

NOTICE OF MEETING  
OF THE  
GUN BARREL CITY EDC  
1720 W. MAIN STREET GUN BARREL CITY, TX 75156

The EDC of the City of Gun Barrel City, Texas will meet in a Regular EDC Meeting, in City Hall, Council Chambers, located at 1720 W. Main Street Gun Barrel City, TX 75156, on Tuesday, March 10, 2020 at 5:00 PM.

1. Call to Order  
Invocation  
Pledge of Allegiance  
Roll Call & Quorum

2. Citizens' Comments

Limited to 3 minutes, this item provides the opportunity for citizens to address the EDC Board of Directors on any matter whether or not it's posted on the agenda. However, in accordance with the Texas Open Meetings Act, Section 551.041, the EDC Board of Directors cannot discuss, deliberate, or take action on matters not listed on the agenda. At this time the Board will receive citizen comments, and if necessary, may refer the matter to EDC staff for research, resolution or referral to the EDC Board on a future agenda.

3. Old Business

- 3.A Discuss and/or take action to approve and recommend that City Council approve the EDC Meeting minutes of February 11<sup>th</sup>, 2020  
[Signed February Minutes.pdf](#)

- 3.B Discuss and/or take action to approve and recommend that City Council approve the January 2020 GBC EDC month end financial report  
[January 20 Statement.pdf](#)

4. New Business

- 4.A Discuss and/or take action to approve and recommend that City Council approve advertisement for Whiskers & Wags Gala in an amount not to exceed \$2,000  
[Screen Shot 2020-03-04 at 10.18.05 AM.png](#)  
[Screen Shot 2020-03-04 at 10.18.11 AM.png](#)  
[Gala Executive Summary.docx](#)

- 4.B Discuss and/or take action to approve and recommend that City Council approve sending board officers who have not yet attended a TEDC Sales Tax Conference to attend in an amount not to exceed \$500  
[April Sales Tax.pdf](#)  
[April Sales Tax Workshop Executive Summary.docx](#)

- 4.C Discuss and/or take action to approve 2019 Fiscal Year Audit  
[Audit Executive Summary.docx](#)  
[GBC EDC 2019 Audit Draft.pdf](#)
  
- 4.D Discuss and/or take action to approve report from ED Associate on TEDC Conference  
[TEDC Conference Highlights.docx](#)
  
- 4.E Receive report from Board Treasurer on recent visit to USDA office and resulting actions

5. Adjournment

**Attest:**

**Approved:**

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**Brandi Marett, Secretary**

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**Joe Lawrence, President**

I certify that the above was posted in a glass- enclosed case in front of the EDC Office at 1720 West Main Street, Gun Barrel City, Texas, and available for viewing by the public for at least 72 hours prior to 5PM on <Insert Date Here>.

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**Walter Baker, ED Associate**

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 EDC Office at (903) 887-1899 for further information.

“A quorum of the full Gun Barrel City City Council may attend the meeting of the Gun Barrel City Economic Development Corporation, a committee of that body, or any other city advisory board. For example, a quorum of the Gun Barrel City Council may attend an Economic Development Corporation Meeting, a committee of that body, or any other city advisory board meeting.”

The Gun Barrel City EDC reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by the Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations, 551.074 (Personnel Matters), 551.076/.089 (Deliberations about Security Devices) or 551.087 (Deliberations Regarding Economic Development Negotiations).

The Gun Barrel City Economic Development Corporation will meet in a Regular Board meeting in the Gun Barrel City Council Chambers located at 1716 West Main Street, Gun Barrel City, Texas, 75156 on Tuesday, February 11<sup>th</sup>, 2020 at 5:00 p.m.

Vice-President Joe Lawrence called the meeting to order at 5:00 p.m. and Gary Damiano gave the invocation. The Pledge of Allegiance followed. Roll was called and a quorum established.

Board Member – Kenneth Foster: Present  
Board Member – Brandi Maret: Present  
Board Member - Gary Damiano: Present  
Board Member – Joe Lawrence: Present  
Board Member – Joe Kyle: Present  
Board Member – Diane Johannes: Present

Citizen Presentations: None

**Item #1.** Discuss and/or take action to approve and recommend that City Council approve the EDC Meeting minutes of January 14<sup>th</sup> and the Special Meeting minutes of January 20<sup>th</sup>, 2020.

