the key elements that define what the strategies and goals are for the City of Navasota and what they will be to ensure the vision is ultimately attained.

Governance Model

The governance model first begins with leadership. Each member of the Council asked to provide input into how they will lead, communicate and a defining of expectations for themselves and staff.

The facilitator began the process by asking each of the members why they ran and serve on the City Council. They responded as follows:

The Mayor and Council reviewed and confirmed their Governance Policy and Rules of Engagement established in 2017. These are as follows.

Mayor and Council members ran for the office and serve ...

- Had already serviced on other boards and wanted to be active in the growth to come.
- To lead city in the right direction.
- Saw growth coming and saw weaknesses in various ordinances that needed strengthening – now growth is really here.
- To bring a different insight as a native of Navasota.
- To encourage business growth and economic development.
- Am able to serve.
- Originally to change the direction of the city (and have done that).
- Exciting to be a part of big decisions for the community.

The facilitator then asked the members to describe the attributes they have that will contribute to the work of the Council.

Mayor and Council have the following attributes ...

- Able to think outside the box on issues.
- Business experience in the private sector.
- Provides a technical background.
- Brings a different point of view, being from a different generation than others on the Council.
- Historical memory as a native of Navasota.
- Love the community.
- Committed to the community.
- Service to the community.
- Have the time to serve.

- Have a special needs child bringing different perspective to decision making.
- Raised seven children and now grandchildren all in Navasota community and schools.
- Different stages of our lives, bring different viewpoints.

The Mayor and Council of the City of Navasota will lead by ...

- Providing the facts.
- Seeking and gaining understanding of the problems.
- Listening, asking, seeking information and deciding.
- Coming together for the greater good – compromising and building consensus.
 - Toward a common goal – betterment of Navasota.
 - Finding a win/win for all.
 - Building consensus.
- Picking your wins carefully.
- Not being afraid to admit you are wrong and changing your mind.
- Being patient.
- Being humble – not prideful or egotistical.
- Being passionate about our city, but not dictatorial.
- Being brave for our city.
- Showing respect and being respectful of others.

The Mayor and Council of the City of Navasota will communicate ...

- Effectively with citizens, each other and staff...
 - Concisely.
 - Clearly.
 - Completely.
- Seek and allow responses.
- Seek to understand.
- Take the time to explain the issue and resolution to each other and to citizens.

The Mayor and Council of the City of Navasota expect the following of each other...

- Remember we all work for the citizens – Council and staff alike.
- Set the table for the citizens on agenda items – fill in the gaps of knowledge for them.
- Follow the process.
- Be willing to slow the process down.
- Respect each other and their opinions.
- Be honest.
- Be consistent.
- Do your homework.
- Be vulnerable – admit you do not know everything.
- Be willing to learn.
- Don't take the issue personally

The Mayor and Council of the City of Navasota expect the following of the staff ...

- Set the table to explain agenda items for Council and citizens.
- Be clear and timely in the information flow to Council – understanding and responding to individual council members in the way that communicates best to them.
- Don't take it personally.
- Provide the full picture – the good, the bad, and the ugly.
- Have patience.
- Know your lane and stay in it.
- Understand the chain-of-command.

(It was noted that the City Council and staff should all have and respond to the same expectations.)

The staff expects the following of the Mayor and Council of the City of Navasota (as defined by the City Council) ...

- Don't play the "gotcha" game with staff.
- Have an understanding of staff, their role.
- Ask questions and don't assume.
- Have patience.
- Be fair.
- Listen to staff.
- Be respectful to staff.
- Seek information on what council can do to help the staff succeed.
- Seriously consider their recommendations.
- Attempt to solve the problems that are presented.
- Give them clear direction.
- Remember that staff is working for the citizens, as well as the Council.
- Don't put undue pressure on staff.
- Follow the chain-of-command.

Vision and Mission

On February 6, the Council and senior staff discussed the elements vision they have for Navasota. Currently, there are is Vision Statement and Mission Statement for the City. After a review, the Mayor and Council identified and confirmed the key elements of the vision and mission for the City.

Vision Statement

Navasota 2027: What America wants to Be:

A beautiful, progressive, vibrant, service oriented, close-kinit community filled with historic charm and promise for people and business.

Vision Elements

These elements were discussed and are presented in no particular order of priority. It was noted that in reviewing the Vision Statement from the Comprehensive Plan, these key vision elements are consistent with and embodied in the Vision Statement.

- Navasota is a role model for other cities.
- Clean.
- Safe.
- Friendly and inviting.
- Historic.
- Beautiful and manicured.
- Successful.
- Sustainable.
- Full of opportunity.
- Innovative.
- Charming.

Mission Statement

To guide Navasota's growth in a way that maintains our heritage, culture and uniqueness while maximizing our economic and social development.

Mission Elements

These key mission elements are presented in no particular order of priority.

- Committed.
- Stay focused on the mission.
- Dedication and desire.
- Proper planning.
- To communicate the Vision.
- Provide great/exceptional customer service.
- Clear, consistent, defined responsibilities.
- Flexible.
- Understanding of your role and responsibilities.

Strategic Planning

The facilitator led the participants in a SWOT analysis, identifying and discussing the strengths, weaknesses, opportunities and threats for the City of Navasota, both organizationally and in the community. The weaknesses then were divided into common themes – Areas of Emphasis or Vision Elements. Within each of the Areas of Emphasis, opportunities – strategies and goals – were identified to overcome the weaknesses.

Finally, threats were identified that if not anticipated may get in the way of accomplishing the strategies and goals.

The participants were divided into three groups. Each group focused on strengths and weaknesses as follows.

Strengths

Group 1

- Qualified personnel.
- Close knit team/community.
- Has a can-do attitude.
- Pride in community and city organization.
- Friendly.
- Great leadership – Council, City Manager and staff.
- Caring.
- Small town charm.
- Service oriented.
- Open minded and welcoming.
- Knowledgeable about work, etc.
- Dedication.
- Good foundation upon which to build.
- Resilient.
- Organization is accountable to the community.
- Have integrity and honesty.
- Everyone is team player.
- Willing to admit to issues and problems.
- Self-aware.
- Transparent.
- Have community support.
- Have a multi-faceted community makeup.
- Visionaries.
- Excellent location.
- Diversity in the community.

Group 2

- Great staff.
- Buy-in from the community.
- A community feeling.
- Progressive.
- Safe.
- Leadership.
- Proactive Council.
- Beginning infrastructure design improvements.
- City services.
- Facilities.

- Partnerships.
- Potential for growth.
- Location.
- History.
- Industry.

Group 3

- Experience of Council and staff.
- New councilmembers bringing energy and new ideas.
- Leadership.
- Collaboration.
- Creativity.
- Openness/inviting community.
- Honesty/trust.
- Stability.
- Teamwork.
- Loyalty and pride.
- Service minded.
- Relationships/friendly/user friendly.
- Fun.
- Commitment and dedication.

Weaknesses

Group 1

- Lack of social and health services.
- Minimal retail services.
- Lack of transportation services.
- Lack of after 5 p.m. activities.
- Aging infrastructure.
- Difficulty in communication from the city to the citizens.
- Lack of finances for unfunded mandates.
- Outside negative perception of the community.
- Finding and retaining good staff.
- Lack of seasoned/experienced staff at all levels.
- Lack of citizen input/involvement.
- Uninformed criticism from citizens.
- Limited connectivity to high quality internet.
- Technologically inhibited/fear of technology

Group 2

- Fear of change.
- More work than staff can accomplish.
- Lack of job career diversity.

- Perception of the school district.
- Lack of rental/multifamily in the city.
- Retail leakage.
- Lack of amenities for social and family time.
- Train traffic.
- Animal control/fire department facilities need replacing.
- Lack of internet connectivity.

Group 3

- Communication/understanding of the message.
- People making assumptions without all the information.
- Aging infrastructure.
- Sometimes resistant to change.
- Dislike of others.
- Financial resources are limited.
- Retention of employees.
- Outside perception of Navasota.
- People have long memories.
- Lack of participation by the citizens.
- Being required to respond to circumstances beyond our control.
- Limited technology in the community in the city.

Areas of Emphasis

Reviewing the weaknesses presented resulted in the identification of five areas of emphasis.

- **Governance**
- **Economic Development**
- **Image/Communication**
- **Infrastructure**

Weaknesses Rearranged

The weaknesses identified above, were then summarized and arranged to be within one of the areas of emphasis.

- **Governance**
 - Resistance to change.
 - Employee retention.
 - Responding to circumstances beyond city's control.
 - Unfunded mandates.
 - Lack of participation.
- **Economic Development**
 - Diversity in career jobs.

- Sufficient revenue for infrastructure redevelopment.
- Retail leakage
- Lack of social and family recreation.
- Need for diversity in housing.
- Social and health services.
- **Image/Communication**
 - Negative perception of school district.
 - Negative perception of city.
 - Inability to provide information to all ages
 - Internally and externally.
 - Lack of understanding.
 - Criticism from the uninformed.
 - From city to citizens
- **Infrastructure**
 - Train traffic.
 - Again infrastructure
 - Transportation.
 - Facilities.
 - Poor quality of internet and technology, city and citywide.

Opportunities – Strategies and Goals

The groups then brainstormed to identify opportunities to overcome the weaknesses. These opportunities are the basis for the strategies and goals prepared below.

Governance

- **Establish a program to encourage more participation in Navasota government.**
 - Establish and implement leadership academies.
 - Establish a citizens' academy.
 - Establish a citizens' police academy.
 - Establish a citizens' fire academy.
 - Improve communication and strategic alignment between Council and all committees.
- **Establish an employee retention strategy.**
 - Identify and promote the work culture, benefits of the city.
 - Promote the community and organizational culture.
 - Explore housing incentives to live and work in Navasota and attract new employees.
 - Cast a wider net for employees.
 - Explore opportunities for providing employee benefits that incentivize employment and retention.
- **Explore opportunity for a full-time grant writer.**

- **Provide a clear sense of direction to all boards related to economic development.**
 - Establish an Economic Development Strategy with the NEDC

(Note: there were some communications initiatives in Governance. These have been moved to Image/Communication to avoid repetition.)

Economic Development

- **Establish a partnership with NISD, Blinn, TAMU and other institutions to enhance the economic development process.**
- **Seek out grant opportunities.**
 - Pursue grants from EDA.
- **Enhance the marketing of Navasota.**
 - Marketing to fulfill housing needs.
 - Marketing of lower utility costs compared to other areas.
 - Marketing location and proximity to major metro areas in the state.
- **Seek partners to improve local health and social service providers.**
 - Explore health authority with county.
 - Explore partnership with St. Joseph's healthcare system.
 - Recruit health provider specialists (optometrists and medical providers)
- **Enhance strategic retail recruitment.**
 - Continue to partner with Retail Coach.
 - Attend recruitment conferences (industry, retail, restaurants, etc.)

(Note: there were some infrastructure initiatives in Economic Development. These have been moved to Infrastructure to avoid repetition.)

Image/Communication

- **Improve the perception and image of Navasota.**
 - Establish a positive campaign to promote Navasota.
 - Prepare both an in-person and digital message.
 - Identify target audiences.
 - Attend realtor conferences to tell the Navasota story.
 - Utilize citizens' academies (see Governance).
 - Explore use of Town Hall meetings – in-person and virtual.
- **Establish a program to educate ISD students about local government.**
 - Sponsor a job shadowing program for students in the city.
- **Improve communication in general with the public. (Note: moved from Governance)**
 - Be deliberate about creating buy-in from citizens.
 - Inform, educate and cast the vision.
 - Prepare and implement a communication protocol.

Infrastructure

- **Prepare a plan for construction of an elevated grade crossing over the railroad tracks.**

- Identify location and right of way needs for the crossing.
- Establish costs to city to accommodate the crossing.
- Identify land for a substation for fire and animal control.
- Establish contact and conversation with the railroad.
- **Prepare a capital improvements plan and program for needed city infrastructure.**
 - Improve aging infrastructure.
 - Improve aging and inadequate facilities.
 - Expand parks, trails and bike paths.
 - Identify funding sources – bonds, grants, etc.
- **Create additional opportunity for social and family amenities.**
 - Create additional sports facilities.
 - Make park improvements – trails, bike paths, etc.
- **Identify and plan for needed improvements to the community's internet system.**
 - Identify and review the existing systems available to the City
 - BVCOG Fiber Loop
 - Midsouth Synergies
 - Other

Threats

Finally, Council and staff identified threats to accomplishing the goals and strategies that have been identified.

- Fear – lack of understanding of the issues and the unknown.
- Money.
- Economic downturn.
- Federal and state unfunded mandates and restrictions to local government.
- Social media.
- Uncommitted leadership.
- Politization of local government.
- Suffering the unintended consequences of outside mandates.
- Encroaching crime.
- Another pandemic – COVID.
- Adverse weather.
- No response to the failing infrastructure.
- The “cancel culture” – just turning off or destroying what one disagrees with – refusal to dialogue.
- Not adapting to the change in the ideology of the culture.

City Staff Implementation Sessions

April 5 and 14, 2021

On April 5, 2021 the facilitator met with the City Manager and staff to review the outcomes of the planning session and to determine next steps for the development of the implementation plan.

Implementation Plan Process. The staff reviewed a template to be used to develop the implementation portion of the planning process. During the discussions, a staff member was assigned as the team facilitator for the development of the implementation plan for each areas of emphasis. Further they began the process of developing action steps, with proposed timelines, and budget implications (if they were known at the time).

On April 14, 2021 staff again met with the facilitator to review and complete a draft implementation plan. The implementation plan is included in this document.

Reporting

Finally, staff established reporting protocols. These protocols serve the purpose of keeping the staff on schedule with the implementation of strategies, keeping the City Manager informed, and providing regular reports to the Mayor and City Council on the status of the implementation of the adopted strategies. This provides for long term accountability toward the implementation of the Strategic Plan.

Reporting Protocols

- **Council**
 - Receives updates at least monthly from staff at Council meetings regarding various projects related to the strategic plan.
 - Receives formal status reports, including a semi-annual and annual report from staff to the City Council.
- **City Manager**
 - City Manager receives regular – both formal and informal - updates from staff at regular staff meetings on progress of assignments.

City Council Approval

April 26, 2021

On TBD, 2021, the City Council reviewed their work as well as the work of the staff since the planning session in January. After a thorough discussion the Report was approved as amended unanimously.

Conclusion

The Mayor, Council and staff of the City of Navasota worked through a governance and planning process that allowed the Council to create a governance model and identify and expand strategies for moving the city forward. The process brought the staff leadership and Council closer together as a team and developed an implementation process to ensure the strategies are addressed and accomplished over time.



Strategic Plan 2021

**Council/Staff Planning Retreat
February 12, 2021**

**Adopted
April 26, 2021**

**Prepared and Facilitated
By
Ron Cox Consulting**

Vision Statement (Adopted 2017)

**Navasota 2027: What America wants to Be:
A beautiful, progressive, vibrant, service oriented,
close-kinit community filled with historic charm
and promise for people and business.**

Key Vision Elements 2021

- **Navasota is a role model for other cities.**
- **Clean.**
- **Safe.**
- **Friendly and inviting.**
- **Historic.**
- **Beautiful and manicured.**
- **Successful.**
- **Sustainable.**
- **Full of opportunity.**
- **Innovative.**
- **Charming.**

Mission Statement (Adopted 2017)

To guide Navasota's growth in a way that maintains our heritage, culture and uniqueness while maximizing our economic and social development.

Mission Elements

- **Committed.**
- **Stay focused on the mission.**
- **Dedication and desire.**
- **Proper planning.**
- **To communicate the Vision.**
- **Provide great/exceptional customer service.**
- **Clear, consistent, defined responsibilities.**
- **Flexible.**
- **Understanding of your role and responsibilities.**

City of Navasota

City Council

Leadership Philosophy

The City Council of the City of Navasota will lead by...

- Providing the facts.
- Seeking and gaining understanding of the problems.
- Listening, asking, seeking information and deciding.
- Coming together for the greater good – compromising and building consensus.
 - Toward a common goal – betterment of Navasota.
 - Finding a win/win for all.
 - Building consensus.
- Picking your wins carefully.
- Not being afraid to admit you are wrong and changing your mind.
- Being patient.
- Being humble – not prideful or egotistical.
- Being passionate about our city, but not dictatorial.
- Being brave for our city.
- Showing respect and being respectful of others.

City of Navasota

City Council

Communication Philosophy

The City Council of the City of Navasota will communicate by...

- Effectively with citizens, each other and staff...
 - Concisely.
 - Clearly.
 - Completely.
- Seek and allow responses.
- Seek to understand.
- Take the time to explain the issue and resolution to each other and to citizens.

City of Navasota

City Council and Staff

Expectations

Council expects the following of each other...

- Remember we all work for the citizens – Council and staff alike.
- Set the table for the citizens on agenda items – fill in the gaps of knowledge for them.
- Follow the process.
- Be willing to slow the process down.
- Respect each other and their opinions.
- Be honest.
- Be consistent.
- Do your homework.
- Be vulnerable – admit you do not know everything.
- Be willing to learn.
- Don't take the issue personally

City of Navasota

City Council and Staff

Expectations

Council expects the following of staff...

- Set the table to explain agenda items for Council and citizens.
- Be clear and timely in the information flow to Council – understanding and responding to individual council members in the way that communicates best to them.
- Don't take it personally.
- Provide the full picture – the good, the bad, and the ugly.
- Have patience.
- Know your lane and stay in it.
- Understand the chain-of-command.

(It was noted that the City Council and staff should all have and respond to the same expectations.)

Staff expects Council to (as defined by Council members themselves) ...

- Don't play the "gotcha" game with staff.
- Have an understanding of staff, their role.
- Ask questions and don't assume.
- Have patience.
- Be fair.
- Listen to staff.
- Be respectful to staff.
- Seek information on what council can do to help the staff succeed.
- Seriously consider their recommendations.
- Attempt to solve the problems that are presented.
- Give them clear direction.
- Remember that staff is working for the citizens, as well as the Council.
- Don't put undue pressure on staff.
- Follow the chain-of-command.

City of Navasota

Strategic

Areas of Emphasis

- **Governance**
 - **Guiding Principle:** *The City of Navasota follows established rules of governance that promote civil discourse, consistent and predictable deliberation and exemplary action.*
- **Economic Development**
 - **Guiding Principle:** *The City of Navasota will promote a strong and diverse economy that strengthens the local sales tax and property tax base while also contributing to a high quality of life.*
- **Image/Communication**
 - **Guiding Principle:** *The City of Navasota will proactively work to provide accurate, timely communications to the citizens and improve the image of the community.*
- **Infrastructure**
 - **Guiding Principle:** *The City of Navasota will provide excellent infrastructure and facilities that meets the needs of the citizens and businesses, and staff.*

Area of Emphasis

Governance

Guiding Principle: *The City of Navasota follows established rules of governance that promote civil discourse, consistent and predictable deliberation and exemplary action.*

Initiatives:

- **Establish a program to encourage more participation in Navasota government.**
 - Establish and implement leadership academies.
 - Establish a citizens' academy.
 - Establish a citizens' police academy.
 - Establish a citizens' fire academy.
 - Improve communication and strategic alignment between Council and all committees.
- **Establish an employee retention strategy.**
 - Identify and promote the work culture, benefits of the city.
 - Promote the community and organizational culture.
 - Explore housing incentives to live and work in Navasota and attract new employees.
 - Cast a wider net for employees.
 - Explore opportunities for providing employee benefits that incentivize employment and retention.
- **Explore opportunity for a full-time grant writer.**
- **Provide a clear sense of direction to all boards related to economic development.**
 - Establish an Economic Development Strategy with the NEDC

Area of Emphasis

Economic Development

Guiding Principle: *The City of Navasota will promote a strong and diverse economy that strengthens the local sales tax and property tax base while also contributing to a high quality of life.*

Initiatives

- **Establish a partnership with NISD, Blinn, TAMU and other institutions to enhance the economic development process.**
- **Seek out grant opportunities.**
 - Grants from EDA.
- **Enhance the marketing of Navasota**
 - Marketing to fulfill housing needs.
 - Marketing of lower utility costs compared to other areas.
 - Marketing location and proximity to major metro areas in the state.
- **Seek partners to improve local health and social service providers.**
 - Explore health authority with county.
 - Explore partnership with St. Joseph's healthcare system.
 - Recruit health provider specialists (optometrists and medical providers)
- **Enhance strategic retail recruitment**
 - Continue to partner with Retail Coach.
 - Attend recruitment conferences (industry, retail, restaurants, etc.)

Area of Emphasis

Image/Communications

Guiding Principle: *The City of Navasota will proactively work to provide accurate, timely communications to the citizens and improve the image of the community.*

Initiatives

- **Improve the perception and image of Navasota.**
 - Establish a positive campaign to promote Navasota.
 - Prepare both an in-person and digital message.
 - Identify target audiences.
 - Attend realtor conferences to tell the Navasota story.
 - Utilize citizens' academies (see Governance).
 - Explore use of Town Hall meetings – in-person and virtual.
- **Establish a program to educate ISD students about local government.**
 - Sponsor a job shadowing program for students in the city.
- **Improve communication in general with the public (Note: moved from Governance)**
 - Be deliberate about creating buy-in from citizens.
 - Inform, educate and cast the vision
 - Prepare and implement a communication protocol.