Board Member – Gary Damiano: Motion to approve the EDC minutes of January 14<sup>th</sup> and the Special Meeting minutes of January 20<sup>th</sup>. both in 2020  
Board Member – Joe Kyle: 2nd  
Board Member – Kenneth Foster: Approve  
Board Member – Brandi Maret: Approve  
Board Member - Gary Damiano: Approve  
Board Member - Joe Lawrence: Approve  
Board Member – Joe Kyle: Approve  
Board Member - Diane Johannes: Approve

**Vote Result: Approved**

**Item #2.** Discuss and/or take action to approve and recommend that City Council approve the December 2019 GBC EDC month end financial report.

Board Member – Kenneth Foster: Motion to approve and recommend that City Council approve the December 2019 month end financial report  
Board Member – Brandi Maret: 2<sup>nd</sup>  
Board Member – Kenneth Foster: Approve  
Board Member – Brandi Maret: Approve  
Board Member - Gary Damiano: Approve  
Board Member - Joe Lawrence: Approve  
Board Member – Joe Kyle: Approve  
Board Member – Diane Johannes: Approve

*Board Treasurer Joe Kyle commented on a loan that had a check bounce but had since rectified the situation*

**Vote Result: Approved**

**Item #3.** Discuss and/or take action to fill any officer vacancies

Board Member – Gary Damiano: Motion to nominate Joe Lawrence as President  
Board Member – Kenneth Foster: 2<sup>nd</sup>

*Vice-President Joe Lawrence accepted the nomination*

Board Member – Kenneth Foster: Approve  
Board Member – Brandi Marett: Approve  
Board Member - Gary Damiano: Approve  
Board Member - Joe Lawrence: Approve  
Board Member – Joe Kyle: Approve  
Board Member – Diane Johannes: Approve

*Joe Lawrence resigned the Vice-Presidency upon receiving the Presidency*

Board Member – Joe Kyle: Motion to nominate Kenneth Foster as Vice-President  
Board Member – Diane Johannes: 2<sup>nd</sup>

*Kennith Foster accepted the nomination*

Board Member – Kenneth Foster: Approve  
Board Member – Brandi Marett: Approve  
Board Member - Gary Damiano: Approve  
Board Member - Joe Lawrence: Approve  
Board Member – Joe Kyle: Approve  
Board Member – Diane Johannes: Approve

**Vote Result: Approved**

**Item #4.** Discuss and/or take action to remove Missie Butler from any and all EDC accounts and make any other changes necessary to the list of check signers

Board Member – Joe Kyle: Motion to remove Missie Butler from all accounts and add Joe Lawrence to the list of check-signers and to no longer sign bills  
Board Member – Diane Johannes: 2<sup>nd</sup>

*Board Member Gary Damiano asked if Missie Butler had in fact been a check-signer which was answered in the affirmative and then he asked if someone else ought to be added*  
*Board Treasurer Joe Kyle asked ED Associate Walter Baker who could sign bills and checks*  
*The references to Joe Lawrence in the motion were added as an amendment to the motion to maintain a healthy number of check-signers*

Board Member – Kenneth Foster: Approve  
Board Member – Brandi Marett: Approve  
Board Member - Gary Damiano: Approve  
Board Member - Joe Lawrence: Approve  
Board Member – Joe Kyle: Approve

Board Member – Diane Johannes: Approve

**Vote Result: Approved**

**Item #5.** Discuss and/or take action to approve and recommend that City Council approve revisions to the LREG Performance Agreement

Board Member – Joe Lawrence: Motion to approve and recommend that City Council approve LREG revisions

Board Member – Brandi Marett: 2<sup>nd</sup>

Board Member – Kenneth Foster: Approve

Board Member – Brandi Marett: Approve

Board Member - Gary Damiano: Approve

Board Member - Joe Lawrence: Approve

Board Member – Joe Kyle: Approve

Board Member – Diane Johannes: Approve

*ED Associate Walter Baker explained the changes made to the performance agreement*

*Board Member Gary Damiano asked for clarification on the language changed and where the, “personal guarantee,” was in the performance agreement to which Walter Baker pointed out that the Promisory Note was the final page*

*Board Treasurer Joe Kyle asked about the Attorney’s input to which Walter Baker reminded the Board that it had all gone through the EDC Attorney’s office*

**Item #6.** Discuss and/or take action to approve and recommend that City Council approve a façade grant to Parks Home Construction and Jenny C Parks Attorney at Law in an amount not to exceed \$3,226

Board Member – Kenneth Foster: Motion to approve as stated

Board Member – Brandi Marett: 2<sup>nd</sup>

Board Member – Kenneth Foster: Approve

Board Member – Brandi Marett: Approve

Board Member - Gary Damiano: Approve

Board Member - Joe Lawrence: Approve

Board Member – Joe Kyle: Approve

Board Member – Diane Johannes: Approve

**Adjournment**

Board Member – Gary Damiano: Motion to adjourn at 5:15 pm.

Board Member – Diane Johannes: Approve

Board Member – Brandi Marett: Approve

Board Member - Gary Damiano: Approve

Board Member - Joe Lawrence: Approve

Board Member – Joe Kyle: Approve

Board Member – Diane Johannes: Approve

**Vote Result: Approved**

Approved by



Joe Lawrence, President

Attest by:



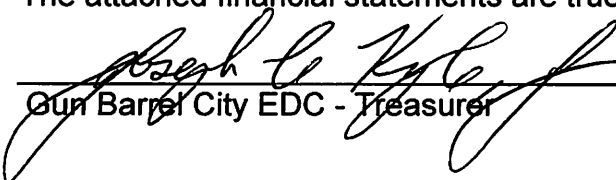
Brandi Marett, Secretary

**GUN BARREL CITY  
ECONOMIC DEVELOPMENT CORP.**

**FINANCIAL STATEMENTS**

**JANUARY 31, 2020**

The attached financial statements are true and correct to the best of my knowledge.

  
\_\_\_\_\_  
Gun Barrel City EDC - Treasurer



**Gun Barrel City Economic Development Corporation**  
**Statement of Assets, Liabilities & Equity**  
As of January 31, 2020 and December 31 2019

	Jan 31, 20	Dec 31, 19
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
01100 · BA		
01110 · 0208-Prosperity-Operating Acct	81,957.00	7,504.78
01115 · 4307-Prosperity-Projects - RLF	67,610.16	135,302.32
01130 · 2707-Prosperity- Sales Tax Reve	102,798.52	174,606.98
01132 · TexStar 1890	612,813.51	612,007.16
01137 · Southside MM 7907	230,980.78	230,863.13
01138 · Southside 5267 - RBEG	100,000.00	100,000.00
<b>Total 01100 · BA</b>	<b>1,196,159.97</b>	<b>1,260,284.37</b>
<b>Total Checking/Savings</b>	<b>1,196,159.97</b>	<b>1,260,284.37</b>
<b>Other Current Assets</b>		
01160 · Due from City of GBC	73,802.97	73,802.97
<b>Total Other Current Assets</b>	<b>73,802.97</b>	<b>73,802.97</b>
<b>Total Current Assets</b>	<b>1,269,962.94</b>	<b>1,334,087.34</b>
<b>Other Assets</b>		
<b>01200 · Fixed Assets</b>		
01310 · Furniture & Fixtures	7,212.17	7,212.17
01320 · Office Machines & Equipment	4,146.59	4,146.59
01340 · Accumulated Depreciation	-6,606.14	-6,606.14
<b>Total 01200 · Fixed Assets</b>	<b>4,752.62</b>	<b>4,752.62</b>
<b>01300 · Assets Held for Resale</b>		
01645 · 60 Acres (92 Acres)	456,130.78	456,130.78
01684 · Big Chief Landing	565,411.51	565,411.51
1330 · Land & Land Imp.-8 acres	282,041.32	282,041.32
<b>Total 01300 · Assets Held for Resale</b>	<b>1,303,583.61</b>	<b>1,303,583.61</b>
<b>01400 · Notes Receivables</b>		
01415 · GBC Medical Associates	58,673.53	59,575.70
01416 · Lakeland Medical Associates	117,616.28	119,982.61
01417 · Badge	100,000.00	100,000.00
01425 · 1st Call restoration	37,873.60	38,315.81
01480 · Safari Project - Saucedo Ent	44,932.35	45,406.80
01482 · Michael Huskisson/Tip Top	143,190.40	144,330.08
01483 · W Haus Designs	98,273.00	99,137.22
01485 · LREG, LLC	100,000.00	0.00
<b>Total 01400 · Notes Receivables</b>	<b>700,559.16</b>	<b>606,748.22</b>
01484 · Slap-N-Good BBQ	25,000.00	25,000.00
<b>Total Other Assets</b>	<b>2,033,895.39</b>	<b>1,940,084.45</b>
<b>TOTAL ASSETS</b>	<b><u>3,303,858.33</u></b>	<b><u>3,274,171.79</u></b>