Area of Emphasis

Infrastructure

Guiding Principle: *The City of Navasota will provide excellent infrastructure and facilities that meets the needs of the citizens and businesses, and staff.*

Initiatives

- **Prepare a plan for construction of an elevated grade crossing over the railroad tracks.**
 - Identify location and right of way needs for the crossing.
 - Establish costs to city to accommodate the crossing.
 - Identify land for a substation for fire and animal control.
 - Establish contact and conversation with the railroad
- **Prepare a capital improvements plan and program for needed city infrastructure.**
 - Improve aging infrastructure.
 - Improve aging and inadequate facilities.
 - Expand parks, trails and bike paths.
 - Identify funding sources – bonds, grants, etc.
- **Create additional opportunity for social and family amenities.**
 - Create additional sports facilities.
 - Make park improvements – trails, bike paths, etc.
- **Identify and plan for needed improvements to the community's internet system.**
 - Identify and review the existing systems available to the City
 - BVCOG Fiber Loop
 - Midsouth Synergies
 - Other

Vision Element #1

Governance

Guiding Principle: *The City of Navasota follows established rules of governance that promote civil discourse, consistent and predictable deliberation and exemplary action.*

Strategic Initiatives			Goals	Action Steps	FY22	FY23	FY24	Lead
1.1	Establish a program to encourage more participation in Navasota government.	1.1.1	Establish and implement leadership academies.	<ul style="list-style-type: none"> Re-implement a citizens' academy. Establish a citizens' police academy. Establish a citizens' fire academy 		X		Brad Stafford
				<ul style="list-style-type: none"> Hold town hall meetings with citizens in neighborhoods and restaurants to discuss City operations and governance. Present organizational environment to the community 		X		
				<ul style="list-style-type: none"> Grilling Stafford Monday of City Council meetings: partner with Willy 98.7 and Navasota Examiner to go over upcoming City Council Agenda. (also Facebook Live) 	Ongoing			
		1.1.2	Provide a clear sense of director to all boards	<ul style="list-style-type: none"> Organize a volunteer luncheon for Boards & Commissions volunteers Joint meeting with all boards/commissions for direction/legal training and Roberts rules. Bring strategic planning and comprehensive planning documents to NEDC for approval Recruit members who align with City Council Improve communication and strategic alignment between Council and all committees. Inform all communication & comp plan updates to all boards Staff to facilitate strategic plan for economic 	X			
					X			

Strategic Initiatives			Goals	Action Steps	FY22	FY23	FY24	Lead
				development corporation	X			
		1.1.3	Establish a volunteer appreciation program	<ul style="list-style-type: none">Organize a short ceremony for volunteers around the city (ex: Blue Santa, Trash Off)	X			Rayna
1.2	Explore opportunity for a full-time grant writer.	1.2.1	Continued professional development	<ul style="list-style-type: none">Explore grant writing training opportunitiesContinue partnership with BVCOGResearch other cities how grants are handled		X X X		Rayna Willenbrink

Vision Element # 2

Economic Development

Guiding Principle: *The City of Navasota will promote a strong and diverse economy that strengthens the local sales tax and property tax base while also contributing to a high quality of life.*

Strategic Initiatives			Goals	Action Steps	FY22	FY23	FY24	Lead
2.1	Establish a partnership with NISD, Blinn, TAMU and other institutions to enhance the economic development process.	2.1.1	Pursue grants from EDA.	<ul style="list-style-type: none"> Continue partnership with BVCOG for information on EDA grants Continue relationship with Grantworks Continue TEDC membership for resources on EDA grants Explore new partnerships 	Ongoing			Rayna
		2.1.2	Develop workforce programs	<ul style="list-style-type: none"> Explore partnerships with NISD Continue partnership Chamber & CETA Explore opportunities with the SBDC Continue partnership with Bush School/TAMU Reach out to BVCOG for funding opportunities Research Texas Workforce Commission opportunities 	Ongoing	X		
2.2	Enhance the marketing of Navasota.	2.2.1	Marketing to fulfill housing needs.	<ul style="list-style-type: none"> Show housing growth to demonstrate demand. Establish a permit/fee waiver program Utilize NEDC website to highlight utility costs and location Navasota Economic Development corporation Featured on the Navasota.gov home page 	Ongoing	X		Madison
		2.2.2	Marketing of lower utility costs compared to other areas.		Ongoing			
		2.2.3	Marketing location and proximity to major metro areas in the state.		Ongoing			
2.3	Seek partners to improve local health and social	2.3.1	Explore health authority with county.	<ul style="list-style-type: none"> Improve relationship with county and cities within the county Continue to meet with the county this past year about this partnership but their level of interest currently 	X		X	Rayna

Strategic Initiatives			Goals	Action Steps	FY22	FY23	FY24	Lead
	service providers.			not very high. <ul style="list-style-type: none"> Continue to explore other avenues to recruit and establish a local public health authority and possibly a health inspections office. Possible partnering with other cities in the county 	X			
		2.3.2	Establish Health Inspector	<ul style="list-style-type: none"> Establish Policy Appoint and train inspector 			X	
		2.3.3	Explore partnership with St. Joseph's healthcare system.	<ul style="list-style-type: none"> Add health care recruitment to the regional (retail) recruitment project 			X	
		2.3.4	Recruit health provider specialists (optometrists and medical providers)					
2.4	Enhance strategic retail recruitment.	2.4.1	Continue to partner with Retail Coach.	<ul style="list-style-type: none"> Conduct community surveys to see what citizens wish lists are Regional retail recruitment project 	Ongoing	X		Rayna
		2.4.2	Attend recruitment conferences (industry, retail, restaurants, etc.)					
		2.4.3	Downtown Assessment	<ul style="list-style-type: none"> Reach out to Texas Downtown Association for a downtown assessment Explore marketing strategies Partnership with SBDC 	X			
					X			
					X			

Vision Element # 3

Image/Communication

Guiding Principle: *The City of Navasota will proactively work to provide accurate, timely communications to the citizens and improve the image of the community.*

Strategic Initiatives			Goals	Action Steps	FY22	FY23	FY24	Lead
3.1	Improve the perception and image of Navasota.	3.1.1	Establish a positive campaign to promote Navasota.	<ul style="list-style-type: none"> Prepare both an in-person and digital message. Positive short videos about ongoing projects Create a new branding campaign Expand partnership with NISD 		X X X X		Madison
		3.1.2	Identify target audiences to effectively recruit new citizens while improving community pride.	<ul style="list-style-type: none"> Attend realtor conferences to tell the Navasota story. Utilize citizens' academies (see Governance). Explore use of Town Hall meetings – in-person and virtual. Utilize all methods of communication with the public; i.e. Grilling Stafford, trails town hall meetings, agenda briefings with local media, Navigate Navasota app 	Ongoing	X X X		
3.2	Establish a program to educate ISD students about local government.	3.2.1	Re-establish an internship/sponsor a job shadowing program for students in the city.	<ul style="list-style-type: none"> Co-op student to assist with administrative services for all departments with 15-20 hours beginning with a minimum wage of \$7.25. Speak with the co-op class Both high school and college 		X X X		Peggy & Shawn
3.3	Improve communication in general with the public.	3.3.1	Be deliberate about creating buy-in from citizens.	<ul style="list-style-type: none"> Inform, educate and cast the vision. Advertise City Council meetings in the paper (\$1,872/year), on the radio, yard signs, banners 	X X			Madison
		3.3.2	Prepare and implement a communication protocol.	<ul style="list-style-type: none"> Explore new advertising techniques, i.e. Navigate Navasota app, CTY advertisement, Facebook events for all meetings Explore communication methods for Boards & Commissions, i.e. post all agendas on Facebook event 		X X		

Strategic Initiatives			Goals	Action Steps	FY22	FY23	FY24	Lead
				<ul style="list-style-type: none">All boards give regular updates at City Council meetings		X		

Vision Element # 4

Infrastructure

Guiding Principle: *The City of Navasota will provide excellent infrastructure and facilities that meets the needs of the citizens and businesses, and staff.*

Strategic Initiatives			Goals	Action Steps	FY22	FY23	FY24	Lead
4.1	Prepare a plan for construction of an elevated grade crossing over the railroad tracks.	4.1.1	Identify location and right of way needs for the crossing.	<ul style="list-style-type: none"> Thorough fare plan completion and implementation 		X		Jose & Lupe
		4.1.2	Establish costs to city to accommodate the crossing.	<ul style="list-style-type: none"> Compile land acquisition costs per thorough fare plan design Obtain estimate cost proposals for engineering and construction 			X X	
4.2	Prepare a capital improvements plan and program for needed city infrastructure.	4.2.1	Improve aging infrastructure. Phase one: FY22 Phase two: FY24	<ul style="list-style-type: none"> CIP Bring in a consultant to help formalize the plan <ul style="list-style-type: none"> Update water modeling Consultant to model Gas system and Wastewater system Present CIP to Finance Dept. to plan for funding options. Streets and Storm water evaluations and priorities Replace/repair gas regulator stations Complete phase 1 of CIP Begin phase 2 of CIP Fire hydrant repair/replacement 	X			Jeff & Jose
					X		X	
					X			
		4.2.2	Improve aging and inadequate facilities.	<ul style="list-style-type: none"> Create a facilities master plan <ul style="list-style-type: none"> Hire Consultant Replace or improve animal shelter and vehicle services Sell existing warehouse and build a new one Replace the current primary fire station and EOC at the South LaSalle location. Explore the possibility of a second fire station/public safety facility at Hwy 			X X X X X	

Strategic Initiatives			Goals	Action Steps	FY22	FY23	FY24	Lead
				105/Fairway Dr. because of the continued growth and expansion of the city and the delayed responses due to train traffic <ul style="list-style-type: none"> Valve and other mechanical equipment replacement at wastewater plant Look at alternative disinfectant treatment methods 			X X	
		4.2.4	Identify funding sources – bonds, grants, etc.	<ul style="list-style-type: none"> We currently are working with 2020 Capital Improvement Bond. We are working towards doing a bond every 2 years for CIP USDA loan Add gas capital improvement fee to monthly billing. Funding from American Rescue Plan 	X X X X			
4.3	Create additional opportunity for social and family amenities.	4.3.1	Create additional sports facilities.	<ul style="list-style-type: none"> Identify most desired facilities Identify possible locations Land acquisition Identify funding mechanism Design facilities Obtain bids/pricing on new facilities 	Ongoing		X X X X X	Colton
		4.3.3	Make park improvements – trails, bike paths, etc.	<ul style="list-style-type: none"> Adjust city ordinance on parkland dedication to allow developers to contribute directly to ongoing projects Develop community programs that improve parks Identify areas of greatest need Obtain bids/pricing on improvements 	Ongoing Ongoing Ongoing Ongoing Ongoing			

Strategic Initiatives			Goals	Action Steps	FY22	FY23	FY24	Lead
				<ul style="list-style-type: none">Navasota Sidewalk and Trails plan.				
4.4	Identify and plan for needed improvements to the community's internet system.	4.4.1	Identify and review the existing systems available and options to the City	<ul style="list-style-type: none">Facilitate BVCOG partnerships with local ISP suppliers to improve speeds in underserved areas.Encourage/ Incentivize Midsouth Synergy expansion into town via City ROW/EasementsResearch other ISP options available.			X X X	Lupe

Vision Element # 5

Organizational Excellence

Guiding Principle: **Ron will update*

			<ul style="list-style-type: none">• Continue to offer career advancement opportunity (invest in employee-greater future with City)• Pay for course for training (all departments)• College tuition reimbursement• Safety bonuses (no accidents, etc.) Safety pins (providing a day off), Bonus day- annually• Hazardous duty pays (ex: working big storms, etc.)• Team outings/lunches (Spring/Fall) and Christmas Party- employee does not have to organize or work the event• Monetary (bonuses and raises)• Continue to Recognize: years of service with Plaque and bag of goodies. At the end of the year employee shall receive gift card (money, dinner, coffee, spa) (5 year increments)• Hand written note (“thank you” “job well done”, etc.)• Brag board: located front lobby with employee picture and award (ex: Rookie of the year, Employee of the month, etc.)• Discount on rental facilities for city employees• City owned workout facility to promote health• Utility incentives to promote employees to live in Navasota• Reconsider 20-year retirement package/insurance to the age of social security• Evaluate additional employees to complete project assignments• Evaluate incentives for succession planning in career development	Ongoing			
				Ongoing			
					X		
				X			
				X			
				Ongoing	X		
				X			
				X			
					X		
					X		
						X	
				X			
					X		

		5.1.2	Promote the community and organizational environment	<ul style="list-style-type: none">• Video montage of all city events and city participation of employees• Clear and transparent communication• Create Cultural Diversity Awareness by reaching out to different segments of the City• Career Fair days	Ongoing X X X			
		5.1.3	Explore housing incentives to live and work in Navasota and attract new employees.	<ul style="list-style-type: none">• Partner with local realtors or Chamber to put together informational housing options package• Pay a portion of moving expenses into Navasota within the city limits	X X			

AGENDA PLANNING CALENDAR

APRIL 25, 2022 – DEADLINE FOR SUBMITTING ITEMS AND COVER SHEETS FOR THIS MEETING IS 04/11/2022

1. Called to order
2. Invocation/Pledge of Allegiance
3. Remarks of visitors
4. Staff Report: (a) Introduction of new employees-Finance; (b) Development Services update; (c) Election update; (d) Police Department update on NRA Grant; (e) Board and Commission update; and (f) Reports from staff and City Council
5. Audit for FY 2020-2021
6. Public hearing for rezoning of 808 Farquhar Street
7. 1st reading of Ordinance No. 995-22, rezoning of 808 Farquhar Street
8. Contract agreement with Gessner Engineering – Street Project
9. Quarterly investment report
10. Adjourn

MAY 9, 2022 – DEADLINE FOR SUBMITTING ITEMS AND COVER SHEETS FOR THIS MEETING IS 04/25/2022

1. Called to order
2. Invocation/Pledge of Allegiance
3. Remarks of visitors
4. Staff Report: (a) Years of Service Awards; (b) Update on Capital Improvements Project; (c) Library update; (d) Proclamations – Economic Development Week; National Public Works Week; Public Service Week; and Peace Officer Week (e) Board and Commission update; and (f) Reports from staff and City Council
5. Public hearing – Downtown Revitalization Grant
6. Resolution No. _____, Downtown Revitalization Grant
7. Consent agenda items: (a) Minutes from the month of April 2022; (b) Expenditures for the month of April 2022; and (c) 2nd reading of Ordinance No. 995-22, rezoning of 808 Farquhar Street
8. Adjourn

MAY 18, 2022 – DEADLINE FOR SUBMITTING ITEMS AND COVER SHEETS FOR THIS MEETING IS 05/09/2022

1. Called to order
2. Invocation/Pledge of Allegiance
3. Remarks of visitors
4. Staff Report: (a) Board and Commission update; and (b) Reports from staff and City Council
5. Canvass election returns
6. Certificate of Election issued to candidates
7. State of office completed and Oath of Office
8. Elect a Mayor
9. Elect a Mayor Pro-Tem
10. Adjourn

MAY 23, 2022 – [DEADLINE FOR SUBMITTING ITEMS AND COVER SHEETS FOR THIS MEETING IS 05/09/2022](#)

1. Called to order
2. Invocation/Pledge of Allegiance
3. Remarks of visitors
4. Staff Report: (a) Airport update; (b) Gas Modeling project update; (c) Board and Commission update; and (d) Reports from staff and City Council
5. Water tower policy
6. Adjourn

JUNE 13, 2022 – [DEADLINE FOR SUBMITTING ITEMS AND COVER SHEETS FOR THIS MEETING IS 05/23/2022](#)

1. Called to order
2. Invocation/Pledge of Allegiance
3. Remarks of visitors
4. Staff Report: (a) Airport update; (b) Board and Commission update; and (c) Reports from staff and City Council
5. Navasota Wifi proposal
6. Consent agenda: (a) Minutes for the month of May 2022; and (b) Expenditures for the month of May 2022
7. Adjourn

JUNE 27, 2022 – [DEADLINE FOR SUBMITTING ITEMS AND COVER SHEETS FOR THIS MEETING IS 06/13/2022](#)

1. Called to order
2. Invocation/Pledge of Allegiance
3. Remarks of visitors
4. Staff Report: (a) Airport update; (b) Board and Commission update; and (c) Reports from staff and City Council
5. Adjourn

**CITY OF NAVASOTA
CITY COUNCIL AGENDA**

AGENDA ITEM NO.: 5. **AGENDA DATE:** April 25, 2022

PREPARED BY: Lupe Diosdado, Development Services
Director

APPROVED BY: JW

ITEM: Conduct a public hearing for the purpose of receiving public comment and testimony regarding a zoning change application submitted to the City of Navasota by Anton Drabek, for the properties located at 808 Farquhar Street, Navasota, Grimes County, TX, 77868. The zoning change application requests to change the zoning from R-1A: High Density, Single Dwelling Unit, 7,000 Square Foot Lot, Residential District to M-1: Light Industrial District, for the operation of a warehousing and distribution use. The properties affected are legally described as Camp IM, Block 5, Lot 9, 8(1/2) & Camp IM, Block 5, Lot 6,7, 8(1/2). [Lupe Diosdado, Development Services Director]

ITEM BACKGROUND:

Anton Drabek submitted a zoning change application to the City of Navasota for the properties located at 808 Farquhar Street, Navasota, Grimes County, TX, 77868. The zoning change requests to change the zoning from R-1A: High Density, Single Dwelling Unit, 7,000 Square Foot Lot, Residential District, to M-1: Light Industrial District, for the operation of a warehousing and distribution use. The properties affected are legally described as Camp IM, Block 5, Lot 9, 8(1/2) & Camp IM, Block 5, Lot 6,7, 8(1/2).

There are multiple buildings on the property the largest being 9,480 square feet 7,000 square feet and lastly a 360 square foot building on the property. The buildings have been used as warehousing & distribution for several years and are currently considered non-conforming existing uses (grandfathered). The property owner intends to sell the property and the new owner will continue the same use. To prevent future land use conflicts the proposed zoning change would bring the existing use out of

non-conforming status to a permitted use. There has been an active commercial utility billing account for the property since 2014.

Public Outreach:

The following resources were used for public outreach: 1) Published ad on March 30, 2022 in the Navasota Examiner, 2) Mailed 35 'Public Hearing' notice letters to property owners within 500 feet, and 3) Placed 'Public Hearing' sign on property on March 28, 2022.

Planning & Zoning Commission Recommendation:

On Thursday April 14th the Planning & Zoning Commission held a public hearing on the requested zoning change where were no comments against the change were presented. Anton Drabek, current property owner briefed the P&Z Commission on the property's current operations. Following the public hearing P&Z Commission voted unanimously to recommend approval of the zoning change request as presented to City Council.

In cases when the Planning and Zoning Commission recommends against a proposed change to the official Zoning Map, the affirmative vote of at least three-fourths (3/4) of all members of the City Council is required to overrule the recommendation.

Public hearing opened at _____ p.m.

Public hearing closed at _____ p.m.

BUDGETARY AND FINANCIAL SUMMARY:

N/A

STAFF RECOMMENDATION:

Staff recommends conducting a public hearing for the purpose of receiving public comment and testimony regarding a zoning change application submitted to the City of Navasota by Anton Drabek, for the properties located at 808 Farquhar Street, Navasota, Grimes County, TX, 77868. The zoning change application requests to change the zoning from R-1A: High Density, Single Dwelling Unit, 7,000 Square Foot Lot, Residential District to M-1: Light Industrial District, for the operation of a warehousing and distribution use. The properties affected are legally described as Camp IM, Block 5, Lot 9, 8(1/2) & Camp IM, Block 5, Lot 6,7, 8(1/2).

ATTACHMENTS:

1. Staff Report



**City of Navasota
City Council
Staff Report
April 18, 2022**



Send all mail to:
P.O. Box 910
Navasota, TX 77868

www.NavasotaTX.gov

Item/Subject: Item No. – Anton Drabek’s Zoning Change Request

Applicant: Anton Drabek

Project Representative: Miriah Caskey

Summary:

Anton Drabek submitted a zoning change application to the City of Navasota for the properties located at 808 Farquhar Street, Navasota, Grimes County, TX, 77868. The zoning change requests to change the zoning from R-1A: High Density, Single Dwelling Unit, 7,000 Square Foot Lot, Residential District, to M-1: Light Industrial District, for the operation of a warehousing and distribution use. The properties affected are legally described as Camp IM, Block 5, Lot 9, 8(1/2) & Camp IM, Block 5, Lot 6,7, 8(1/2).

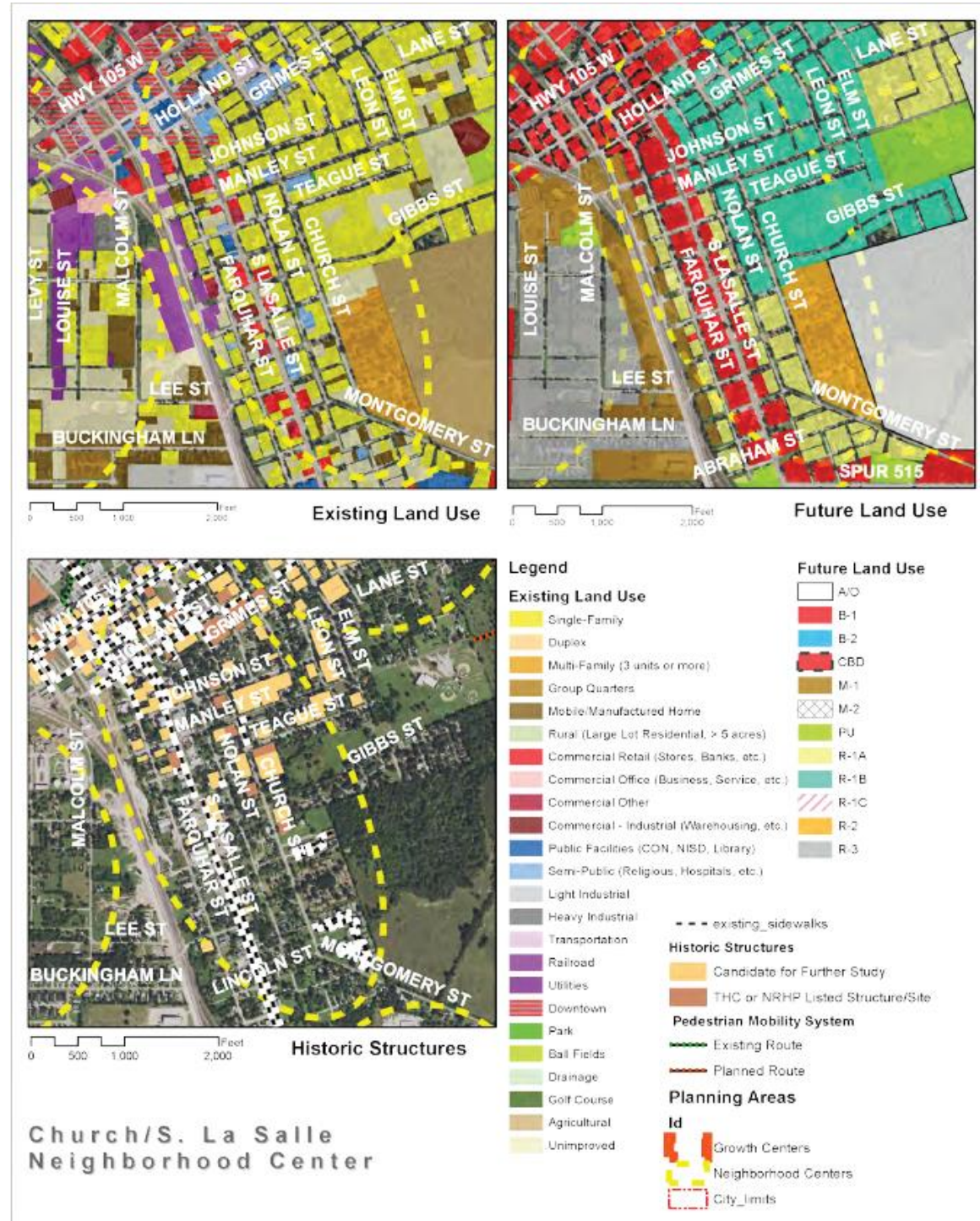
There are multiple buildings on the property the largest being 9,480 square feet 7,000 square feet and lastly a 360 square foot building on the property. The buildings have been used as warehousing & distribution for several years and are currently considered non-conforming existing uses (grandfathered). The property owner intends to sell the property and the new owner will continue the same use. To prevent future land use conflicts the proposed zoning change would bring the existing use out of non-conforming status to a permitted use. There has been an active commercial utility billing account for the property since 2014.

Planning & Zoning Commission Recommendation:

On Thursday April 14th the Planning & Zoning Commission held a public hearing on the requested zoning change where were no comments against the change were presented. Anton Drabek, current property owner briefed the P&Z on the property’s current operations. Following the public hearing the P&Z voted unanimously to recommend approval of the zoning change request as presented to City Council.

In cases when the Planning and Zoning Commission recommends against a proposed change to the official Zoning Map, the affirmative vote of at least three-fourths (3/4) of all members of the City Council is required to overrule the recommendation

Future Land Use Plan:



Comprehensive Plan:

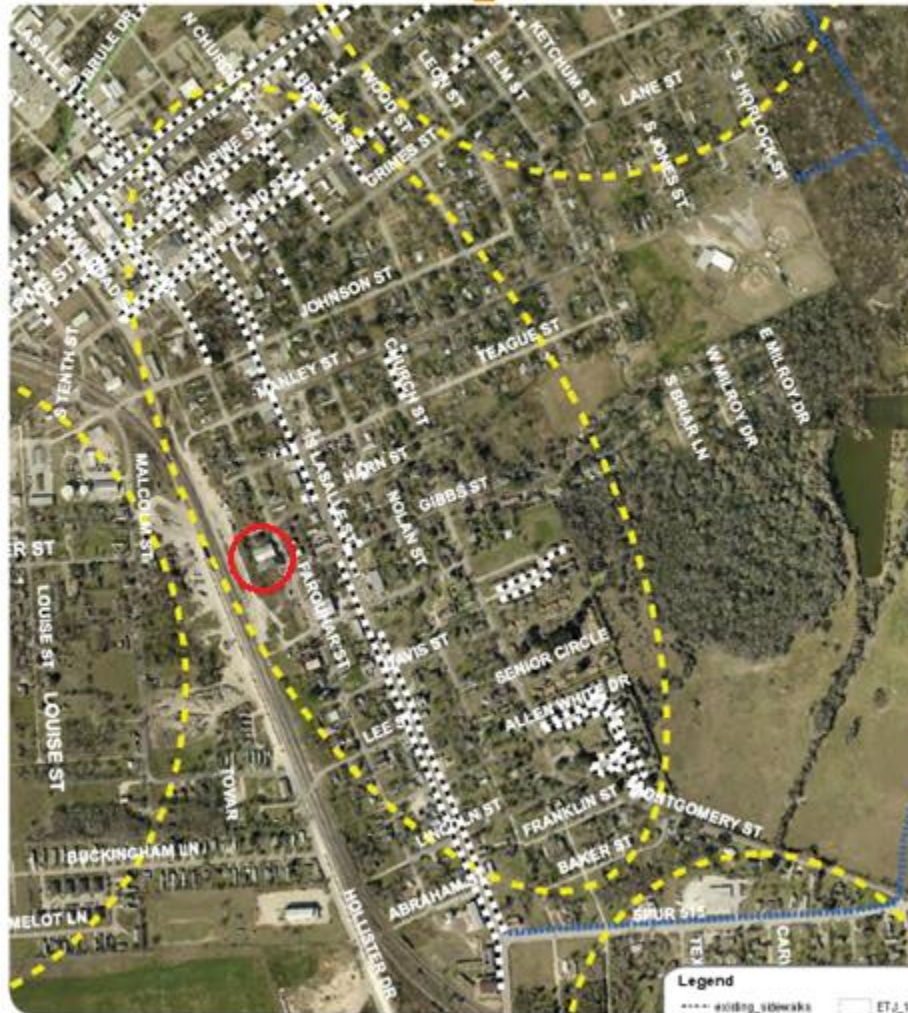
Church/S. La Salle Neighborhood Center

Challenges:

- Walkability and bicycle opportunities
- Sidewalk Connectivity
- Maintain historic nature of neighborhood
- Some minor arterials are in poor condition
- Drainage

Goals:

- Construct new sidewalks
- Establish bike lanes along minor arterials where feasible
- Ensure vegetation remains cut back for visibility at intersections
- Use of design guidelines for historic preservation
- Update/expand baseball park on southeast side of neighborhood



Significant Project:

- Potential road extensions of Manley St. and Judson St.
- Feasibility study of baseball park update and expansion
- Improve streets
- Improve drainage

PID: R20732
Legal Description: CAMP IM, BLOCK 5, LOT 9, 8(1/2)
Owner: DRABEK, ANTON
Address: FARQUHAR ST, NAVASOTA, TX 77868
Zoning: [R-1A](#)

PID: R20731
Legal Description: CAMP IM, BLOCK 5, LOT 6,7, 8(1/2)
Owner: DRABEK, ANTON
Address: 808 FARQUHAR ST, NAVASOTA, TX 77868
Zoning: [R-1A](#)

Site Information:

Access: Farquhar Street
Approx. Size: .55 Acres
Subdivision: Camp IM Subdivision

Existing Site and Surrounding Land Uses:



Current Land Use: Warehousing & Distribution
Proposed Land Use: Warehousing & Distribution
Surrounding Land Uses: West-M-1: Light Industrial, North-R-1: Residential, East-B-1: General Business South-R-1A: Residential.

Aerial & Street view:



Public Outreach Plan:

Published ad on March 30, 2022 – Navasota Examiner. Mailed 35 Public Hearing notice letters to property owners within 500 feet. Placed Public hearing sign on property March 28, 2022

Public Input Summary:

FullName	Address1	Address2	City	State	ZIP
AYALA, DIANA	C/O DIANA FLORES	701 FARQUHAR ST	NAVASOTA	TX	77868
BALDERAS, MARIA SANTOS CUSTODIAN	FOR EDUARDO PALACIOS	803 FARQUHAR ST	NAVASOTA	TX	77868
BRISENO, ERASMO & MADEJESUS	110 JOHNSON		NAVASOTA	TX	77868-3870
BRITTON, ALPHONSE C & DEMETRYCEE	P O BOX 507		NAVASOTA	TX	77868-0507
CASTILLO, IRENE	25822 HWY 6 S		NAVASOTA	TX	77868
DHANANI, MUMTAZ	3700 BRIDLE TRAILS CT		COLLEGE STATION	TX	77845
DRABEK, ANTON	PO BOX 249		WAELEDER	TX	78959
FLORES, PAUL & VALERIE	713 FARGUHAR ST		NAVASOTA	TX	77868
FORD, ASLAN SHAEGAN	1902 BIRDIE CT		NAVASOTA	TX	77868
FUQUA, WILLIAM E	809 FARQUHAR ST		NAVASOTA	TX	77868-3839
HOLT, GRANT	P O BOX 490		NAVASOTA	TX	77868-0490
HUGHEY, TRAVIS M	807 FARQUHAR ST		NAVASOTA	TX	77868
JUNEK, SHANNON & RHONDA	1010 FARQUHAR ST		NAVASOTA	TX	77868
JUNEK, SHANNON EVANS	1010 FARQUHAR ST		NAVASOTA	TX	77868
LEE TABERNACLE METH CHURCH	203 TEAGUE ST		NAVASOTA	TX	77868-3826
LINDLEY-ROBERTSON-HOLT FUNERAL HOME	P O BOX 490		NAVASOTA	TX	77868-0490
M H M R AUTHORITY	OF BRAZOS VALLEY	P O BOX 4588	BRYAN	TX	77802-4588
MALDONADO, MALAQUIAS & MARIA	618 FARQUHAR ST		NAVASOTA	TX	77868-3836
MALDONADO, MIGUEL	501 WHITE ST		NAVASOTA	TX	77868
MC GINTY, WALTER J & EVELYN	617 FARQUHAR ST		NAVASOTA	TX	77868-3835
MC NEAL, NARRAL (DECD)	% D R PARSONS	P O BOX 236	NAVASOTA	TX	77868
MUNOZ, CARLOS, Jr	206 GIBBS ST		NAVASOTA	TX	77868
NAVASOTA INC	913 S LA SALLE ST		NAVASOTA	TX	77868
NEVELS, RANDALL LEE	9292 INDUSTRIAL DR		NAVASOTA	TX	77868
OSTIGIN, FRANCES G	710 FARQUHAR		NAVASOTA	TX	77868-3138
PALACIOS, SANTOS & ALEJANDRO	803 FARQUHAR ST		NAVASOTA	TX	77868-3839
PINEGAR, WALTER E	P O BOX 182		HUNTSVILLE	TX	77340-0182
RAMIREZ, OZIEL &	ORALIA GARCIA	614 FARQUHAR ST	NAVASOTA	TX	77868-3836
RIOS, MARY JANE	509 WHITE ST		NAVASOTA	TX	77868-2446
ROCHA, ESTEBAN FLORES	604 N RAILROAD ST		NAVASOTA	TX	77868
SMALL, CAROLE J & BYRON J AND	MARY F SMALL	803 S LA SALLE ST	NAVASOTA	TX	77868
SOLIS, JERONIMO E	5356 MAGNOLIA TRL		NAVASOTA	TX	77868
UNION PACIFIC RR CO	PROPERTY TAX DEPT	1400 DOUGLAS ST STOP 1640	OMAHA	NE	68179-1001
VACANTE, JONATHAN	P O BOX 729		NAVASOTA	TX	77868-0729
ZARAGOZA, RITA GARZA	2731 ELLSWORTH AVE		BELLEVUE	NE	68123

As of 4/18/22 staff has not received any public inquires related to the public notice notifications completed.



**CITY OF NAVASOTA
CITY COUNCIL AGENDA**

AGENDA ITEM NO.: 6. **AGENDA DATE:** April 25, 2022

PREPARED BY: Lupe Diosdado, Development Services
Director

APPROVED BY: JW

ITEM: Presentation, discussion, and possible action on the first reading of Ordinance No. 995-22, approving a zoning change application submitted to the City of Navasota by Anton Drabek, for the properties located at 808 Farquhar Street, Navasota, Grimes County, TX, 77868. The zoning change application requests to change the zoning from R-1A: High Density, Single Dwelling Unit, 7,000 Square Foot Lot, Residential District to M-1: Light Industrial District, for the operation of a warehousing and distribution use. The properties affected are legally described as Camp IM, Block 5, Lot 9, 8(1/2) & Camp IM, Block 5, Lot 6,7, 8(1/2). [Lupe Diosdado, Development Services Director]

ITEM BACKGROUND:

Anton Drabek submitted a zoning change application to the City of Navasota for the properties located at 808 Farquhar Street, Navasota, Grimes County, TX, 77868. The zoning change requests to change the zoning from R-1A: High Density, Single Dwelling Unit, 7,000 Square Foot Lot, Residential District, to M-1: Light Industrial District, for the operation of a warehousing and distribution use. The properties affected are legally described as Camp IM, Block 5, Lot 9, 8(1/2) & Camp IM, Block 5, Lot 6,7, 8(1/2).

There are multiple buildings on the property the largest being 9,480 square feet; the other two are 7,000 square feet and a 360 square foot buildings on the property. The buildings have been used as warehousing & distribution for several years and are currently considered non-conforming existing uses (grandfathered). The property owner intends to sell the property and the new owner will continue the same use. To prevent future land use conflicts, the proposed zoning change would bring the existing use out of non-conforming status to a permitted use. There has been an active commercial utility billing account for the property since 2014.

Public Outreach:

The following were the resources used for public outreach: 1) Published ad on March 30, 2022 in the Navasota Examiner, 2) Mailed 35 'Public Hearing' notice letters to property owners within 500 feet, and 3) Placed 'Public Hearing' sign on property on March 28, 2022.

Planning & Zoning Commission Recommendation:

On Thursday April 14th the Planning & Zoning Commission held a public hearing on the requested zoning change where were no comments against the change were presented. Anton Drabek, current property owner briefed the P&Z Commission on the property's current operations. Following the public hearing P&Z Commission voted unanimously to recommend approval of the zoning change request as presented to City Council.

In cases when the Planning & Zoning Commission recommends against a proposed change to the official Zoning Map, the affirmative vote of at least three-fourths (3/4) of all members of the City Council is required to overrule the recommendation.

BUDGETARY AND FINANCIAL SUMMARY:

N/A

STAFF RECOMMENDATION:

On April 14th the Planning & Zoning Commission voted unanimously in favor of recommending approval to the City Council for the zoning change application submitted to the City of Navasota by Anton Drabek, for the properties located at 808 Farquhar Street, Navasota, Grimes County, TX, 77868. The zoning change application requests to change the zoning from R-1A: High Density, Single Dwelling Unit, 7,000 Square Foot Lot, Residential District to M-1: Light Industrial District, for the operation of a warehousing and distribution use. The properties affected are legally described as Camp IM, Block 5, Lot 9, 8(1/2) & Camp IM, Block 5, Lot 6,7, 8(1/2). Staff concurs with the Planning & Zoning Commissions recommendation for approval of the first reading of Ordinance No. 995-22.

ATTACHMENTS:

1. Ordinance No. 995-22

ORDINANCE NO. 995-22

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF NAVASOTA, TEXAS TO REZONE THE PROPERTIES LEGALLY DESCRIBED CAMP IM, BLOCK 5, LOT 9, 8(1/2), AND CAMP IM, BLOCK 5, LOT 6,7, 8(1/2), TO M-1: LIGHT INDUSTRIAL DISTRICT, FROM R-1A: HIGH DENSITY, SINGLE DWELLING UNIT, 7,000 SQUARE FOOT LOT, RESIDENTIAL DISTRICT

WHEREAS, on the 10th of March 2022, Anton Drabek, filed a petition requesting the rezoning of the properties legally described as CAMP IM, BLOCK 5, LOT 9, 8(1/2), and CAMP IM, BLOCK 5, LOT 6,7, 8(1/2), from R-1A: high density, single dwelling unit, 7,000 square foot lot, residential district to M-1: Light Industrial District; and

WHEREAS, the properties are shown on Exhibit "A" attached hereto and incorporated herein for all purposes pertinent; and

WHEREAS, the rezoning request is in harmony with the Comprehensive Plan of the City of Navasota; and

WHEREAS, on the 14th of April 2022, a public hearing was held before the Planning and Zoning Commission of the City of Navasota, a quorum being present on the occasion and said matter of rezoning being part of the agenda for said Commission meeting, an opportunity to present arguments for and against the proposed rezoning was held; and

WHEREAS, the Planning and Zoning Commission recommends to the City Council that best interest and the benefit of the residents of the City of Navasota, that the said properties be rezoned as M-1: Light Industrial District, legally described as CAMP IM, BLOCK 5, LOT 9, 8(1/2), and CAMP IM, BLOCK 5, LOT 6,7, 8(1/2); and

WHEREAS, on the 25th day of April 2022, a public hearing was held before the Navasota City Council, a quorum being present on the occasion and said matter of rezoning being part of the agenda, an opportunity to present arguments for and against the proposed rezoning was held;

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

SECTION 1. The zoning change request to M-1: Light Industrial District from R-1A: high density, single dwelling unit, 7,000 square foot lot, residential district is hereby granted for the properties legally described as CAMP IM, BLOCK 5, LOT 9, 8(1/2), and CAMP IM, BLOCK 5, LOT 6,7, 8(1/2), and such zoning shall be entered on the Official Zoning Map of the City of Navasota. Unless otherwise provided for or modified herein,

the property legally described shall conform to the provisions of the City's Zoning Ordinance, Subdivision Ordinance and all other applicable ordinances.

SECTION 2. That if any section, subsection, word, sentence or phrase of this ordinance is held invalid, it shall not affect the remaining parts of this ordinance.

SECTION 3. That this ordinance shall be effective upon final reading and approval of this ordinance.

**PASSED AND ADOPTED ON FIRST READING THIS 25TH DAY OF
APRIL 2022.**

BERT MILLER, MAYOR

ATTEST:

SUSIE M. HOMEYER, CITY SECRETARY

**PASSED AND ADOPTED ON SECOND READING THIS 9TH DAY OF
MAY 2022.**

BERT MILLER, MAYOR

ATTEST:

SUSIE M. HOMEYER, CITY SECRETARY

EXHIBIT "A"



R20732: CAMP IM, BLOCK 5, LOT 9, 8(1/2)
R20731: CAMP IM, BLOCK 5, LOT 6,7, 8(1/2)

**CITY OF NAVASOTA
CITY COUNCIL AGENDA**

AGENDA ITEM NO.: 7. **AGENDA DATE:** April 25, 2022

PREPARED BY: Lance M. Hall, Finance Director

APPROVED BY: JW

ITEM: Presentation, discussion, and possible action on approval of the Single Audit Report and Annual Financial Report for the Fiscal Year ending September 30, 2021 for the City of Navasota. [Lance Hall, Finance Director]

ITEM BACKGROUND:

Article VIII "City Finances" of the City Charter states "council shall request an independent audit to be prepared annually by a certified public accountant covering all of the city's financial affairs, including operating results for the year and financial statement at the close of the fiscal year." The City of Navasota contracted with Belt Harris Pechacek, LLLP. to provide the independent audit for the fiscal year ending September 30, 2021.

GASB (Governmental Accounting Standards Board) requires governmental entities that expend federal funds in an amount over \$750,000 to have a "Single Audit". For fiscal year ending September 30, 2021, the City of Navasota expended \$2,073,420. The Auditors issued a clean opinion (unmodified opinion) on the financials related to the grant funds we spent during the fiscal year. Additionally, there were no noted deficiencies or material weaknesses in the City's internal controls.

The Annual Financial Report for the City of Navasota for fiscal year ending September 30, 2021 is included as an attachment. The annual financial report is divided into several different segments: 1) Independent Auditor's Report, which states that the City received a clean audit; 2) MD&A (Management's Discussion and Analysis) which gives the reader of the annual report an objective and easily readable analysis of the financial activities of the City; 3) Basic Financial Statements, which include the governmental, proprietary, and fiduciary fund statements; 4) Notes to the

Financial Statements, which are used to explain the assumptions used to prepare the numbers in the financial statements, as well as the accounting policies adopted by the City; 5) Required Supplementary Information, which provide details about budget vs. actual as well as TMRS & OPEB Liabilities; and 6) Combining Statements & Schedules.

For fiscal year ending September 30, 2021, the General Fund fund balance increased \$702,808. The General Fund unassigned fund balance was \$470,913, which represents a fund balance reserve of 53% of general fund expenditures or 193 days of reserves. For comparison, the General Fund fund balance at September 30, 2020 was 46%. Overall, the General Fund, and Proprietary Funds (Water, Sewer & Gas) performed well this past fiscal year.

The auditors have recommended that the City of Navasota be more diligent in completing the annual year-end journal entries prior to the audit. Therefore, staff will be working with the new Budget Analyst and the City Manager on making sure that procedures are established to accomplish this management letter recommendation.

Robert Belt with, Belt Harris Pechacek, LLLP, will be here to present the audit.

BUDGETARY AND FINANCIAL SUMMARY:

The annual audit is budgeted in Finance Administration Department - Account # 100-594-610.00 for \$35,000. However, due to the increased cost of the single audit as well as additional audit procedures, the cost was \$48,926.

STAFF RECOMMENDATION:

Staff recommends approval of the Single Audit and Annual Financial Reports provided by the auditor for fiscal year ending September 30, 2021.