**Gun Barrel City Economic Development Corporation**  
**Statement of Assets, Liabilities & Equity**  
 As of January 31, 2020 and December 31 2019

	Jan 31, 20	Dec 31, 19
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
02050 · Accounts Payable	78,395.81	78,395.81
<b>Total Accounts Payable</b>	78,395.81	78,395.81
<b>Other Current Liabilities</b>		
<b>02700 · Payroll Liabilities</b>		
02750 · Medicare	295.38	310.78
02760 · FICA	1,263.04	1,328.86
02785 · State Unemployment	647.82	0.00
02790 · Federal W/H	1,373.00	1,564.00
<b>Total 02700 · Payroll Liabilities</b>	3,579.24	3,203.64
<b>Total Other Current Liabilities</b>	3,579.24	3,203.64
<b>Total Current Liabilities</b>	81,975.05	81,599.45
<b>Long Term Liabilities</b>		
02900 · S Bank-Big Chief Landing	375,780.10	375,780.10
<b>Total Long Term Liabilities</b>	375,780.10	375,780.10
<b>Total Liabilities</b>	457,755.15	457,379.55
<b>Equity</b>		
03120 · Office Machines & Equipment	659.52	659.52
03130 · Land and Land Improvements	325,711.32	325,711.32
03210 · Net Assets Reserved-Notes Rec.	85,904.90	85,904.90
03220 · Land Held for Resale	456,130.42	456,130.42
03300 · Unres., Undes. Net Assets	1,913,913.63	1,913,913.63
Net Income	63,783.39	34,472.45
<b>Total Equity</b>	2,846,103.18	2,816,792.24
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,303,858.33</b>	<b>3,274,171.79</b>

## Gun Barrel City Economic Development Corporation

## Statement of Income &amp; Expenses

January 2020 &amp; Fiscal Year to Date 2018

02/11/20

Cash Basis

	Jan 20	Oct '19 - Jan 20
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
100 · Sales Tax Revenue	42,631.07	176,882.28
101 · RLF Interest	1,042.50	2,938.92
102 · Other Interest Income Int. on Cking & Sav. Accts.	1,060.75	4,728.90
<b>Total 102 · Other Interest Income</b>	<b>1,060.75</b>	<b>4,728.90</b>
<b>Total Income</b>	<b>44,734.32</b>	<b>184,550.10</b>
<b>Gross Profit</b>	<b>44,734.32</b>	<b>184,550.10</b>
<b>Expense</b>		
12500 · Project Costs		
12500.2 · Public Notices	0.00	121.80
12505 · Big Chief Landing		
12505.3 · BCL Other Expenses	0.00	265.00
<b>Total 12505 · Big Chief Landing</b>	<b>0.00</b>	<b>265.00</b>
12523 · Facade Improvement	0.00	24,550.17
12532 · Current Projects	0.00	5,200.00
<b>Total 12500 · Project Costs</b>	<b>0.00</b>	<b>30,136.97</b>
12600 · Organization/Marketing		
12606 · ICSC Trade Show	119.13	1,900.95
12607 · Websites	100.00	4,600.00
12608 · Advertising	0.00	678.04
12622 · Promotional Marketing	0.00	6,541.08
<b>Total 12600 · Organization/Marketing</b>	<b>219.13</b>	<b>13,720.07</b>
30000 · Personnel Costs		
31100 · Staff and Board Insurance	0.00	1,512.60
33100 · Salary and Wages	10,185.90	46,644.21
33600 · Professional Consultants	0.00	1,500.00
46000 · Professional Service		
46200 · CPA Fee	320.00	1,030.00
46400 · General Legal Fee	2,603.89	6,626.64
<b>Total 46000 · Professional Service</b>	<b>2,923.89</b>	<b>7,656.64</b>
49100 · Office Temp Staff	0.00	58.12
6560 · Payroll Taxes	1,427.03	5,507.88
<b>Total 30000 · Personnel Costs</b>	<b>14,536.82</b>	<b>62,879.45</b>
40000 · Office Expenses		
41102 · Software Purch. & Upgrade	0.00	1,650.00
41107 · Background & Credit Check	0.00	126.00
41201 · Telephone and Internet	116.00	435.00
41204 · Internet Expense	0.00	173.09
43000 · Office Supplies	0.00	1,135.44
43400 · Dues & Sbscriptions	0.00	205.00
46300 · Bank Fee	0.00	-10.00
<b>Total 40000 · Office Expenses</b>	<b>116.00</b>	<b>3,714.53</b>
48000 · Professional Development		
48100 · CPE, Conferences, Meetings	0.00	1,698.51
48102 · Sales Tax Workshop	0.00	175.00
48106 · Meals & Entertainment	0.00	560.16
48300 · Travel	0.00	471.71
48500 · Board/Council Ed and Training	0.00	680.00
<b>Total 48000 · Professional Development</b>	<b>0.00</b>	<b>3,585.38</b>
50000 · Facilities		
51000 · Rent	0.00	2,250.00
53000 · Maintenance	100.00	920.00