ATTACHMENTS:

1. 2020-2021 Single Audit
2. 2020-2021 Audit

SINGLE AUDIT REPORTS

CITY OF NAVASOTA, TEXAS

**For the Year Ended
September 30, 2021**

CITY OF NAVASOTA, TEXAS

SINGLE AUDIT REPORTS

September 30, 2021

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

To the Honorable Mayor and
City Council Members of the
City of Navasota, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Navasota, Texas (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 31, 2022.

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) as a basis for designing 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.

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. 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 31, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Honorable Mayor and
City Council Members of the
City of Navasota, Texas:

Report on Compliance for Each Major Federal Program

We have audited the City of Navasota, Texas' (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 31, 2022 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 31, 2022

CITY OF NAVASOTA, TEXAS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended September 30, 2021

None

CITY OF NAVASOTA, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City.
2. No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the basic financial statements were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the City are reported in Part C of this schedule.
7. The program included as a major program is:

<u>AL Number</u>	<u>Program Title</u>
14.228	Community Development Block Grant
21.019	Coronavirus Relief Fund

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The City did qualify as a low-risk auditee in the context of the Uniform Guidance.

B. FINDINGS – BASIC FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS – FEDERAL AWARDS

None

CITY OF NAVASOTA, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

Department/Pass-Through Agency/Program Name	AL Number	Pass-Through Entity Grant/Contract Number	Expenditures
U.S. Department of Justice			
<i>'Direct Award</i>			
Bulletproof Vest Program	16.607	N/A	\$ 1,829
<i>Pass-through Texas Office of the Governor - Criminal Justice Division</i>			
COVID-19 Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-0002	31,456
Total U.S. Department of Justice			<u>33,285</u>
U.S. Department of Treasury			
<i>Pass-through Texas Department of Emergency Management</i>			
COVID-19 Coronavirus Relief Fund	21.019	2020-CF-21019	374,835
Total U.S. Department of Treasury			<u>374,835</u>
U.S. Department of Housing and Urban Development			
<i>Pass-through Texas General Land Office</i>			
Community Development Block Grant	14.228	19-076-034-B687	1,665,300
Total U.S. Department of Housing and Urban Development			<u>1,665,300</u>
Total Federal Expenditures			<u><u>\$ 2,073,420</u></u>

CITY OF NAVASOTA, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
For the Year Ended September 30, 2021

1. REPORTING ENTITY

The accompanying schedule of expenditures of federal awards (the "Schedule") presents the activity of all federal financial assistance programs of the City.

2. BASIS OF ACCOUNTING

The Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent, adjustments or credits made in the normal course to amounts reported as expenditures in prior years.

4. INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

5. DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of the donated PPE, but such amounts are not included in the SEFA. The City did not receive PPE donations during the reporting year.

6. PRIOR YEAR EXPENDITURE

Expenditures in the amount of \$31,456 related to the federal grant program Coronavirus Emergency Supplemental Funding, Assistance Listing number 16.034 and \$374,835 related to the federal grant program Coronavirus Relief Fund, Assistance Listing number 21.019, were incurred in the prior year; however, approval was not provided by the granting agency until fiscal year 2021. Accordingly, these expenditures have been listed on the fiscal year 2021 Schedule.

ANNUAL FINANCIAL REPORT

of the

CITY OF NAVASOTA, TEXAS

**For the Year Ended
September 30, 2021**

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CITY OF NAVASOTA, TEXAS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council of the
City of Navasota, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Navasota, Texas (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment benefits liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
March 31, 2022

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***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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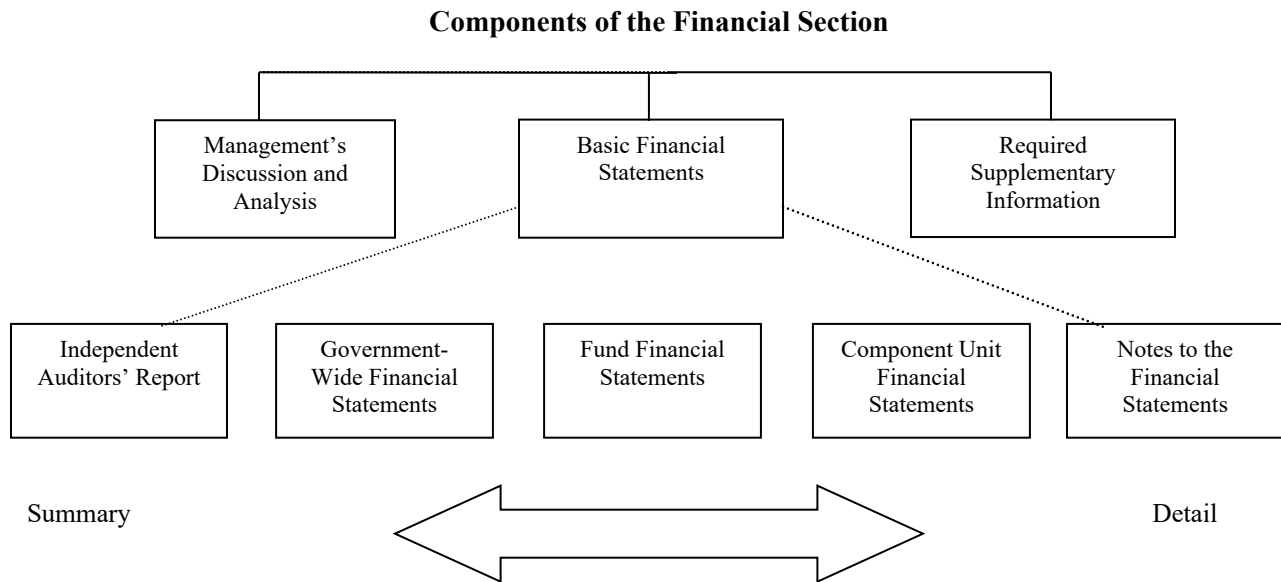
CITY OF NAVASOTA, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2021

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Navasota, Texas (the "City") for the year ending September 30, 2021. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison.

THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference 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. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change

CITY OF NAVASOTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – The City's tax-supported services are reported here including police, fire, and EMS (public safety); streets and drainage (public works); sanitation; transportation; culture and recreation; judicial and courts; economic development/tourism; and general administrative services (general government). Interest payments on the City's tax-supported debt are also reported here. Property tax, sales tax, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water, sewer, and gas services, as well as interest payments on debt issued for water and wastewater improvements.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The three categories of City funds are governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City'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 eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, the debt service, the capital projects, and the grant funds, which are considered to be major funds for reporting purposes.

CITY OF NAVASOTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

The City adopts annual appropriated budgets for its general fund and debt service fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

Proprietary Funds

The City maintains one type of proprietary fund, enterprise funds. 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, sewer, and gas operations. The proprietary fund financial statements provide separate information for the water, sewer, and gas funds. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains one fiduciary fund, the board of fireman service fund. The City's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits liability and related ratios and a schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows by \$39,533,288 as of September 30, 2021 for the primary government. This compares with \$36,275,367 from the prior fiscal year. The largest portion of the City's net position, 83 percent, reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, and infrastructure), less any outstanding debt used to acquire those assets. 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 assets themselves cannot be used to liquidate these liabilities.

CITY OF NAVASOTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

2021				
	Governmental Activities	Business-Type Activities	Reconciliation	Total Primary Government
Current and other assets	\$ 19,727,842	\$ 10,179,274	\$ -	\$ 29,907,116
Capital assets, net	29,957,435	8,283,659	-	38,241,094
Total Assets	49,685,277	18,462,933	-	68,148,210
Deferred charge on refunding	225,649	-	-	225,649
Deferred outflows - pensions	188,447	36,061	-	224,508
Deferred outflows - OPEB	51,418	10,810	-	62,228
Total Deferred Outflows of Resources	465,514	46,871	-	512,385
Long-term liabilities	25,832,819	88,006	-	25,920,825
Other liabilities	1,845,653	455,138	-	2,300,791
Total Liabilities	27,678,472	543,144	-	28,221,616
Deferred inflows - pensions	699,384	179,137	-	878,521
Deferred inflows - OPEB	22,501	4,669	-	27,170
Total Deferred Inflows of Resources	721,885	183,806	-	905,691
Net Position:				
Net investment in capital assets	27,513,146	8,263,665	(2,789,707)	32,987,104
Restricted	2,787,201	-	-	2,787,201
Unrestricted	(8,549,913)	9,519,189	2,789,707	3,758,983
Total Net Position	\$ 21,750,434	\$ 17,782,854	\$ -	\$ 39,533,288

2020				
	Governmental Activities	Business-Type Activities	Reconciliation	Total Primary Government
Current and other assets	\$ 8,477,699	\$ 9,386,398	\$ -	\$ 17,864,097
Capital assets, net	28,769,886	8,761,162	-	37,531,048
Total Assets	37,247,585	18,147,560	-	55,395,145
Deferred charge on refunding	244,453	-	-	244,453
Deferred outflows - pensions	195,877	43,343	-	239,220
Deferred outflows - OPEB	31,375	7,118	-	38,493
Total Deferred Outflows of Resources	471,705	50,461	-	522,166
Long-term liabilities	16,414,391	87,498	-	16,501,889
Other liabilities	1,298,181	532,957	-	1,831,138
Total Liabilities	17,712,572	620,455	-	18,333,027
Deferred inflows - pensions	1,040,897	242,948	-	1,283,845
Deferred inflows - OPEB	20,734	4,338	-	25,072
Total Deferred Inflows of Resources	1,061,631	247,286	-	1,308,917
Net Position:				
Net investment in capital assets	15,987,337	8,737,545	(2,903,371)	21,821,511
Restricted	2,442,942	-	-	2,442,942
Unrestricted	514,808	8,592,735	2,903,371	12,010,914
Total Net Position	\$ 18,945,087	\$ 17,330,280	\$ -	\$ 36,275,367

CITY OF NAVASOTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

A portion of the primary government's net position, \$2,787,201 or seven percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$3,758,983 or 10 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$3,257,921 during the current fiscal year. This included an increase of \$2,805,347 in governmental activities and an increase in business-type activities of \$452,574.

The City has historically issued and repaid debt in its governmental activities for which the proceeds were used to purchase capital assets for the business-type activities. With one activity carrying the capital asset and another carrying the debt, the result is an unusual net position presentation. The City has included a reconciliation column in the Statement of Net Position adjusting the net investment in capital assets. Outstanding debt net of unspent bond proceeds associated with governmental activities in the amount of \$2,789,707 is being used for capital assets reported in business-type activities. Accordingly, this amount has been added back to unrestricted net position and deducted from net investment in capital assets in total for the primary government.

CITY OF NAVASOTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

Statement of Activities

The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 3,262,070	\$ 3,306,278	\$ 6,607,931	\$ 6,170,460	\$ 9,870,001	\$ 9,476,738
Operating grants and contributions	740,905	167,672	-	-	740,905	167,672
Capital grants and contributions	1,670,300	891,735	-	-	1,670,300	891,735
General revenues:						
Property taxes	2,770,939	2,549,981	-	-	2,770,939	2,549,981
Sales taxes	2,010,864	1,842,653	-	-	2,010,864	1,842,653
Franchise fees	459,750	431,498	-	-	459,750	431,498
Payment in lieu of taxes	1,290,300	1,214,621	-	-	1,290,300	1,214,621
Investment earnings	52,936	55,508	32,386	29,932	85,322	85,440
Other revenues	220,660	224,681	-	-	220,660	224,681
Total Revenues	12,478,724	10,684,627	6,640,317	6,200,392	19,119,041	16,885,019
Expenses						
General government	2,511,462	2,974,349	-	-	2,511,462	2,974,349
Public safety	3,076,055	2,674,147	-	-	3,076,055	2,674,147
Public works	1,405,059	585,134	-	-	1,405,059	585,134
Sanitation	1,131,596	1,135,141	-	-	1,131,596	1,135,141
Transportation	15,194	77,435	-	-	15,194	77,435
Culture and recreation	877,976	1,031,919	-	-	877,976	1,031,919
Judicial and courts	77,334	71,645	-	-	77,334	71,645
Economic development/ tourism	725,565	473,047	-	-	725,565	473,047
Interest on long-term debt	685,288	532,636	-	-	685,288	532,636
Water	-	-	1,525,142	1,349,509	1,525,142	1,349,509
Sewer	-	-	1,136,049	1,365,977	1,136,049	1,365,977
Gas	-	-	2,694,400	2,482,195	2,694,400	2,482,195
Total Expenses	10,505,529	9,555,453	5,355,591	5,197,681	15,861,120	14,753,134
Increase in Net Position Before Transfers	1,973,195	1,129,174	1,284,726	1,002,711	3,257,921	2,131,885
Transfers	832,152	646,808	(832,152)	(646,808)	-	-
Change in Net Position	2,805,347	1,775,982	452,574	355,903	3,257,921	2,131,885
Beginning net position	18,945,087	17,169,105	17,330,280	16,974,377	36,275,367	34,143,482
Ending Net Position	\$ 21,750,434	\$ 18,945,087	\$ 17,782,854	\$ 17,330,280	\$ 39,533,288	\$ 36,275,367

For the year ended September 30, 2021, revenues from governmental activities totaled \$12,478,724 compared with \$10,684,627 in the prior year. This \$1,794,097 increase occurred primarily as the result of increases in operating grants and contributions and capital grants and contributions. Operating grants and contributions increased primarily due to the City receiving a Coronavirus Relief Fund grant. Capital grants and contribution

CITY OF NAVASOTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

increased largely due to Community Development Block Grant funds (CDBG) for the City's Railroad Street storm sewer extension project.

Governmental expenses increased by \$950,076. This increase is primarily due to an increase in public works and economic development/tourism.

Overall, business-type activity revenues increased by \$439,925 from the prior period predominantly due to an increase in the utility capital improvements fee as a result of an increase in rates.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure 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 the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$17,336,675. Of this, \$1,155,522 is restricted for debt service, \$172,589 is restricted for the court and public, educational, and governmental programming fees, \$578,708 is restricted for tourism, \$9,978,615 is restricted for capital projects, and \$880,382 is restricted for cemetery.

There was an increase in the combined fund balance of \$10,541,286 over the prior year. Fund balance in the general fund increased by \$702,808. This increase is largely due to an increase in property taxes and sales taxes. Fund balance in the debt service fund increased by \$170,608 primarily as a result of other financing sources related to transfers from the water and sewer funds for their portion of principal and interest expense. Fund balance in the capital projects fund increased by \$9,672,406 mostly due to proceeds from the issuance of Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2020. The grant fund ended the year with a deficit fund balance of \$138,275. As of September 30, 2021, the City had requested reimbursement for 85 percent of the CDBG grant project and is required by the grantor to wait until the project is complete before the remaining amount can be requested.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$4,709,134, while total fund balance reached \$4,830,739. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 53 percent of total general fund expenditures, while total fund balance represents 54 percent of that same amount.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The amended budget included a planned decrease in fund balance in the amount of \$2,005,093. The actual fund balance for the year increased by \$702,808. Actual revenues exceeded budgeted revenues by \$303,765, primarily due to an increase in grant revenue received. Actual expenditures were under the amended budget by \$2,550,795. The largest positive variance from the amended budget was in public works due to less repair and maintenance expense and street projects than anticipated.

CITY OF NAVASOTA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

CAPITAL ASSETS

At the end of fiscal year 2021, the City's governmental and business-type activities had invested \$38,241,094 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$710,046.

Major capital asset events during the year included the following:

- Airport improvements in the amount of \$219,445
- Completion of water system improvements for a total project amount of \$1,658,462
- Railroad Street storm sewer extension construction in progress in the amount of \$1,809,958
- Street and utilities reconstruction construction in progress in the amount of \$391,828
- Waste water treatment plants improvements construction in progress in the amount of \$55,188
- Purchase of public safety equipment in the amount of \$82,675
- Purchase of a gas engine in the amount of \$43,700

More detailed information about the City's capital assets is presented in note III. C. to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds, certificates of obligation, and capital leases outstanding of \$24,403,815. Of this amount, \$7,435,000 was general obligation bonds, \$12,590,000 was certificates of obligation, \$675,000 was tax notes, and capital leases accounted for the remaining \$157,718.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's general fund budgeted expenditures total \$12,775,262 and budgeted revenues total \$12,775,262 for fiscal year 2022. The City Council adopted a 2022 tax rate of \$0.5693 per \$100 of valuation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances of the City. Questions concerning this report or requests for additional financial information should be directed to the Finance Director, 200 East McAlpine, Navasota, Texas, 77868; telephone 936-825-6475; or for general City information, visit the City's website at www.navasotatx.gov.

BASIC FINANCIAL STATEMENTS

CITY OF NAVASOTA, TEXAS

STATEMENT OF NET POSITION

September 30, 2021

Primary Government

	Governmental Activities	Business-Type Activities	Reconciliation	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 12,637,188	\$ 6,082,935	\$ -	\$ 18,720,123
Pooled investments	5,502,054	2,789,769	-	8,291,823
Receivables, net	1,195,357	1,115,102	-	2,310,459
Internal balances	2,259	(2,259)	-	-
Inventory	-	44,222	-	44,222
Net pension asset	390,984	149,505	-	540,489
Capital assets:				
Nondepreciable	3,048,390	167,929	-	3,216,319
Net depreciable	26,909,045	8,115,730	-	35,024,775
Total Assets	49,685,277	18,462,933	-	68,148,210
<u>Deferred Outflows of Resources</u>				
Deferred charge on refunding	225,649	-	-	225,649
Deferred outflows - pensions	188,447	36,061	-	224,508
Deferred outflows - OPEB	51,418	10,810	-	62,228
Total Deferred Outflows of Resources	465,514	46,871	-	512,385
<u>Liabilities</u>				
Accounts payable and accrued liabilities	505,355	248,796	-	754,151
Customer deposits	-	205,833	-	205,833
Accrued interest payable	181,811	509	-	182,320
Due to other governments	138,789	-	-	138,789
Deficit claim on cash	14,493	-	-	14,493
Unearned revenue	1,005,205	-	-	1,005,205
Noncurrent liabilities:				
Total OPEB liability	213,927	47,364		261,291
Long-term liabilities due within one year	1,652,096	22,326	-	1,674,422
Long-term liabilities due in more than one year	23,966,796	18,316	-	23,985,112
Total Liabilities	27,678,472	543,144	-	28,221,616
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	699,384	179,137	-	878,521
Deferred inflows - OPEB	22,501	4,669	-	27,170
Total Deferred Inflows of Resources	721,885	183,806	-	905,691
<u>Net Position</u>				
Net investment in capital assets	27,513,146	8,263,665	(2,789,707)	32,987,104
Restricted for:				
Debt service	1,155,522	-	-	1,155,522
Tourism	578,708	-	-	578,708
Cemetery	880,382	-	-	880,382
Municipal court	74,551	-	-	74,551
PEG fees	98,038	-	-	98,038
Economic development	-	-	-	-
Unrestricted	(8,549,913)	9,519,189	2,789,707	3,758,983
Total Net Position	\$ 21,750,434	\$ 17,782,854	\$ -	\$ 39,533,288

See Notes to Financial Statements.

CITY OF NAVASOTA, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,511,462	\$ 2,814,324	\$ -	\$ -
Public safety	3,076,055	283,291	620,905	-
Public works	1,405,059	-	-	1,670,300
Sanitation	1,131,596	-	-	-
Transportation	15,194	-	-	-
Culture and recreation	877,976	94,992	-	-
Judicial and courts	77,334	69,463	-	-
Economic development/tourism	725,565	-	-	-
Interest and fiscal agent fees on long-term debt	685,288	-	120,000	-
Total Governmental Activities	<u>10,505,529</u>	<u>3,262,070</u>	<u>740,905</u>	<u>1,670,300</u>
Business-Type Activities				
Water	1,525,142	2,499,347	-	-
Sewer	1,136,049	1,540,143	-	-
Gas	2,694,400	2,568,441	-	-
Total Business-Type Activities	<u>5,355,591</u>	<u>6,607,931</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 15,861,120</u>	<u>\$ 9,870,001</u>	<u>\$ 740,905</u>	<u>\$ 1,670,300</u>
Component Unit				
Navasota Economic Development Corp.	\$ 161,099	\$ -	\$ 95,343	\$ -
Total Component Unit	<u>\$ 161,099</u>	<u>\$ -</u>	<u>\$ 95,343</u>	<u>\$ -</u>

General Revenues:

Taxes
 Property taxes
 Sales taxes
 Franchise fees and other taxes
 Payment in lieu of taxes
 Investment earnings
 Other revenues
 Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Navasota Economic Dev. Corp.
Governmental Activities	Business-Type Activities	Total	
\$ 302,862	\$ -	\$ 302,862	\$ -
(2,171,859)	-	(2,171,859)	-
265,241	-	265,241	-
(1,131,596)	-	(1,131,596)	-
(15,194)	-	(15,194)	-
(782,984)	-	(782,984)	-
(7,871)	-	(7,871)	-
(725,565)	-	(725,565)	-
(565,288)	-	(565,288)	-
(4,832,254)	-	(4,832,254)	-
-	974,205	974,205	-
-	404,094	404,094	-
-	(125,959)	(125,959)	-
-	1,252,340	1,252,340	-
(4,832,254)	1,252,340	(3,579,914)	-
-	-	-	(65,756)
-	-	-	(65,756)
2,770,939	-	2,770,939	-
2,010,864	-	2,010,864	179,616
459,750	-	459,750	-
1,290,300	-	1,290,300	-
52,936	32,386	85,322	482
220,660	-	220,660	-
832,152	(832,152)	-	-
7,637,601	(799,766)	6,837,835	180,098
2,805,347	452,574	3,257,921	114,342
18,945,087	17,330,280	36,275,367	226,802
\$ 21,750,434	\$ 17,782,854	\$ 39,533,288	\$ 341,144

CITY OF NAVASOTA, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2021

	General	Debt Service	Capital Projects	Grants
<u>Assets</u>				
Cash and cash equivalents	\$ 384,792	\$ 1,146,703	\$ 10,007,895	\$ 50,361
Pooled investments	4,004,258	-	-	990,896
Receivables, net	1,014,881	37,201	-	143,275
Due from other funds	32,010	6,517	-	-
Total Assets	\$ 5,435,941	\$ 1,190,421	\$ 10,007,895	\$ 1,184,532
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 287,420	\$ -	\$ 29,280	\$ 188,636
Due to other funds	6,517	-	-	-
Due to other governments	138,789	-	-	-
Deficit claim on cash	-	-	-	-
Unearned revenue	14,309	-	-	990,896
Total Liabilities	447,035	-	29,280	1,179,532
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - grants	-	-	-	143,275
Unavailable revenue - property taxes	158,167	34,899	-	-
Total Deferred Inflows of Resources	158,167	34,899	-	143,275
<u>Fund Balances</u>				
Restricted for:				
Debt service	-	1,155,522	-	-
Tourism	-	-	-	-
Capital projects	-	-	9,978,615	-
Special projects	-	-	-	5,000
Cemetery	-	-	-	-
Municipal court	74,551	-	-	-
PEG fees	47,054	-	-	-
Unassigned	4,709,134	-	-	(143,275)
Total Fund Balances	4,830,739	1,155,522	9,978,615	(138,275)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,435,941	\$ 1,190,421	\$ 10,007,895	\$ 1,041,257

See Notes to Financial Statements.

Nonmajor Governmental	Total Governmental Funds
\$ 1,047,437	\$ 12,637,188
506,900	5,502,054
-	1,195,357
-	38,527
<u>\$ 1,554,337</u>	<u>\$ 19,373,126</u>
\$ 19	\$ 505,355
29,751	36,268
-	138,789
14,493	14,493
-	1,005,205
<u>44,263</u>	<u>1,700,110</u>
-	143,275
-	193,066
<u>-</u>	<u>336,341</u>
-	1,155,522
578,708	578,708
-	9,978,615
-	5,000
880,382	880,382
-	74,551
50,984	98,038
-	4,565,859
<u>1,510,074</u>	<u>17,336,675</u>
<u>\$ 1,554,337</u>	<u>\$ 19,229,851</u>

CITY OF NAVASOTA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2021

Total fund balances for governmental funds		\$ 17,336,675
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - nondepreciable	3,048,390	
Capital assets - net depreciable	<u>26,909,045</u>	
		29,957,435
Long-term liabilities and deferred outflows and deferred inflows related to the net pension asset and total OPEB liability are not reported in the governmental funds.		
Net pension asset	390,984	
Total OPEB liability	(213,927)	
Deferred outflows - pensions	188,447	
Deferred outflows - OPEB	51,418	
Deferred inflows - pensions	(699,384)	
Deferred inflows - OPEB	<u>(22,501)</u>	
		(304,963)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Property taxes	193,066	
Grants	<u>143,275</u>	
		336,341
Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.		
Deferred charge on refunding	225,649	
Accrued interest payable	(181,811)	
Noncurrent liabilities due in one year	(1,652,096)	
Noncurrent liabilities due in more than one year	<u>(23,966,796)</u>	
		(25,575,054)
Net Position of Governmental Activities		<u><u>\$ 21,750,434</u></u>

See Notes to Financial Statements.

CITY OF NAVASOTA, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2021

	General	Debt Service	Capital Projects	Grants
<u>Revenues</u>				
Property taxes	\$ 2,402,850	\$ 376,259	\$ -	\$ -
Sales taxes	2,010,864	-	-	-
Franchise fees and other taxes	341,411	-	-	-
Payment in lieu of taxes	1,290,300	-	-	-
Licenses and permits	283,291	-	-	-
Intergovernmental	620,905	-	-	1,527,025
Charges for services	2,647,638	-	-	-
Fines and forfeitures	69,463	-	-	-
Fees	46,076	-	-	-
Investment earnings	29,623	1,481	16,667	-
Rents and leases	48,916	-	-	-
Other revenues	199,512	-	-	-
Total Revenues	<u>9,990,849</u>	<u>377,740</u>	<u>16,667</u>	<u>1,527,025</u>
<u>Expenditures</u>				
Current:				
General government	2,335,749	-	-	-
Public safety	2,904,486	-	-	-
Public works	860,140	-	-	1,809,918
Sanitation	1,096,158	-	-	-
Transportation	234,639	-	-	-
Culture and recreation	812,673	-	-	-
Judicial and courts	79,581	-	-	-
Economic development/tourism	565,315	-	-	52,750
Capital outlay	-	-	350,042	-
Debt service:				
Principal	24,974	734,126	-	-
Interest and fiscal charges	5,802	553,780	-	-
Issuance costs	-	-	295,848	-
Total Expenditures	<u>8,919,517</u>	<u>1,287,906</u>	<u>645,890</u>	<u>1,862,668</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,071,332</u>	<u>(910,166)</u>	<u>(629,223)</u>	<u>(335,643)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	13,980	1,080,774	-	158,904
Transfers (out)	(382,504)	-	-	-
Debt issued	-	-	9,865,000	-
Premium	-	-	436,629	-
Total Other Financing Sources (Uses)	<u>(368,524)</u>	<u>1,080,774</u>	<u>10,301,629</u>	<u>158,904</u>
Net Change in Fund Balances	702,808	170,608	9,672,406	(176,739)
Beginning fund balances	4,127,931	984,914	306,209	38,464
Ending Fund Balances	<u>\$ 4,830,739</u>	<u>\$ 1,155,522</u>	<u>\$ 9,978,615</u>	<u>\$ (138,275)</u>

See Notes to Financial Statements.

Nonmajor Governmental	Total Governmental Funds
\$ -	\$ 2,779,109
-	2,010,864
118,339	459,750
-	1,290,300
-	283,291
-	2,147,930
-	2,647,638
-	69,463
166,686	212,762
5,165	52,936
-	48,916
21,148	220,660
<u>311,338</u>	<u>12,223,619</u>
5,601	2,341,350
-	2,904,486
-	2,670,058
-	1,096,158
-	234,639
-	812,673
-	79,581
119,554	737,619
-	350,042
-	759,100
-	559,582
-	295,848
<u>125,155</u>	<u>12,841,136</u>
<u>186,183</u>	<u>(617,517)</u>
-	1,253,658
(13,980)	(396,484)
-	9,865,000
-	436,629
<u>(13,980)</u>	<u>11,158,803</u>
172,203	10,541,286
1,337,871	6,795,389
<u>\$ 1,510,074</u>	<u>\$ 17,336,675</u>

CITY OF NAVASOTA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$ 10,541,286
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,538,851
Depreciation expense	(1,351,302)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(8,170)
Grants	143,275
Contribution from component unit	120,000

Changes in pension and other postemployment benefits (OPEB) activity do not affect the fund balances on the statement of revenues, expenditures, and changes in fund balances for the governmental funds.

These changes in pension and OPEB activity that affect the City's net position are as follows:

Net pension asset	(92,605)
Total OPEB liability	(36,255)
Deferred outflows - pensions	(7,430)
Deferred outflows - OPEB	20,043
Deferred inflows - pensions	341,513
Deferred inflows - OPEB	(1,767)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Principal expenditures	759,100
Debt issued	(9,865,000)
Additional premium on bonds	(436,629)
Amortization of deferred charge on refunding	(18,804)
Amortization of premium	70,061

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest	118,885
Compensated absences	(29,705)

Change in Net Position of Governmental Activities	\$ 2,805,347
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See Notes to Financial Statements.

CITY OF NAVASOTA, TEXAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS (Page 1 of 2)

September 30, 2021

Business-Type Activities - Enterprise Funds				
	Water	Sewer	Gas	Total
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 2,169,227	\$ 724,906	\$ 3,188,802	\$ 6,082,935
Pooled investments	1,344,442	787,940	657,387	2,789,769
Receivables, net	464,077	272,556	378,469	1,115,102
Due from other funds	691,642	-	-	691,642
Inventories	28,459	5,491	10,272	44,222
Total Current Assets	4,697,847	1,790,893	4,234,930	10,723,670
Noncurrent assets:				
Net pension asset	87,921	49,273	12,311	149,505
Capital assets:				
Land	55,411	39,142	9,188	103,741
Buildings	82,081	8,496	12,936	103,513
Construction in progress	-	64,188	-	64,188
Water system	9,862,880	-	-	9,862,880
Sewer system	-	11,292,154	-	11,292,154
Gas system	-	-	2,576,311	2,576,311
Vehicles	61,930	183,221	36,977	282,128
Machinery and equipment	432,705	174,513	254,810	862,028
Less: accumulated depreciation	(6,159,477)	(9,058,465)	(1,645,342)	(16,863,284)
Total Capital Assets (Net)	4,335,530	2,703,249	1,244,880	8,283,659
Total Noncurrent Assets	4,423,451	2,752,522	1,257,191	8,433,164
Total Assets	9,121,298	4,543,415	5,492,121	19,156,834
<u>Deferred Outflows of Resources</u>				
Deferred outflows - pensions	19,122	11,051	5,888	36,061
Deferred outflows - OPEB	5,618	3,637	1,555	10,810
Total Deferred Outflows of Resources	24,740	14,688	7,443	46,871

CITY OF NAVASOTA, TEXAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS (Page 2 of 2) September 30, 2021

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Water	Sewer	Gas	
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 21,578	\$ 58,330	\$ 168,888	\$ 248,796
Accrued interest payable	-	-	509	509
Due to other funds	1,151	661	692,089	693,901
Customer deposits	134,419	-	71,414	205,833
Capital lease	-	-	3,742	3,742
Compensated absences	8,777	7,187	2,620	18,584
Total Current Liabilities	165,925	66,178	939,262	1,171,365
Noncurrent liabilities:				
Capital lease	-	-	16,252	16,252
Compensated absences	975	798	291	2,064
Total OPEB liability	21,875	19,565	5,924	47,364
Total Noncurrent Liabilities	22,850	20,363	22,467	65,680
Total Liabilities	188,775	86,541	961,729	1,237,045
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	102,909	56,695	19,533	179,137
Deferred inflows - OPEB	2,543	1,456	670	4,669
Total Deferred Inflows of Resources	105,452	58,151	20,203	183,806
<u>Net Position</u>				
Net investment in capital assets	4,335,530	2,703,249	1,224,886	8,263,665
Unrestricted	4,516,281	1,710,162	3,292,746	9,519,189
Total Net Position	\$ 8,851,811	\$ 4,413,411	\$ 4,517,632	\$ 17,782,854

See Notes to Financial Statements.

CITY OF NAVASOTA, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Gas	Total
<u>Operating Revenues</u>				
Sales	\$ 2,065,672	\$ 1,517,575	\$ 2,509,724	\$ 6,092,971
Charges for services	62,985	-	2,765	65,750
Penalties and reconnect fees	25,217	17,818	8,741	51,776
Tap fees	6,315	4,750	1,950	13,015
Line extension fees	-	-	38,522	38,522
Other revenues	339,158	-	6,739	345,897
Total Operating Revenues	2,499,347	1,540,143	2,568,441	6,607,931
<u>Operating Expenses</u>				
Water services	1,216,745	-	-	1,216,745
Sewer services	-	914,807	-	914,807
Gas services	-	-	2,576,886	2,576,886
Depreciation	308,397	221,242	111,610	641,249
Total Operating Expenses	1,525,142	1,136,049	2,688,496	5,349,687
Operating Income (Loss)	974,205	404,094	(120,055)	1,258,244
<u>Nonoperating Revenues (Expenses)</u>				
Investment earnings	12,569	9,937	9,880	32,386
Interest expense	-	-	(5,904)	(5,904)
Total Nonoperating Revenues	12,569	9,937	3,976	26,482
Income (Loss) Before Contributions and Transfers	986,774	414,031	(116,079)	1,284,726
<u>Contributions and Transfers</u>				
Capital contributions	10,158	14,864	-	25,022
Transfers (out)	(582,297)	(274,877)	-	(857,174)
Total Contributions and Transfers	(572,139)	(260,013)	-	(832,152)
Change in Net Position	414,635	154,018	(116,079)	452,574
Beginning net position	8,437,176	4,259,393	4,633,711	17,330,280
Ending Net Position	\$ 8,851,811	\$ 4,413,411	\$ 4,517,632	\$ 17,782,854

See Notes to Financial Statements.

CITY OF NAVASOTA, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2021

Business-Type Activities - Enterprise Funds

Cash Flows from Operating Activities

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Receipts from customers	\$ 2,426,505	\$ 1,511,094	\$ 2,504,095	\$ 6,441,694
Payments to suppliers	(1,020,929)	(648,033)	(2,412,502)	(4,081,464)
Payments to employees	(347,000)	(250,412)	(150,643)	(748,055)
Net Cash Provided (Used) by Operating Activities	<u>1,058,576</u>	<u>612,649</u>	<u>(59,050)</u>	<u>1,612,175</u>

Cash Flows from Noncapital

Financing Activities

Transfers (out) to other funds	(582,297)	(274,877)	-	(857,174)
Net Cash (Used) by Noncapital Financing Activities	<u>(582,297)</u>	<u>(274,877)</u>	<u>-</u>	<u>(857,174)</u>

Cash Flows from Capital and Related

Financing Activities

Acquisition and construction of capital assets	-	(98,887)	(39,837)	(138,724)
Principal paid on debt	-	-	(3,623)	(3,623)
Interest and fiscal charges	-	-	(5,904)	(5,904)
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(98,887)</u>	<u>(49,364)</u>	<u>(148,251)</u>

Cash Flows from Investing Activities

Sale of investments	(378,628)	(275,993)	(77,088)	(731,709)
Interest on investments	12,569	9,937	9,880	32,386
Net Cash (Used) by Investing Activities	<u>(366,059)</u>	<u>(266,056)</u>	<u>(67,208)</u>	<u>(699,323)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	110,220	(27,171)	(175,622)	(92,573)
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Beginning cash and cash equivalents	2,059,007	752,077	3,364,424	6,175,508
Ending Cash and Cash Equivalents	<u><u>\$ 2,169,227</u></u>	<u><u>\$ 724,906</u></u>	<u><u>\$ 3,188,802</u></u>	<u><u>\$ 6,082,935</u></u>

CITY OF NAVASOTA, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2021

Business-Type Activities - Enterprise Funds

	Water	Sewer	Gas	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (Loss)	\$ 974,205	\$ 404,094	\$ (120,055)	\$ 1,258,244
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	308,397	221,242	111,610	641,249
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Accounts receivable	(65,423)	(21,114)	(61,027)	(147,564)
Net pension asset	9,114	5,323	2,866	17,303
Deferred outflows - pensions	4,805	2,232	245	7,282
Deferred outflows - OPEB	(1,936)	(1,135)	(621)	(3,692)
Increase (Decrease) in:				
Accounts payable and accrued liabilities	(130,905)	28,969	19,311	(82,625)
Due to other funds	(10,814)	(7,935)	(4,730)	(23,479)
Compensated absences	(2,390)	(1,581)	1,328	(2,643)
Customer deposits	3,395	-	1,411	4,806
Deferred inflows - pensions	(33,614)	(19,631)	(10,566)	(63,811)
Deferred inflows - OPEB	174	101	56	331
Total OPEB liability	3,568	2,084	1,122	6,774
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,058,576</u>	<u>\$ 612,649</u>	<u>\$ (59,050)</u>	<u>\$ 1,612,175</u>
Noncash Investing, Capital, and Financing Activities:				
Contributions of capital assets	<u>\$ 10,158</u>	<u>\$ 14,864</u>	<u>\$ -</u>	<u>\$ 25,022</u>

See Notes to Financial Statements.

CITY OF NAVASOTA, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
September 30, 2021

	<u>Board of Fireman Service</u>
<u>Assets</u>	
Cash	\$ 26,781
Total Assets	<u>26,781</u>
 <u>Net Position</u>	
Net position held in trust for pension benefits	<u>26,781</u>
Total Net Position	<u>\$ 26,781</u>

See Notes to Financial Statements.

CITY OF NAVASOTA, TEXAS
STATEMENT OF CHANGES FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended September 30, 2021

		<u>Board of Fireman Service</u>
<u>Additions</u>		
Investment earnings		\$ 54
	Total Additions	<u>54</u>
<u>Deductions</u>		
Benefits		<u>300</u>
	Total Deductions	<u>300</u>
	Change in Net Position	(246)
Beginning net position		27,027
	Ending Net Position	<u><u>\$ 26,781</u></u>

See Notes to Financial Statements.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Navasota, Texas (the “City”) was incorporated in October 1866 and adopted a “Home Rule Charter”, which provided for a “Council-Manager” form of government. A Mayor and four Council members are elected by voters of the City at large for two-year terms. The City Manager is appointed by a majority vote of the City Council. The City Manager is the head of the administrative departments of the City and is the supervisor of all administrative officers, employees, directors, and department heads. Departments and agencies of the City submit budget requests to the City Manager.

The City Council is the principal legislative and administrative body of the City. Subject to confirmation of the City Council, the Mayor has the power to appoint all boards, commissions, agencies, and officers provided for in the charter or by ordinance. The Mayor is the presiding officer of the City Council and votes on all matters.

The City provides the following services: public safety (police, fire, and emergency medical service); water, sewer, and gas services; solid waste collection and disposal (contract); public works; transportation; culture and recreation; municipal courts; economic development/tourism; and general government.

The City is an independent political subdivision of the State of Texas (the “State”) governed by an elected Council and a Mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The component unit, as listed below, although legally separate, is considered part of the reporting entity. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Discretely Presented Component Unit

Navasota Economic Development Corporation

The Navasota Economic Development Corporation (NEDC) has been included in the reporting entity as a discretely presented component unit. The NEDC was created by the City under the Texas Development Corporation Act of 1979 (the “Act”) and covered by Section 4B of the Act. In August 1994, the City Council authorized the creation of the NEDC for the purpose of promoting and facilitating commercial, industrial, and manufacturing enterprises to promote and encourage employment and the public welfare on behalf of the City. The City Council approved an ordinance

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

levying a sales and use tax of one eighth of one percent for the benefit of the NEDC. The NEDC's Board of Directors consists of seven members appointed by City Council.

Blended Component Unit

The Navasota Foundation for Community Projects (FCP) is a nonprofit corporation that was organized exclusively for charitable and educational purposes. The FCP will support the City in implementing and conducting its charitable and educational projects designed to expand areas of service to citizens and visitors of the City. The FCP's Board of Directors consists of three members appointed by City Council.

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary fund. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, streets, sanitation, transportation, culture and recreation,

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

judicial and courts, and economic development/tourism. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include the grants fund, foundation for community projects fund, hotel/motel occupancy tax fund, and cemetery operations fund. The grant fund is considered a major fund for reporting purposes. The other special revenue funds are considered nonmajor funds for reporting purposes.

The *capital projects fund* is used to account for the expenditures of resources accumulated from the sale of long-term debt and related interest earnings for capital improvement projects. The capital projects fund is considered a major fund for reporting purposes.

The City reports the following enterprise funds:

The *enterprise funds* are used to account for the operations that provide water and wastewater collection, wastewater treatment operations, and gas operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The water, sewer, and gas funds are considered major funds for reporting purposes.

Additionally, the City reports the following fund type:

Permanent funds are governmental funds that are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Fiduciary funds account for assets held by the City in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City's private-purpose trust fund is used to report resources held in trust. The trust fund is accounted for using the accrual basis of accounting. This fund is used to account for the board of fireman service fund.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

The 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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

other investments are displayed on the combined balance sheet as “cash and cash equivalents.” For cash management purposes, the City has a sweep arrangement with the bank to transfer cash balances to a money market mutual fund account each day. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City’s investments.

2. Investments

Investments, except for certain investment pools, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The City maintains a pooled investment account. Each fund whose monies are deposited in the pooled investment account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as “pooled investments.”

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Fully collateralized repurchase agreements that meet certain criteria
- Bankers’ acceptances
- Statewide investment pools

3. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method).

4. 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. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	10 to 50 years
Equipment	5 to 15 years
Vehicles	5 to 15 years
Water, sewer, gas systems	10 to 55 years
Infrastructure	20 to 75 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate certain earned but unused benefits. Amounts accumulated may be paid to employees upon termination of employment or during employment in accordance with the City's personnel policy. The estimated amount that will be paid as compensation for services provided is recorded as a liability in the general fund. All eligible time is accrued when incurred in the government-wide and proprietary fund financial statements.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

7. 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 are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

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.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

8. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

10. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

11. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. Pensions

For the purposes of measuring the net pension (asset), 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' fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Other Postemployment Benefits

The fiduciary net position of the TMRS Supplemental Death Benefits Fund (SDBF) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities, and additions to/deductions from SDBF's fiduciary net position. Benefit payments

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise 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 the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control in the approved budget, as defined by the charter, is at the department level for all funds. Appropriations lapse at the end of the year. Supplemental budget appropriations were made for the year ended September 30, 2021.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2021, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 26,370	1.17
Certificates of deposit	1,960,000	3.16
Investment pools	689,383	0.13
Money markets	5,616,070	0.00
Total Value	\$ 8,291,823	
Portfolio weighted average maturity		0.76

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

As of September 30, 2021, the City had the following recurring fair value measurements:

	September 30, 2021	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
<u>Investments by Fair Value Level</u>		
U.S. Government Agency Bonds/Notes		
Federal National Mortgage Association	\$ 26,370	\$ 26,370
Total	\$ 26,370	\$ 26,370

U.S. Government agency bonds and notes are classified in Level 2 of the fair value hierarchy and are valued using the market approach.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. The City's policy requires that investment pools must be rated no lower than 'AAA' or 'AAA-m'. Bankers' acceptances must be issued in the United States and carry a rating of 'A1'/'P1' as provided by two of the top nationally recognized rating agencies. As of September 30, 2021, the City's investments in investment pools were rated 'AAAm' by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the U.S. Government or the issuing U.S. agency. These investments were rated not less than 'AAA' by both Moody's and Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that the City's deposits may not be returned in the event of a bank failure. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2021, fair market values of pledged securities and FDIC coverage exceeded bank balances.