11:50 AM  
02/11/20  
Cash Basis

**Gun Barrel City Economic Development Corporation**  
**Statement of Income & Expenses**  
**January 2020 & Fiscal Year to Date 2018**

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	Jan 20	Oct '19 - Jan 20
<b>54000 · Utilities</b>		
<b>54200 · Electricity</b>	151.43	448.36
<b>54300 · Security</b>	300.00	2,643.50
<b>54000 · Utilities - Other</b>	0.00	468.45
<b>Total 54000 · Utilities</b>	<b>451.43</b>	<b>3,560.31</b>
<b>Total 50000 · Facilities</b>	<b>551.43</b>	<b>6,730.31</b>
<b>Total Expense</b>	<b>15,423.38</b>	<b>120,766.71</b>
<b>Net Ordinary Income</b>	<b>29,310.94</b>	<b>63,783.39</b>
<b>Net Income</b>	<b><u>29,310.94</u></b>	<b><u>63,783.39</u></b>

# We're Here To Help!

## Business Assistance Programs:

Facade Grant

Boots to Business Grant  
For Veterans

Building Re-Development Grant

Loan Program

**GUN BARREL CITY**  
ECONOMIC DEVELOPMENT CORP.

**GBCEDC.COM | 903-887-1899**

*Why Gun Barrel City?*

- ✓ No City Property Tax
- ✓ Low Interest Loans
- ✓ Boots to Business Grant For Veterans
- ✓ Land Sites Available

**[OPEN]**  
FOR BUSINESS

**GUN BARREL CITY**  
ECONOMIC DEVELOPMENT CORP.

**GBCEDC.COM | 903-887-1899**



## EXECUTIVE SUMMARY

Re: Whiskers & Wags

### Background

The Whiskers and Wags Gala is coming up in April. As with last year, they would like \$2,000 for which they will advertise the EDC at the tables. The positive to this expense is that there are many local businesspeople who attend this gala and will be reminded of Gun Barrel City and the EDC should they wish to expand or relocate in the future. On the other hand, \$2,000 for advertising at a single event is steeper than publishing an ad via other methods, and it is questionable how much reminding individuals on the lake need that Gun Barrel City exists.



# ED Sales Tax Workshop - Tyler

APR

**17**

**LOCATION**

7424 S Broadway Ave , Tyler, TX

**VENUE**

Courtyard Hotel

**TIME**

8:00 AM – 4:00 PM

**REGISTRATION FEE**

Registration: \$175.00

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[Register](#)

[List of Registrants](#)



[View Map](#)

[Add To Calendar](#)

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## VIEW EVENT DETAILS

All Categories

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### OVERVIEW

[SHARE THIS SECTION](#)

**Registration Opens:** Wednesday, January 1<sup>st</sup>, 2020

**Registration Close:** Tuesday, April 14<sup>th</sup>, 2020

**Workshop Date:** Apr 17<sup>th</sup>, 2020

**Time:** 8:00 AM – 4:00 PM

**Venue:** Courtyard Hotel

**Location:** 7424 S Broadway Ave , Tyler, TX

#### Registration Fees:

Registration:	<b>\$175.00</b>
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The Economic Development Sales Tax Workshop are designed specifically for EDC Board Members and local elected officials and include information about economic and community development in general, and changes to the Economic Development Sales Tax Law.

The workshops will include a discussion of changes to the Economic Development Sales Tax law that occurred during the 86th session of the Texas Legislature. Workshop attendees will receive Open Meetings Act and Public Information Act certification as a part of this course.