Custodial credit risk – investments. For an investment, this is the risk that the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The City's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

TexPool

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

TexSTAR

The Texas Short-Term Asset Reserve Fund (TexSTAR) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexSTAR is measured at amortized cost. TexSTAR's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to TexSTAR. TexSTAR has a redemption notice period of one day and may redeem daily. TexSTAR's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national or state emergency that affects TexSTAR's liquidity.

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an Amended and Restated Trust Agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the "Participants"), with Cutwater Investor Services Corporation as Program Administrator and Wells Fargo Bank Texas, NA as Custodian. CLASS is not SEC registered and is not subject to regulation by the State. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS' website at www.texasclass.com.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

B. Receivables

Amounts are aggregated into a single accounts receivable line (net of allowance for uncollectibles) for certain funds and aggregated columns. Below is the detail of receivables for the general fund, the debt service fund, the grant fund, and the enterprise funds, including the applicable allowances for uncollectible accounts:

	Governmental Funds		
	General	Debt Service	Grant
Accounts	\$ 451,901	\$ -	\$ -
Property taxes	194,495	60,857	-
Sales taxes	493,106	-	-
Grants	-	-	143,275
Other	22,460	2,302	-
Less:			
Allowances	(147,081)	(25,958)	-
Total	\$ 1,014,881	\$ 37,201	\$ 143,275

	Business-Type Funds		
	Water	Sewer	Gas
Accounts	\$ 658,477	\$ 393,273	\$ 419,165
Less:			
Allowances	(194,400)	(120,717)	(40,696)
Total	\$ 464,077	\$ 272,556	\$ 378,469

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

C. Capital Assets

A summary of changes in capital assets for the year end is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 681,109	\$ -	\$ -	\$ 681,109
Construction in progress	165,495	2,201,786	-	2,367,281
Total capital assets not being depreciated	<u>846,604</u>	<u>2,201,786</u>	<u>-</u>	<u>3,048,390</u>
Other capital assets:				
Buildings and improvements	17,946,557	233,351	-	18,179,908
Machinery and equipment	1,863,002	97,389	-	1,960,391
Vehicles	2,002,331	6,325	-	2,008,656
Infrastructure	23,014,036	-	-	23,014,036
Total other capital assets	<u>44,825,926</u>	<u>337,065</u>	<u>-</u>	<u>45,162,991</u>
Total capital assets	<u>45,672,530</u>	<u>2,538,851</u>	<u>-</u>	<u>48,211,381</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,407,420)	(472,879)	-	(6,880,299)
Machinery and equipment	(1,427,941)	(71,782)	-	(1,499,723)
Vehicles	(1,641,484)	(101,318)	-	(1,742,802)
Infrastructure	(7,425,799)	(705,323)	-	(8,131,122)
Total accumulated depreciation	<u>(16,902,644)</u>	<u>(1,351,302)</u>	<u>-</u>	<u>(18,253,946)</u>
Other capital assets, net	<u>27,923,282</u>	<u>(1,014,237)</u>	<u>-</u>	<u>26,909,045</u>
Governmental Activities Capital Assets, Net	<u>\$ 28,769,886</u>	<u>\$ 1,187,549</u>	<u>\$ -</u>	<u>29,957,435</u>
			Less associated debt	(12,648,553)
			Plus unspent bond proceeds	9,978,615
			Deferred charge on refunding	225,649
			Net Investment in Capital Assets	<u><u>\$ 27,513,146</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 195,577
Public safety	351,014
Culture and recreation	110,296
Public works	656,814
Sanitation	37,601
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,351,302</u></u>

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

The following is a summary of changes in capital assets for business-type activities for the year end:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 103,741	\$ -	\$ -	\$ 103,741
Construction in progress	1,648,304	74,346	(1,658,462)	64,188
Total capital assets not being depreciated	1,752,045	74,346	(1,658,462)	167,929
Other capital assets:				
Buildings and improvements	103,513	-	-	103,513
Vehicles	282,128	-	-	282,128
Machinery and equipment	810,491	51,537	-	862,028
Water system	8,204,418	1,658,462	-	9,862,880
Sewer system	11,286,291	5,863	-	11,292,154
Gas system	2,544,311	32,000	-	2,576,311
Total other capital assets	23,231,152	1,747,862	-	24,979,014
Less accumulated depreciation for:				
Buildings and improvements	(70,637)	(2,896)	-	(73,533)
Vehicles	(134,071)	(28,198)	-	(162,269)
Machinery and equipment	(638,658)	(31,328)	-	(669,986)
Water system	(5,386,988)	(304,519)	-	(5,691,507)
Sewer system	(8,707,584)	(181,398)	-	(8,888,982)
Gas system	(1,284,097)	(92,910)	-	(1,377,007)
Total accumulated depreciation	(16,222,035)	(641,249)	-	(16,863,284)
Total capital assets, being depreciated, net	7,009,117	1,106,613	-	8,115,730
Business-Type Activities Capital Assets, Net	\$ 8,761,162	\$ 1,180,959	\$ (1,658,462)	8,283,659
			Less associated debt	(19,994)
			Net Investment in Capital Assets	\$ 8,263,665

Depreciation was charged to business-type functions as follows:

Water	\$ 308,397
Sewer	221,242
Gas	111,610
Total Business-Type Activities Depreciation Expense	\$ 641,249

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

		Governmental Activities				
		Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Bonds, notes, and other payables:						
Certificates of obligation	\$	2,860,000	\$ 9,865,000	\$ 135,000	\$ 12,590,000	\$ 705,000
General obligation bonds		7,920,000	-	485,000	7,435,000	500,000
Direct borrowing/placement:						
Tax notes, Series 2018		795,000	-	120,000	675,000	125,000
Capital leases		3,822,921	-	139,100	3,683,821	140,281
Total		<u>15,397,921</u>	<u>9,865,000</u>	<u>879,100</u>	<u>24,383,821</u>	<u>* 1,470,281</u>
Other liabilities:						
Premium on bonds		666,486	436,629	70,061	1,033,054	* -
Total OPEB liability		177,672	36,255	-	213,927	-
Compensated absences		172,312	247,686	217,981	202,017	181,815
Total		<u>1,016,470</u>	<u>720,570</u>	<u>288,042</u>	<u>1,448,998</u>	<u>181,815</u>
Total Governmental Activities	\$	<u>16,414,391</u>	<u>10,585,570</u>	<u>1,167,142</u>	<u>25,832,819</u>	<u>1,652,096</u>

Long-Term Liabilities Due In More Than One Year \$ 24,180,723

		Business-Type Activities				
		Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:						
Bonds, notes, and other payables:						
Capital lease		\$ 23,617	\$ -	\$ 3,623	\$ 19,994	\$ 3,742
	Total	<u>23,617</u>	<u>-</u>	<u>3,623</u>	<u>19,994</u>	<u>* 3,742</u>
Other liabilities:						
Total OPEB liability		40,590	6,774	-	47,364	-
Compensated absences		23,291	37,420	40,063	20,648	18,584
Total Business-Type Activities		<u>\$ 87,498</u>	<u>\$ 44,194</u>	<u>\$ 43,686</u>	<u>\$ 88,006</u>	<u>\$ 22,326</u>

Long-Term Liabilities Due In More Than One Year \$ 65,680

Debt associated with governmental capital assets \$ 12,648,553
Debt associated with business-type capital assets 12,788,316
Total debt associated with capital assets **\$ 25,436,869** *

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Long-term debt at year end was comprised of the following debt issues:

Governmental Activities		
Description	Interest Rates (%)	Balance
Governmental Activities		
Certificates of obligation		
Series 2016	2.25-3.00	\$ 2,725,000
Series 2020	1.625-4.00	9,865,000
Total Certificates of Obligation		12,590,000
General obligation bonds		
Series 2017	3.00-4.00	7,435,000
Total General Obligation Bonds		7,435,000
Tax notes		
Series 2018	3.180	675,000
Total Tax Notes		675,000
Capital leases		
Street equipment	3.287	137,724
Meters and lighting	3.45	3,546,097
Total Capital Leases		3,683,821
Total Governmental Activities Long-Term Debt		\$ 24,383,821

Business-Type Activities		
Description	Interest Rates (%)	Balance
Capital lease		
Ford Super Duty	3.287	\$ 19,994
Total Capital Lease		19,994
Total Business-Type Activities Long-Term Debt		\$ 19,994

The annual requirements to amortize general obligation bonds, certificates of obligations, and capital leases outstanding at year end were as follows:

Governmental Activities						
Fiscal Year	Governmental Activities				Direct borrowing/placement	
Ending Sept. 30	Certificates of Obligation		General Obligation Bonds		Tax Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 705,000	\$ 277,881	\$ 500,000	\$ 246,400	\$ 125,000	\$ 19,478
2023	730,000	254,622	525,000	225,900	130,000	15,423
2024	755,000	236,834	545,000	204,500	135,000	11,210
2025	765,000	221,838	565,000	182,300	140,000	6,837
2026	780,000	208,338	590,000	159,200	145,000	2,505
2027-2031	4,125,000	812,069	3,260,000	471,050	-	-
2032-2036	2,640,000	401,581	1,450,000	43,800	-	-
2037-2041	2,090,000	113,015	-	-	-	-
Total	\$ 12,590,000	2,526,178	\$ 7,435,000	\$ 1,533,150	\$ 675,000	\$ 55,453

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Governmental Activities		
Year		
Ending	Capital Leases	
Sept. 30	Principal	Interest
2022	\$ 140,281	\$ 118,838
2023	114,996	114,483
2024	154,287	110,421
2025	162,253	105,339
2026	170,529	99,995
2027-2031	827,261	420,198
2032-2036	1,061,840	269,204
2037-2040	1,052,374	78,889
Total	\$ 3,683,821	\$ 1,317,367

Business-Type Activities		
Year		
Ending	Capital Leases	
Sept. 30	Principal	Interest
2022	\$ 3,742	\$ 657
2023	3,866	534
2024	3,992	407
2025	4,124	275
2026	4,270	140
Total	\$ 19,994	\$ 2,013

On December 9, 2020, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2020 (the "Certificates") in the amount of \$9,865,000. The Certificates were issued for the purpose of constructing and improving streets and roads, including related drainage, signalization, landscaping, sidewalks, lighting, utility relocation and replacement, bridges, signage and streetscape improvements. The Certificates were also issued for acquiring, constructing, installing and equipping additions, improvements, extensions and equipment. The Certificates have an interest rate of four percent and mature on September 30, 2041. Payments of the Certificates will be made from levying ad valorem taxes and also utility system revenues.

Capital Leases

Equipment acquired under current capital lease obligations totaled \$3,456,406, with accumulated depreciation of \$634,509.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Operating Leases

The City leases certain fleet vehicles for the provision of public safety and public works services. Total operating lease costs were \$195,587 for the year ended September 30, 2021. The future minimum lease payments for these leases are as follows:

Fiscal Year	
Ending	Fleet
Sept. 30	Vehicles
2022	\$ 257,963
2023	191,692
2024	178,829
2025	145,693
2026	33,550
	<u>\$ 807,727</u>

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities (streets, drainage, public safety, water, and wastewater) and equipment for general government and enterprise fund activities. These instruments include general obligation bonds, certificates of obligation, and capital leases. Future ad valorem tax revenues, water and sewer system revenues, or liens on property and equipment secure these debt obligations.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

The City's outstanding notes from direct borrowings and direct placements related to governmental activities of \$675,000 contain a provision that, in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

E. Interfund Receivables and Payables

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
General	Nonmajor	\$ 29,751
General	Water	1,151
General	Gas	447
General	Sewer	661
Debt service	General	6,517
Water	Gas	691,642
		<u>\$ 730,169</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

F. Interfund Transfers

Transfers between the primary government funds during the year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
General	Debt service	\$ 223,600
General	Grant	158,904
Water	Debt service	582,297
Sewer	Debt service	274,877
Nonmajor	General	13,980
		<u>\$ 1,253,658</u>

The general, water, and sewer funds made transfers to the debt service fund to fund debt principal and interest payments. The foundation for community projects fund made a transfer to the general fund for an expense reimbursement. The general fund transferred funds to the grant fund to cover local portion of the grant project costs.

G. Restatement of Net Position

Beginning net position for governmental activities, water fund, gas fund, and business-type activities to account for capital assets additions, disposals, and the related accumulated depreciation from prior years. Beginning net position for governmental activities was also restated to account for a capital lease payable from the prior year. Beginning net position for water fund and business-type activities to account for accounts payable not accrued in the prior year.

	<u>Governmental Activities</u>	<u>Water</u>	<u>Gas</u>	<u>Business-Type Activities</u>
Prior year ending fund balance as reported	\$ 22,500,537	\$ 6,760,535	\$ 3,704,333	\$ 14,724,261
Capital asset additions	219,866	1,919,514	995,762	2,915,276
Capital asset disposals	(104,100)	(1,219,341)	(247,210)	(1,466,551)
Accumulated depreciation	(10,993)	1,091,374	180,826	1,272,200
Accounts payable	-	(114,906)	-	(114,906)
Capital lease payable	(3,660,223)	-	-	-
Restated Beginning Fund Balance	<u>\$ 18,945,087</u>	<u>\$ 8,437,176</u>	<u>\$ 4,633,711</u>	<u>\$ 17,330,280</u>

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The continued spread of the COVID-19 pandemic has given a rise in uncertainties that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are uncertain.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.tmrs.com.

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

Benefits Provided

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

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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 percent of the member's deposits and interest.

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

	<u>2021</u>	<u>2020</u>
Employee deposit rate	5.00%	5.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% Repeating	100% Repeating
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled, to but not yet receiving, benefits	57
Active employees	85
Total	<u><u>191</u></u>

Contributions

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

Employees for the City were required to contribute five percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.60 percent and 6.86 percent in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2021 were \$281,803, which were equal to the required contributions.

Net Pension Liability/(Asset)

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

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Actuarial Assumptions

The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active members, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5 percent and 3.0 percent minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The postretirement mortality assumption for annuity purchase rates is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the TMRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL/(A)

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability / (Asset) (A) - (B)
Changes for the year:			
Service cost	\$ 432,999	\$ -	\$ 432,999
Interest	904,545	-	904,545
Change of benefit terms	294,118	-	294,118
Difference between expected and actual experience	(14,988)	-	(14,988)
Changes of assumptions	-	-	-
Contributions - employer	-	280,067	(280,067)
Contributions - employee	-	184,255	(184,255)
Net investment income	-	1,049,515	(1,049,515)
Benefit payments, including refunds of employee contributions	(627,988)	(627,988)	-
Administrative expense	-	(6,805)	6,805
Other changes	-	(266)	266
Net Changes	988,686	878,778	109,908
Balance at December 31, 2019	13,204,050	13,854,447	(650,397)
Balance at December 31, 2020	\$ 14,192,736	\$ 14,733,225	\$ (540,489)

Sensitivity of the NPL/(A) to Changes in the Discount Rate

The following presents the NPL/(A) of the City, calculated using the discount rate of 6.75 percent, as well as what the City's NPL/(A) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability/(Asset)	\$ 1,584,790	\$ (540,489)	\$ (2,257,861)

Pension Plan Fiduciary Net Position

Detailed information about the TMRS fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$1,097.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

At September 30, 2021, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 488,732
Changes in actuarial assumptions	26,152	-
Difference between projected and actual investment earnings	-	389,789
Contributions subsequent to the measurement date	198,356	-
Total	\$ 224,508	\$ 878,521

\$198,356 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 NPL/A for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended	Pension Expense
2022	\$ (466,180)
2023	(127,676)
2024	(235,646)
2025	(22,867)
Total	\$ (852,369)

D. Other Postemployment Benefits

TMRS – Supplemental Death Benefit

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This 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 or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Benefits

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 an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2020 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to, but not yet receiving, benefits	13
Active employees	<u>72</u>
Total	<u><u>111</u></u>

Total OPEB Liability

The City's total OPEB liability of \$261,291 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.0%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 13,266
Interest	6,149
Difference between expected and actual experience	(9,456)
Changes of assumptions	35,650
Benefit payments*	(2,580)
Net Changes	<u>43,029</u>
Beginning balance	218,262
Ending Balance	<u><u>\$ 261,291</u></u>

* Benefit payments are treated as being equal to the employer's yearly contributions for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's Total OPEB Liability	<u>\$ 322,286</u>	<u>\$ 261,291</u>	<u>\$ 215,437</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of \$27,366. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 20,326
Changes in actuarial assumptions	57,023	6,844
Contributions subsequent to the measurement date	5,205	-
Total	<u><u>\$ 62,228</u></u>	<u><u>\$ 27,170</u></u>

\$5,205 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2022.

CITY OF NAVASOTA, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30	OPEB Expense
2022	\$ 7,951
2023	7,951
2024	6,314
2025	6,540
2026	1,097
Total	\$ 29,853

E. Firemen's Relief and Retirement Fund

Volunteer firefighters are eligible to participate in the volunteer firefighter pension plan, Firemen's Relief and Retirement Fund (the "Fund"), created under the Texas Local Firefighters Retirement Act. The City acts as administrator for the Fund, which is included as a fiduciary fund in this report, the board of fireman service fund. For more information, contact the Navasota Volunteer Fire Department, PO Box 910, Navasota, Texas, 77868; telephone 936-825-6490.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NAVASOTA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 1 of 2)
For the Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
Revenues				
Property taxes	\$ 2,307,569.0	\$ 2,307,569	\$ 2,402,850	\$ 95,281
Sales taxes	1,916,000	1,916,000	2,010,864	94,864
Franchise fees	319,000	319,000	341,411	22,411
Payment in lieu of taxes	1,210,511	1,210,511	1,290,300	79,789
Licenses and permits	140,750	140,750	283,291	142,541
Intergovernmental	103,000	103,000	620,905	517,905
Charges for services	3,010,104	3,010,104	2,647,638	(362,466)
Fines and forfeitures	93,000	93,000	69,463	(23,537)
Investment income	70,000	70,000	29,623	(40,377)
Fees	46,300	46,300	46,076	(224)
Rents and leases	44,000	44,000	48,916	4,916
Other revenues	426,850	426,850	199,512	(227,338)
Total Revenues	9,687,084	9,687,084	9,990,849	303,765
Expenditures				
Current:				
General Government				
Vehicle services	122,534	133,534	122,804	10,730
Legislative	452,250	454,250	276,910	177,340
Administration	494,503	492,503	387,261	105,242
Keep Navasota beautiful	3,150	5,550	5,253	297
City hall	351,827	372,427	334,913	37,514
Communications	48,537	57,137	47,070	10,067
Finance	555,111	555,111	544,632	10,479
Human resources	215,213	215,213	150,035	65,178
Technology	400,728	479,728	466,871	12,857
Total General Government	2,643,853	2,765,453	2,335,749	429,704
Public Safety				
Police	2,236,817	2,236,617	2,086,700	149,917
Fire	843,532	887,444	731,170	156,274
Animal control	115,223	115,223	84,969	30,254
Emergency management	6,500	6,500	1,647	4,853
Total Public Safety	3,202,072	3,245,784	2,904,486	341,298
Public works	2,213,344	2,202,444	860,140	1,342,304
Sanitation	1,130,428	1,130,328	1,096,158	34,170
Transportation	240,156	294,956	234,639	60,317

CITY OF NAVASOTA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
<u>Expenditures (continued)</u>				
Culture and Recreation				
Swimming pool	\$ 64,427	\$ 64,427	\$ 50,126	\$ 14,301
Parks	606,958	736,958	618,105	118,853
Library	158,637	158,637	144,442	14,195
Total Culture and Recreation	830,022	960,022	812,673	147,349
Judicial and Courts				
Municipal court	80,200	84,937	79,581	5,356
Total Judicial and Courts	80,200	84,937	79,581	5,356
Economic Development/Tourism				
Community development	357,419	357,419	331,741	25,678
Tourism	398,193	398,193	233,574	164,619
Total Economic Development/Tourism	755,612	755,612	565,315	190,297
Debt Service:				
Principal	24,974	24,974	24,974	-
Interest and fiscal charges	5,802	5,802	5,802	-
Total Debt Service	30,776	30,776	30,776	-
Total Expenditures	11,126,463	11,470,312	8,919,517	2,550,795
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(1,439,379)	(1,783,228)	1,071,332	2,854,560
<u>Other Financing Sources (Uses)</u>				
Transfers in	366,525	366,525	13,980	(352,545)
Transfers (out)	(432,190)	(588,390)	(382,504)	205,886
Total Other Financing (Uses)	(65,665)	(221,865)	(368,524)	(146,659)
Net Change in Fund Balance	\$ (1,505,044)	\$ (2,005,093)	702,808	\$ 2,707,901
Beginning fund balance			4,127,931	
Ending Fund Balance			\$ 4,830,739	

Notes to Required Supplementary Information:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF NAVASOTA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2021

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 325,015	\$ 384,960	\$ 378,974	\$ 334,882
Interest (on the total pension liability)	751,945	805,224	825,090	850,106
Difference between expected and actual experience	68,513	111,420	(130,123)	(288,906)
Changes in assumptions	-	35,350	-	-
Benefit payments, including refunds of employee contributions	(374,279)	(454,372)	(772,826)	(589,750)
Net Change in Total Pension Liability	771,194	882,582	301,115	306,332
Beginning total pension liability	10,766,706	11,537,900	12,420,482	12,721,597
Ending Total Pension Liability	\$ 11,537,900	\$ 12,420,482	\$ 12,721,597	\$ 13,027,929
Plan Fiduciary Net Position				
Contributions - employer	\$ 292,345	\$ 296,093	\$ 264,786	\$ 265,888
Contributions - employee	178,695	194,033	176,760	157,518
Net investment income	586,448	16,121	740,920	1,574,813
Benefit payments, including refunds of employee contributions	(374,279)	(454,372)	(772,826)	(589,750)
Administrative expense	(6,122)	(9,821)	(8,372)	(8,166)
Other	(503)	(485)	(451)	(415)
Net Change in Plan Fiduciary Net Position	676,584	41,569	400,817	1,399,888
Beginning plan fiduciary net position	10,250,409	10,926,993	10,968,562	11,369,379
Ending Plan Fiduciary Net Position	\$ 10,926,993	\$ 10,968,562	\$ 11,369,379	\$ 12,769,267
Net Pension Liability/(Asset)	\$ 610,907	\$ 1,451,920	\$ 1,352,218	\$ 258,662
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.71%	88.31%	89.37%	98.01%
Covered Payroll	\$ 3,573,908	\$ 3,880,650	\$ 3,535,208	\$ 3,150,351
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	17.09%	37.41%	38.25%	8.21%

*Only seven years of information are currently available. The City will build this schedule over the next three-year period.

Measurement Year*		
2018	2019	2020
\$ 350,254	\$ 357,197	\$ 432,999
869,227	893,695	904,545
(232,589)	(864,970)	294,118
-	59,048	(14,988)
(651,239)	(604,502)	(627,988)
335,653	(159,532)	988,686
13,027,929	13,363,582	13,204,050
<u>\$ 13,363,582</u>	<u>\$ 13,204,050</u>	<u>\$ 14,192,736</u>
\$ 273,788	\$ 263,214	\$ 280,067
162,005	164,304	184,255
(382,232)	1,878,565	1,049,515
(651,239)	(604,502)	(627,988)
(7,392)	(10,626)	(6,805)
(387)	(318)	(266)
(605,457)	1,690,637	878,778
12,769,267	12,163,810	13,854,447
<u>\$ 12,163,810</u>	<u>\$ 13,854,447</u>	<u>\$ 14,733,225</u>
<u>\$ 1,199,772</u>	<u>\$ (650,397)</u>	<u>\$ (540,489)</u>
91.02%	104.93%	103.81%
\$ 3,240,094	\$ 3,286,077	\$ 3,685,100
37.03%	-19.79%	-14.67%

CITY OF NAVASOTA, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2021

	Fiscal Year*			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 286,979	\$ 275,440	\$ 263,149	\$ 271,390
Contributions in relation to the actuarially determined contribution	286,979	275,440	263,149	271,390
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,697,581	\$ 3,657,514	\$ 3,224,052	\$ 3,210,957
Contributions as a percentage of covered payroll	7.76%	7.53%	8.16%	8.45%

*Only seven years of information is currently available. The City will build this schedule over the next three-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	N/A
Asset valuation method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period December 31, 2014 - December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*		
2019	2020	2021
\$ 262,992	\$ 272,773	\$ 281,803
262,992	272,773	281,803
\$ -	\$ -	\$ -
\$ 3,233,937	\$ 3,537,865	\$ 3,989,471
8.13%	7.71%	7.06%

CITY OF NAVASOTA, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2021

	Measurement Year*			
	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 7,246	\$ 8,748	\$ 8,544	\$ 13,266
Interest (on the total OPEB liability)	6,269	6,382	7,064	6,149
Difference between expected and actual experience	-	(2,208)	(17,745)	(9,456)
Change of assumptions	14,295	(13,104)	35,419	35,650
Benefit payments	(1,260)	(1,944)	(2,300)	(2,580)
Net Change in Total OPEB Liability	26,550	(2,126)	30,982	43,029
Beginning total OPEB liability	162,856	189,406	187,280	218,262
Ending Total OPEB Liability	\$ 189,406	\$ 187,280	\$ 218,262	\$ 261,291
Covered Payroll	\$ 3,150,351	\$ 3,240,094	\$ 3,286,077	\$ 3,685,100
Total OPEB Liability as a Percentage of Covered Payroll	6.01%	5.78%	6.64%	7.09%

*Only four years of information is currently available. The City will build this schedule over the next six-year period.

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

1 Valuation Date:

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

2 Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Discount rate	2.0%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

3 Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

There were no changes in assumption during the year.

There were no benefit changes during the year.

COMBINING STATEMENTS AND SCHEDULES

CITY OF NAVASOTA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Budget as Amended	Actual	
<u>Revenues</u>				
Property taxes	\$ -	\$ -	\$ 376,259	\$ 376,259 (2)
Investment earnings	-	-	1,481	1,481
Total Revenues	-	-	377,740	377,740
<u>Expenditures</u>				
Current:				
Principal	718,143	792,143	734,126	58,017
Interest and fiscal charges	532,000	612,000	553,780	58,220
Total Expenditures	1,250,143	1,404,143	1,287,906	116,237
(Deficiency) of Revenues (Under) Expenditures	(1,250,143)	(1,404,143)	(910,166)	493,977
<u>Other Financing Sources (Uses)</u>				
Transfers in	1,250,143	1,250,143	1,080,774	(169,369) (2)
Transfers (out)	-	(43,000)	-	43,000
Total Other Financing Sources	1,250,143	1,207,143	1,080,774	(126,369)
Net Change in Fund Balance	\$ -	\$ (197,000)	170,608	\$ 367,608
Beginning fund balance			984,914	
Ending Fund Balance			\$ 1,155,522	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. The City budgets property taxes as Transfers in

CITY OF NAVASOTA, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2021

	Special Revenue Funds			Permanent Fund
	Foundation For Community Projects	Hotel/Motel Occupancy Tax	Cemetery Operations	Cemetery Permanent
<u>Assets</u>				
Cash	\$ 50,984	\$ 607,508	\$ 388,945	\$ -
Pooled investments	-	-	144,511	362,389
Total Assets	\$ 50,984	\$ 607,508	\$ 533,456	\$ 362,389
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 19	\$ -
Due to other funds	-	28,800	-	951
Deficit claim on cash	-	-	-	14,493
Total Liabilities	-	28,800	19	15,444
<u>Fund Balances</u>				
Restricted for:				
Tourism	-	578,708	-	-
Cemetery	-	-	533,437	346,945
Special projects	50,984	-	-	-
Total Fund Balances	50,984	578,708	533,437	346,945
Total Liabilities and Fund Balances	\$ 50,984	\$ 607,508	\$ 533,456	\$ 362,389

Total Nonmajor Governmental Funds	
<hr/>	
\$	1,047,437
	506,900
<hr/>	
\$	1,554,337
<hr/>	

\$	19
	29,751
	14,493
<hr/>	
	44,263
<hr/>	

	578,708
	880,382
	50,984
<hr/>	
	1,510,074
<hr/>	
\$	1,554,337
<hr/>	

CITY OF NAVASOTA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Special Revenue Funds			Permanent Fund
	Foundation For Community Projects	Hotel/Motel Occupancy Tax	Cemetery Operations	Cemetery Permanent
<u>Revenues</u>				
Other taxes	\$ -	\$ 118,339	\$ -	\$ -
Investment earnings	91	1,325	2,165	1,584
Fees	5,000	-	161,686	-
Other revenues	21,148	-	-	-
Total Revenues	26,239	119,664	163,851	1,584
<u>Expenditures</u>				
General government	-	-	5,601	-
Economic development/tourism	-	119,554	-	-
Total Expenditures	-	119,554	5,601	-
Excess of Revenues Over Expenditures	26,239	110	158,250	1,584
<u>Other Financing (Uses)</u>				
Transfers (out)	(13,980)	-	-	-
Total Other Financing (Uses)	(13,980)	-	-	-
Net Change in Fund Balances	12,259	110	158,250	1,584
Beginning fund balances	38,725	578,598	375,187	345,361
Ending Fund Balances	\$ 50,984	\$ 578,708	\$ 533,437	\$ 346,945

**Total
Nonmajor
Governmental
Funds**

\$	118,339
	5,165
	166,686
	21,148
	<u>311,338</u>

	5,601
	<u>119,554</u>
	<u>125,155</u>

	<u>186,183</u>
--	----------------

	<u>(13,980)</u>
--	-----------------

	<u>(13,980)</u>
--	-----------------

	172,203
	1,337,871
\$	<u><u>1,510,074</u></u>

**CITY OF NAVASOTA
CITY COUNCIL AGENDA**

AGENDA ITEM NO.: 8. **AGENDA DATE:** April 25, 2022

PREPARED BY: Lance Hall, Finance Director

APPROVED BY: JW

ITEM: Presentation, discussion, and possible action to accept the City of Navasota Quarterly Investment Report for quarter ending March 31, 2022. [Lance Hall, Finance Director]

ITEM BACKGROUND:

Chapter 2256 of the Texas Government Code, commonly known as the "Public Funds Investment Act", requires a city to provide the governing body with an investment report for review on a quarterly basis.

BUDGETARY AND FINANCIAL SUMMARY:

N/A

STAFF RECOMMENDATION:

Staff recommends reviewing and accepting the City of Navasota Quarterly Investment Report ending March 31, 2022.

ATTACHMENTS:

1. 1st quarter investment report

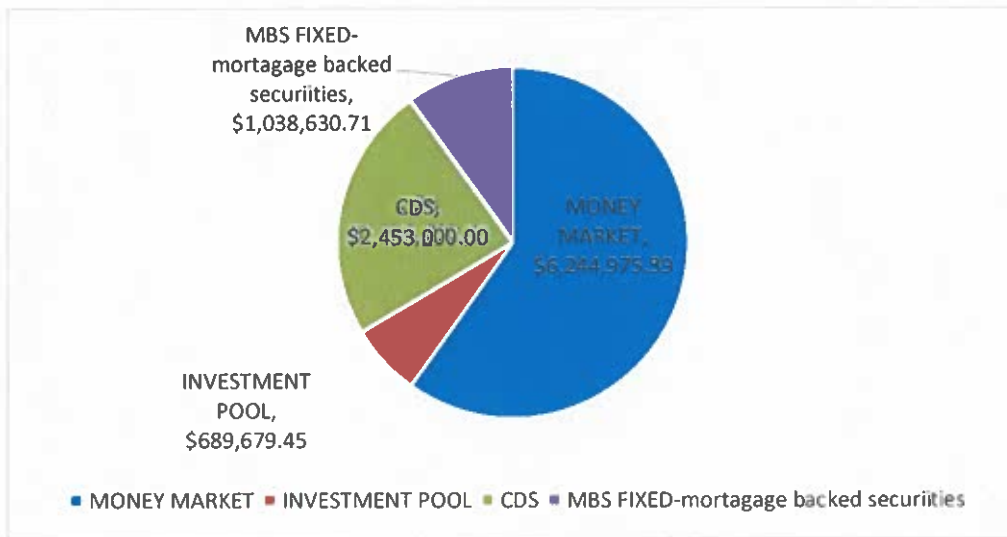
QUARTERLY SUMMARY FOR PERIOD ENDING

03/31/2021

BEGINNING BOOK VALUE	\$8,527,919.28
BEGINNING MARKET VALUE	\$8,528,420.56
ENDING BOOK VALUE	\$10,738,599.84
ENDING MARKET VALUE	\$10,426,285.55
CHANGE IN MARKET VALUE	\$1,897,864.99
weighted average maturity	6,071

PORTFOLIO BREAKDOWN

MONEY MARKET	\$6,244,975.39
INVESTMENT POOL	\$689,679.45
CDS	\$2,453,000.00
MBS FIXED-mortgage backed securities	\$1,038,630.71



PORTFOLIO BREAKDOWN BY MATURITY

YEARS	0-1	\$7,436,420.35
YEARS	1-2	\$490,000.00
YEARS	2-3	\$2,006,865.20
YEARS	3-4	\$493,000.00
YEARS	4-5	
YEARS	5-	

\$10,426,285.55

THIS REPORT HAS BEEN PREPARED IN COMPLIANCE WITH THE INVESTMENT POLICY
OF THE CITY OF NAVASOTA AND THE PFIA

INVESTMENT OFFICER
FINANCE DIRECTOR

INVESTMENT OFFICER
CITY MANAGER

**CITY OF NAVASOTA
CITY COUNCIL AGENDA**

AGENDA ITEM NO.: 9. **AGENDA DATE:** April 25, 2022

PREPARED BY: Jose Coronilla, Streets Director

APPROVED BY: JW

ITEM: Presentation, discussion, and possible action to award a professional services agreement for engineering services for the 2020-2021 and 2021-2022 Street Rehabilitation projects to Gessner Engineering, LLC for an amount not to exceed \$57,500.00 for civil engineering, \$3,200.00 for UAV flights, and \$610.00 per four (4) hour trip for construction inspection services.
[Jose Coronilla, Streets Director]

ITEM BACKGROUND:

The City of Navasota did not conduct any street rehabilitations last fiscal year; therefore, City Council allowed staff to roll last year's budget into the FY 2021-2022 budget. City Staff has been working with Shaun Hanson of Gessner Engineering on street rehabilitation projects for fiscal years 2020-2021 and 2021-2022. Gessner Engineering will provide design and construction documents for the maintenance of existing streets (noted in the attached professional services agreement) and for two (2) new interconnected parking lots with two (2) driveway connections along Veterans Memorial Drive. The new pavement section is to be 6" in depth of stabilized subgrade and 2" HMAC surface course for the parking lots. Gessner will complete the design and construction documents within 45 calendar days beginning from the execution date of the professional service agreement. Any time extensions may be granted by the City Manager to the extent of any delays caused by the City of Navasota or other agencies.

The professional service agreement shall not exceed \$57,500 for civil engineering, \$3,200 for UAV flights, and \$610 per hour trip for construction inspection services. Staff does not believe that the City will need to utilize the construction inspection services due to these services being conducted by in-house labor; however, staff is requesting City Council still award the professional services agreement with this amount in case there is an issue with staff's workload that would prevent them from conducting inspection services. Staff anticipates that design and construction documents to be completed by June with construction beginning mid-summer in July 2022.

BUDGETARY AND FINANCIAL SUMMARY:

Account 100-560-600.00 "Professional Fees" has budgeted \$169,676.00 for all professional fees this fiscal year.

The Professional Services Agreement for engineering services in relation to this project is not to exceed \$57,500 for civil engineering, \$3,200 for UAV flights, and \$610/hour trip for construction inspection services.

STAFF RECOMMENDATION:

Staff recommends approval of the professional services agreement with Gessner Engineering for the 2020-2021 and 2021-2022 Street Rehabilitation projects in an amount not to exceed \$57,500.00 for civil engineering, \$3,200.00 for UAV flights, and \$610 per hour trip for construction inspection services.

ATTACHMENTS:

1. Gessner Engineering contract

**PROFESSIONAL SERVICES AGREEMENT
FOR ENGINEERING SERVICES
RELATED TO
STREET MAINTENANCE AND INSPECTION PROJECTS**

**THE STATE OF TEXAS §
 §
COUNTY OF GRIMES §**

THIS AGREEMENT made on the _____ day of _____, 2022 entered into, and executed by and between the City of Navasota, Texas (the “City”), a Texas home-rule municipal corporation, and Gessner Engineering, LLC (“Engineer”).

WITNESSETH:

WHEREAS, the City desires to obtain engineering services related to design and construction documents associated with maintenance of existing streets and two interconnected parking lots and associated driveway connections (the “Project”); and

WHEREAS, the services of a professional engineering firm are necessary to provide the engineering services related to design and construction documents associated with maintenance of existing streets and two interconnected parking lots and associated driveway connections; and

WHEREAS, the Engineer represents that it is fully capable and qualified to provide professional engineering services to the City;

NOW, THEREFORE, the City and Engineer, in consideration of the mutual covenants and agreements herein contained, do mutually agree as follows:

**SECTION I
SCOPE OF AGREEMENT**

The Project consists of the design and construction documents for the maintenance of existing City streets and for two new interconnected parking lots each approximately 150’ x 50’ with two driveway connections along Veterans Memorial Drive. The new pavement section is assumed to be a 6” depth of stabilized subgrade and a 2” HMA surface course for the parking lots. The design documents will show locations and limits of pavement maintenance and select areas that will require additional reconstruction to include subgrade removal and replacement. Street maintenance areas will include the following areas based on the Street Maintenance List provided by the City of Navasota (per Attachment A).

Engineer agrees to perform certain professional engineering services as defined in Attachment “A” attached hereto and made a part hereof for all purposes, hereinafter sometimes referred to as “Scope of Services,” and for having rendered such services, the City agrees to pay Engineer compensation as stated in Section VII.

SECTION II CHARACTER AND EXTENT OF SERVICES

Engineer shall do all things necessary to render the engineering services and perform the Scope of Services with the professional skill and care ordinarily provided by competent engineers practicing in the same or similar locality and under the same or similar circumstances and professional license. It is expressly understood and agreed that Engineer is an Independent Contractor in the performance of the services agreed to herein. It is further understood and agreed that Engineer shall not have the authority to obligate or bind the City, or make representations or commitments on behalf of the City or its officers or employees without the express prior written approval of the City Manager. The City shall be under no obligation to pay for services rendered not identified in Attachment "A" without prior written authorization from the City Manager.

SECTION III OWNERSHIP OF WORK PRODUCT

Engineer agrees that the City shall have the right to use all exhibits, maps, reports, analyses and other documents prepared or compiled by Engineer pursuant to this Agreement. The City shall be the absolute and unqualified owner of all studies, exhibits, maps, reports, analyses, determinations, recommendations, computer files, and other documents prepared or acquired pursuant to this Agreement with the same force and effect as if the City had prepared or acquired the same.

SECTION IV TIME FOR PERFORMANCE

The time for performance of the Scope of Services is 45 calendar days beginning from the execution date of this Agreement. Upon written request of Engineer, the City Manager may grant time extensions to the extent of any delays caused by the City or other agencies with which the services must be coordinated and over which Engineer has no control.

SECTION V COMPLIANCE AND STANDARDS

Engineer agrees to perform the services hereunder in accordance with generally accepted standards applicable thereto and shall use that degree of care and skill commensurate with the applicable profession to comply with all applicable state, federal, and local laws, ordinances, rules, and regulations relating to the services to be performed hereunder and Engineer's performance.

SECTION VI INDEMNIFICATION

To the fullest extent permitted by Texas Local Government Code Section 271.904, Engineer shall and does hereby agree to indemnify, hold harmless and defend the City, its officers, agents, and employees against liability for damage caused by or resulting from an act of negligence, intentional

tort, intellectual property infringement, or failure to pay a subcontractor or supplier committed by the Engineer, the Engineer's agent, consultant under contract, or another entity over which the Engineer exercises control.

SECTION VII ENGINEER'S COMPENSATION

For and in consideration of the services rendered by Engineer pursuant to this Agreement, the City shall pay Engineer only for the actual services performed under the Scope of Services, on the basis set forth in Attachment "A," up to an amount not to exceed \$57,500.00 for Civil Engineering, \$3,200.00 for UAV Flights, and \$610.00 per 4 hour trip for Construction Inspection Services, as further identified in Attachment "A."

SECTION VIII TERMINATION

The City may terminate this Agreement at any time by giving written notice to Engineer. Upon receipt of such notice, Engineer shall discontinue all services in connection with the performance of this Agreement and shall proceed to promptly cancel all existing orders and contracts insofar as such orders or contracts are chargeable to the Agreement. As soon as practicable after receipt of notice of termination, Engineer shall submit a sworn statement, showing in detail the services performed under this Agreement to the date of termination. The City shall then pay Engineer for such services performed under this Agreement as those services bear to the total services called for under this Agreement, less such payments on account of the charges as have been previously made. Copies of all completed or partially completed designs, maps, studies, documents and other work product prepared under this Agreement shall be delivered to the City when and if this Agreement is terminated.

SECTION IX ADDRESSES, NOTICES AND COMMUNICATIONS

All notices and communications under this Agreement shall be mailed by certified mail, return receipt requested, to Engineer at the following address:

Gessner Engineering, LLC
Attn: Johanna Gessner, CEO
401 W. 26th St.
Bryan, TX 77803
(979) 680-8840

All notices and communications under this Agreement shall be mailed by certified mail, return receipt requested, to the City at the following address:

City of Navasota
Attn: Jason B. Weeks, City Manager
P.O. Box 910

Navasota, TX 77868
(936) 825-6475

SECTION X LIMIT OF APPROPRIATION

Prior to the execution of this Agreement, Engineer has been advised by the City and Engineer clearly understands and agrees, such understanding and agreement being of the absolute essence to this Agreement, that the City shall have available only those sums as expressly provided for under this Agreement to discharge any and all liabilities which may be incurred by the City and that the total compensation that Engineer may become entitled to hereunder and the total sum that the City shall become liable to pay to Engineer hereunder shall not under any conditions, circumstances, or interpretations hereof exceed the amounts as provided for in this Agreement.

SECTION XI SUCCESSORS AND ASSIGNS

The City and Engineer bind themselves and their successors and assigns to the other party of this Agreement and to the successors and assigns of such other party, in respect to all covenants of this Agreement. Engineer shall not assign, sublet, or transfer its interest in this Agreement without the written consent of the City. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of the City or any public body which may be a party hereto.

SECTION XII MODIFICATIONS

This instrument, including Attachment "A," contains the entire Agreement between the parties relating to the rights herein granted and the obligations herein assumed. To the extent there is a conflict between the provisions of this Agreement and the provisions of Attachment "A," this Agreement shall control. Any oral or written representations or modifications concerning this instrument shall be of no force and effect excepting a subsequent modification in writing signed by both parties hereto.

SECTION XIII ADDITIONAL SERVICES OF ENGINEER

If authorized in writing by the City Manager, Engineer shall furnish, or obtain from others, Additional Services that may be required because of significant changes in the scope, extent or character of the portions of the Project designed or specified by the Engineer, as defined in Attachment "A." These Additional Services, plus reimbursable expenses, will be paid for by the Owner on the basis set forth in Attachment "A," up to the amount authorized in writing by the City Manager.

SECTION XIV CONFLICTS OF INTEREST

Pursuant to the requirements of the Chapter 176 of the Texas Local Government Code, Engineer shall fully complete and file with the City Secretary a Conflict of Interest Questionnaire.

SECTION XV PAYMENT TO ENGINEER FOR SERVICES AND REIMBURSABLE EXPENSES

Invoices for Basic and Additional Services and reimbursable expenses will be prepared in accordance with Engineer's standard invoicing practices and will be submitted to the City by Engineer at least monthly. Invoices are due and payable thirty (30) days after receipt by the City.

SECTION XVI INSURANCE

Engineer shall procure and maintain insurance in accordance with the terms and conditions set forth in Attachment "B," for protection from workers' compensation claims, claims for damages because of bodily injury, including personal injury, sickness or disease or death, claims or damages because of injury to or destruction of property including loss of use resulting therefrom, and claims of errors and omissions.

SECTION XVII MISCELLANEOUS PROVISIONS

A. This Agreement is subject to the provisions of the Texas Prompt Payment Act, Chapter 2251 of the Texas Government Code. The approval or payment of any invoice shall not be considered to be evidence of performance by Engineer or of the receipt of or acceptance by the City of the services covered by such invoice.

B. Venue for any legal actions arising out of this Agreement shall lie exclusively in the federal and state courts of Grimes County, Texas.

C. This Agreement is for sole benefit of the City and Engineer, and no provision of this Agreement shall be interpreted to grant or convey to any other person any benefits or rights.

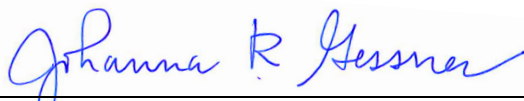
D. Engineer further covenants and agrees that it does not and will not knowingly employ an undocumented worker. An "undocumented worker" shall mean an individual who, at the time of employment, is not (a) lawfully admitted for permanent residence to the United States, or (b) authorized by law to be employed in that manner in the United States.

IN WITNESS WHEREOF, the City of Navasota has lawfully caused this Agreement to be executed by the Mayor of said City and attested by the City Secretary and Gessner Engineering, LLC acting by and through its duly authorized officer/representative, does now sign, execute, and deliver this instrument.

EXECUTED on this _____ day of _____, 2022.

ENGINEER:

GESSNER ENGINEERING, LLC

By: 
Johanna Gessner, CEO

CITY OF NAVASOTA, TEXAS

William A. "Bert" Miller, III, Mayor

ATTEST:

Susie Homeyer, City Secretary

ATTACHMENT “A”
SCOPE OF SERVICES

Make the City of Navasota - Street Maintenance and Inspection Projects happen.

Navasota, Texas

Proposal Number: P21-0931

Civil & Survey



GESSNER
ENGINEERING

PREPARED FOR:

Mr. Jose Coronilla
City of Navasota
Navasota, Texas
936-825-6408
jcoronilla@navasotatx.gov

GESSNER CONTACT:

Shaun Hanson, P.E.
shanson@gessnereng.com
1-877-GESSNER

SUBMITTED DATE:

3/7/2022

VALID THROUGH:

6/7/2022

Gessner Engineering presents this Agreement to provide engineering services for the above referenced project. The scope and fee of this project is based on the information provided to Gessner Engineering on February 24, 2022, and can be found on the supporting pages. We appreciate the opportunity to provide these services and look forward to being a part of your project team.

PROJECT DESCRIPTION:

The project consists of the design and construction documents for the maintenance of existing city streets and for two new interconnected parking lots each approximately 150' x 50' with two driveway connections along Veterans Memorial Drive. The new pavement section is assumed to be a 6" depth of stabilized subgrade and a 2" HMAC surface course for the parking lots. The design documents will show locations and limits of pavement maintenance and select areas that will require additional reconstruction to include subgrade removal and replacement. Street maintenance areas will include the following areas based on the Street Maintenance List provided by the City of Navasota (per Attachment A).

By signing as the responsible party, you authorize Gessner Engineering to proceed and acknowledge your agreement to the services defined, as well as the attached terms and conditions. Upon signing, you also agree that you will be billed directly as the Client. If you are requesting this proposal on behalf of someone else, please have them add their contact and billing information and sign in the section below. Please note that this agreement must be signed by the responsible party.

RESPONSIBLE PARTY

Name

Billing Address

City, State, Zip

Phone

Email

Client (Signature)

Date

Printed Name and Title

Gessner Engineering Representative (Signature)

Johanna Gessner, CEO

Printed Name, Title

ATTACHMENT A

Street Name	Intersection
Ninth St.	Blackshear to Stoneham
Stoneham	Tenth St. to Dead End
Stoneham	Railroad St. to Duke
Willie St.	Foster to W. Virginia
Willie St.	Washington to Foster St.
W. Virginia St.	Wright St. to Ella St.
W. Virginia St.	Wright St. to Clayton St.
Grace St.	Willie St. to Peeples St.
Doris St.	Willie St. to Wright St.
Florida St.	Entire Length
New York St.	Entire Length
Texas St.	Entire Length
Cullen St.	First St. to Spur 515
Baker St.	Montgomery St. to Nolan St.
Canary St.	First St. to Baker St.
Nolan St.	Harn St. to Gibbs St.
Frazier St.	Blackshear St. to Dickson St.
Frazier St.	Blackshear St. to Hill St.
Nolan St.	Baker St. to Spur 515
Cemetery Roads	Approximately 1465' (includes new roadway, entrance road loop, and chip seal of existing Rest Haven road)

2013 Street Maintenance Project					
<u>Street</u>	<u>From</u>	<u>To</u>	<u>Drainage</u>	<u>Width</u>	<u>Length</u>
E. Dickson	LaSalle	Millican	Ditch	22	489
E. Dickson	Millican	Alco	Curb	25	544
N. Millican	Entire Street		Ditch	20	1704
Durden	1000 Blk / Half Street		Ditch	18	1104
Chinski	Movil	Waco	Ditch	16	467
Waco	Piedmont	Chinski	Ditch	17	279
Ruth Court	Cul-de-sac		Curb		504
Sixth	W. Washington	Chase	Ditch	24	373
Second	Washington	Las Driveway	Ditch	12	337
Owen			Curb	23	124
Hill	Intersection of Owen and Piedmont		Ditch	37	56
Smith	Waco	Laredo	Ditch	18	290
E. Northside	LaSalle	Old Millican	Ditch	21	303
Ruth Court			Curb	23	405
Chinski	Waco	Laredo	Ditch	18	288
Jewett	Piedmont	Chinski	Ditch	20	277
Grimes	400 Blk		Curb	23	290
2014 Street Maintenance					
<u>Street</u>	<u>From</u>	<u>To</u>	<u>Drainage</u>	<u>Width</u>	<u>Length</u>
Catherine	Washington	Virginia	Ditch	16	387
W. Virginia	Catherine		Ditch	16	377
Wright	Doris	W. Virginia	Ditch	18	334
W. Virginia	Ella	Wright	Ditch	16	1213
Eight	W. Washington		Ditch	16	454
Ninth	Fanthrop	Chase	Ditch	16	306

Ninth	Fanthrop	W. Washington	Curb	34	167
Fanthrop	Ninth	Eight	Ditch	16	307
Intersection of Fanthorp and Millican			Curb	34	65
Old Millican	Bridge	White	Curb	18	542
White	Millican	Park	Curb	22	934
Park	White	Hill	Ditch	16	605
Park	Hill	Blackshear	Ditch	15	284
Hill	Park	Owen	Ditch	16	462
Intersection of Owen and Brosig			Ditch	23	125
Oakwood	Sandall	Miller	Curb	24	260
Duke	Rotello	Northside	Curb	30	537
Fanthorp	Ninth	Tenth	Curb	34	272
Teague	Church	90 ft East	Curb	34	154
Teague	Alley	503 Teague	Curb	50	250
Brosig	Owen	Piedmont	Ditch	28	213
2015 Street Maintenance					
<u>Street</u>	<u>From</u>	<u>To</u>	<u>Drainage</u>	<u>Width</u>	<u>Length</u>
Ninth	Blackshear	Stoneham	Ditch	16	597
Stoneham	Tenth	Dead End	Ditch	16	498
Duke	Stoneham	Bridge at M.L. Park	Ditch	25	645
Frazier	Blackshear	E. Dickson	Ditch	18	299
Stoneham	Duke	N. LaSalle	Curb	32	293
Willie	Foster	W. Virginia	Ditch	20	874
Grace	Willie	Peebles	Ditch	20	1124
Doris	Willie	Wright	Ditch	22	591
2016 Street Maintenance Project					
<u>Street</u>	<u>From</u>	<u>To</u>	<u>Drainage</u>	<u>Width</u>	<u>Length</u>
Nolan	Harn	Gibbs	Curb	32	303

Buckingham	Glennshire	Drainage	Curb	24	560
Ketchum	E. Washington	McAlpine	Curb	22	35
Ketchum	McAlpine	Driveway at 307 Ketchum	Curb	22	82
Ketchum	Driveway at 307 Ketchum	Lane	Curb	30	685
Ella	Foster	FM 379	Ditch	16	548
Dallas	Piedmont	Smith	Ditch	16	565
Houston	Piedmont	Smith	Ditch	16	565
Ashville	Piedmont	Smith	Ditch	16	565
Smith	Laredo	Ashville	Ditch	18	890
2017 & 2018 Street					
<u>Street</u>	<u>From</u>	<u>To</u>	<u>Drainage</u>	<u>Width</u>	<u>Length</u>
Jones	Sycamore	Schumacher	Ditch	16	307
Stoneham	Frazier	Millican	Ditch	30	203
Stoneham	N. Railroad	Duke	Ditch	16	284
Sycamore	Jones	McNair	Curb	28	305
Schumacher	Jones	McNair	Ditch	16	292
Stacey	McNair	Horlock	Ditch	16	306
N. Hillside	Stacey	Dead End	Ditch	18	460
N. Judson	Neal	Schumacher	Curb	30	656
N. Railroad	Blackshear	Stoneham	Ditch	16	636
Frazier	Blackshear	E. Hill	Curb	29	300
Frazier	E. Hill	Chase	Ditch	20	606
E. Stoneham	N. LaSalle	Frazier	Curb	30	305
W. Virginia	Wright	Clayton	Ditch	16	799
Cullen	First	Spur 515	Ditch	16	605
Baker	Montgomery	Nolan	Ditch	16	892
Canary	First	Baker	Ditch	16	273
Nolan	Baker	Spur 515	Ditch	16	245

Florida	Entire Street		Ditch	16	500
New York	Entire Street		Ditch	18	500
Durden	CR 425	Hwy 6 Frontag	Ditch	18	721
Abraham	S. LaSalle	Farquhar	Curb	32	320
Wright	W. Virginia	Dead End	Ditch	16	160
Chase	N. LaSalle	Frazier	Curb	30	294
Chase	Frazier	Millican	Ditch	16	186
McNair	Schumacher	Virginia	Ditch	18	650
Jones	Felder	Sycamore	Curb	30	682
N. Judson	Schumacher	Dead End	Curb	30	908
Farquhar	Lincoln	Abraham	Curb	30	263
Frazier	Wells Fargo	E. Washington	Curb	22	207
2017 & 2018 Street					
<u>Street</u>	<u>From</u>	<u>To</u>	<u>Drainage</u>	<u>Width</u>	<u>Length</u>
Jones	Sycamore	Schumacher	Ditch	16	307
Stoneham	Frazier	Millican	Ditch	30	203
Stoneham	N. Railroad	Duke	Ditch	16	284
Sycamore	Jones	McNair	Curb	28	305
Schumacher	Jones	McNair	Ditch	16	292
Stacey	McNair	Horlock	Ditch	16	306
N. Hillside	Stacey	Dead End	Ditch	18	460
N. Judson	Neal	Schumacher	Curb	30	656
N. Railroad	Blackshear	Stoneham	Ditch	16	636
Frazier	Blackshear	E. Hill	Curb	29	300
Frazier	E. Hill	Chase	Ditch	20	606
E. Stoneham	N. LaSalle	Frazier	Curb	30	305
W. Virginia	Wright	Clayton	Ditch	16	799
Cullen	First	Spur 515	Ditch	16	605
Baker	Montgomery	Nolan	Ditch	16	892
Canary	First	Baker	Ditch	16	273
Nolan	Baker	Spur 515	Ditch	16	245

Florida	Entire Street		Ditch	16	500
New York	Entire Street		Ditch	18	500
Durden	CR 425	Hwy 6 Frontag	Ditch	18	721
Abraham	S. LaSalle	Farquhar	Curb	32	320
Wright	W. Virginia	Dead End	Ditch	16	160
Chase	N. LaSalle	Frazier	Curb	30	294
Chase	Frazier	Millican	Ditch	16	186
McNair	Schumacher	Virginia	Ditch	18	650
Jones	Felder	Sycamore	Curb	30	682
N. Judson	Schumacher	Dead End	Curb	30	908
Farquhar	Lincoln	Abraham	Curb	30	263
Frazier	Wells Fargo	E. Washington	Curb	22	207
2019 Street Maintenance					
<u>Street</u>	<u>From</u>	<u>To</u>	<u>Drainage</u>	<u>Width</u>	<u>Length</u>
Don	Entire Street		Ditch	18	600
Houston	Piedmont	Houston	Ditch	18	210
Brule	Old Millican	Brosig	Ditch/Curb	24	1555
Jewett	Cleveland	Piedmont	Ditch	14	290
Waco	Cleveland	Piedmont	Ditch	14	270
Laredo	Cleveland	Piedmont	Ditch	14	275
Seventh	Bell	Blackshear	Ditch	18	540
Seventh	Wilson	Bell	Ditch	16	270
Wilson	Eight	Seventh	Ditch	16	290
N. Sixth	Blackshear	Pink	Ditch	16	270
Pink	N. Sixth	Blackshear	Ditch	16	500
Wades Way	Stacey	Cud-De-Sac	Curb	24	645

PROJECT SCOPE

INCLUDED

CIVIL ENGINEERING

- ✓ Coordinate existing public infrastructure documentation
- ✓ Layout, analyze, and design of street maintenance limits and drainage
- ✓ Layout, analyze, and design of proposed drive aisles, parking lots, and drainage
- ✓ Design necessary grading
- ✓ Coordinate and obtain necessary permits
- ✓ Provide necessary Engineer's opinion of probable construction cost
- ✓ Specifications necessary for construction
- ✓ Assist in Bidding and contractor selection
- ✓ Responses to questions required for bidding and review of bids
- ✓ Construction administration consisting of responses to RFI's, submittal reviews, reviews of applications for payment, review of changes, and final walk-through to generate punchlist.

SURVEY

- ✓ 3 UAV flights to obtain surface data and aerial imagery for design
- ✓ Mobilization to the site
- ✓ Establishing a control network, with horizontal and vertical positions on all aerial control points
- ✓ Creation of a topographic surface with observations at a minimum of 50 foot intervals to be shown with 1 foot contours
- ✓ Deliverable package containing dated PDF, .ascii, .auf, survey .dwg, contours .dwg and surface .dwg files via email or drop box

EXCLUDED

CIVIL ENGINEERING

- × Topographic or boundary surveying
- × Existing utility location
- × Geotechnical recommendations
- × FEMA Floodplain modeling and mitigation of the site due to flood hazard conditions
- × Franchise utility design
- × ADA/TAS compliance review and additional permitting (e.g. TxDOT, Army Corp of Engineers, TCEQ, EPA)
- × Traffic impact analysis
- × R.O.W. Dedications or procurement
- × Easements by Separate Instrument
- × Environmental Assessments or Studies

SURVEY

- × Title commitment
- × As-built survey
- × Platting
- × Any boundary
- × Filing/recording of legal documents
- × Revisions to final survey
- × Marking of utilities
- × Construction staking
- × File conversion to older software (Gessner Engineering will provide .dwg files in current AutoDesk format)



FEE BREAKDOWN

Listed below is the total fee for each phase of work. If the project is abandoned prior to completion of the design, the fee shall be due the date the project is abandoned and shall be based upon the percentage of services performed. Engineer shall commence performance of the Services upon receipt of the signed proposal

Civil Engineering	\$57,500
UAV Flights	\$3,200
Construction Inspection Services	\$610 per 4 hour trip

BILLING & PAYMENT TERMS

Invoicing will take place monthly or at completion/imminent completion of a phase/project. Monthly billing may include partial billing of a particular phase, as determined by review of the percent complete for that phase/project.

Should the scope of the project change after the design development phase, additional services will be charged based on the time required for revisions at the current hourly rates. Total fee amount will be invoiced and is for the complete services to be provided per the above fee. Gessner Engineering, LLC reserves the right to internally reallocate fee amounts to the various project phases, as necessary, based on the necessary time to complete the work.

Additional services may be provided on request or per the terms of this agreement and shall be billed at the current hourly rates in force (available upon request).



ATTACHMENT “B”

INSURANCE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

4/18/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION** IS **WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Marsh & McLennan Agency LLC 8144 Walnut Hill Lane, 16th Floor Dallas TX 75231		CONTACT NAME: PHONE (A/C, No. Ext): FAX (A/C, No): E-MAIL ADDRESS:	
		INSURER(S) AFFORDING COVERAGE	
		INSURER A: Travelers Property Casualty Co of Amer	
		INSURER B: Charter Oak Fire Insurance Company	
		INSURER C: Endurance American Specialty Ins Co	
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGES

CERTIFICATE NUMBER: 150894911

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			6808M983627	6/1/2021	6/1/2022	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMP/OP AGG \$4,000,000 Per Project Agg \$20,000,000
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			BA8R311152	6/1/2021	6/1/2022	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			CUP8M986353	6/1/2021	6/1/2022	EACH OCCURRENCE \$4,000,000 AGGREGATE \$4,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	UB8M984808	6/1/2021	6/1/2022	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
C	Professional Liability			DPL30001098602	6/1/2021	6/1/2022	Each Claim \$2,000,000 Policy Period Agg \$2,000,000 Retention-Ea Claim \$75,000


DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Additional Insured - Architects, Engineers and Surveyors - form # CGD381 edition 09/15 applies to the General Liability policy.
 Additional Insured - Owners, Lessors or Contractors (Scheduled) CGD361 03/05 - (Blanket) CGT805 edition 06/20 applies to the General Liability policy
 Additional Insured - Owners, Lessors or Contractors Completed Ops (Scheduled) CG2037 07/04 - (Blanket) CGT806 edition 06/21 applies to the General Liability policy.
 Waiver of subrogation form # CGD379 edition 02/19 applies to the General Liability policy.
 Primary & Non-Contributory General Liability form (Scheduled) CGD426 02/19 - (Blanket) CGT100 edition 02/19.

See Attached...

CERTIFICATE HOLDER

CANCELLATION

City of Navasota 200 East W McAlpine St Navasota TX 77868	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

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ACORD 25 (2016/03)

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THIS CERTIFICATE SUPERSEDES PREVIOUSLY ISSUED CERTIFICATE



ADDITIONAL REMARKS SCHEDULE

Page 1 of 1

AGENCY Marsh & McLennan Agency LLC		NAMED INSURED Gessner Engineering LLC 401 West 26th Street, Ste 3 Bryant TX 77803	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: 25 **FORM TITLE:** CERTIFICATE OF LIABILITY INSURANCE

Additional Insured form # CAT420 edition 02/15 applies to the Automobile Liability policy.
Waiver of subrogation form #CAT420 edition 02/15 applies to the Automobile Liability policy.
Primary & Non-Contributory General Liability form #CAT802 06/21.

Waiver of subrogation form # WC 42 03 04 applies to the Workers Compensation policy.

Notice of Cancellation form # ILT400 edition 05/19 applies to the General Liability policy.
Notice of Cancellation form # ILT405 edition 05/19 applies to the Automobile Liability policy.
Notice of Cancellation form # WC4206 edition 01/00 applies to the Workers Compensation policy.
Notice of Cancellation form # ILT400 edition 05/19 applies to the Excess Liability policy.

The General Liability policy includes a blanket additional insured endorsement to the certificate holder only when there is a written contract between the named insured and the certificate holder that requires such status.

The General Liability policy contains an endorsement with "Primary and Non Contributory" wording that may apply only when there is a written contract between the named insured and the certificate holder that requires such wording.

The General Liability policy contains a blanket waiver of subrogation endorsement that may apply only when there is a written contract between the named insured and the certificate holder that requires such wording.

The Automobile Liability policy contains language that provides additional insured status to the certificate holder only when there is a written contract between the named insured and the certificate holder that requires such status.

The Automobile liability policy includes waiver of subrogation wording that may apply only when there is a written contract between the named insured and the certificate holder that requires such wording.

The Worker's Compensation policy includes a waiver of subrogation endorsement that may apply only when there is a written contract between the named insured and the certificate holder that requires such wording.

The General Liability, Automobile Liability, Worker's Compensation and Excess liability policies includes a blanket notice of cancellation to the certificate holder endorsement, providing for 30 days' advance written notice if the policy is canceled by the company, or 10 days' written notice before the policy is canceled for nonpayment of premium. Notice is sent to certificate holders with mailing addresses on file with the agent or the company. The endorsement does not provide for notice of cancellation to the certificate holder if the named insured requests cancellation.