Attendees of the Economic Development Sales Tax Workshop will be provided training materials, a light breakfast, and lunch.

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### HOTEL/TRAVEL

[SHARE THIS SECTION](#)



## EXECUTIVE SUMMARY

Re: April Sales Tax Workshop

### Background

TEDC hosts several annual workshops on the laws surrounding EDC Sales Tax as well as training for the Open Meetings and Public Information Act. This session is designed with non-professionals such as board members in mind and is a cost-effective way for those new to Economic Development to learn the legal underpinnings of the practice as it exists in Texas. Two officers of the board attended a Sales Tax Workshop in Mesquite several months ago and with another coming up nearby in Tyler, it would be valuable if the President and Secretary did as well.



## EXECUTIVE SUMMARY

Re: 2019 FY Audit

### Background

The Audit appears to have found no major faults with the EDC and simply lays out our basic financial position which is slightly improved from the previous year. The document before you is the draft that came before the final release. Said final release is available for viewing at the office, but the draft has been sent out instead of the book for reasons of administrative convenience. There are no substantial changes between documents.

**GUN BARREL CITY**  
**ECONOMIC DEVELOPMENT CORPORATION**

**ANNUAL FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2019**

DRAFT

GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
 FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Gun Barrel City Economic Development Corporation

I have audited the accompanying financial statements of the governmental activities and general fund of the Gun Barrel City Economic Development Corporation (Corporation), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund information of the Gun Barrel City Economic Development Corporation, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages pages 4 through 7 and 22 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Misty Culpepper, CPA, PLLC  
*Certified Public Accountant*

February 6, 2020

# GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Gun Barrel City Economic Development Corporation, we offer readers of the Corporation's financial statement this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended September 30, 2019.

### FINANCIAL HIGHLIGHTS

- The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$2,884,421 (Net Position).
- The Corporation's total net position increased by \$33,786.
- As of the close of the current fiscal year, the Corporation's general fund reported ending fund balance of \$1,850,049.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Activities presents information showing how the Corporation's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and economic development.



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

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

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

The Corporation maintains one governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General fund which is considered to be a major fund.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Corporation's budgetary comparison information and net pension liability information.

## GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Corporation of Gun Barrel Corporation, assets exceeded liabilities by \$2,884,421 as of September 30, 2019.

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

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 2,402,320	\$ 2,430,610
Capital assets	873,336	864,888
Total assets	<u>3,275,656</u>	<u>3,295,498</u>
Long term liabilities	375,780	423,393
Other liabilities	15,455	21,470
Total liabilities	<u>391,235</u>	<u>444,863</u>
Net position:		
Net investment in capital assets	497,556	441,494
Unrestricted	2,386,865	2,409,141
Total net position	<u>\$ 2,884,421</u>	<u>\$ 2,850,635</u>

**Analysis of the Corporation's Operations** – The following table provides a summary of the Corporation's operations for the year ended September 30, 2019.

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Revenues:		
General revenues:		
Sales tax	\$ 508,889	\$ 484,200
Investment earnings	21,388	15,187
Miscellaneous	-	103,926
Total revenues	<u>530,277</u>	<u>603,313</u>
Expenses:		
Economic development	484,742	365,126
Interest on long-term debt	11,749	13,164
Total expenses	<u>496,491</u>	<u>378,290</u>
Increase (decrease) in net position	33,786	225,023
Net position - beginning	2,850,635	2,625,612
Net position - ending	<u>\$ 2,884,421</u>	<u>\$ 2,850,635</u>

### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

The general fund is the chief operating fund of the Corporation. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,393,918 while total fund balance was \$1,857,989.

The fund balance of the Corporation's general fund decreased \$33,802 during the current fiscal year. Other factors concerning the finances of this fund have already been addressed in the analysis of the Corporation's operations.

**General Fund Budgetary Highlights** – General fund actual revenues of \$524,266 exceeded budgeted revenues of \$477,355 by \$46,911. General Fund budgeted expenditures of \$773,899 exceeded actual expenditures of \$553,404 by \$220,394.

**CAPITAL ASSETS**

The Corporation's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$873,336 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure.

**Capital Assets at Year-End  
Net of Accumulated Depreciation**

	Governmental Activities	
	2019	2018
Land	\$ 847,453	\$ 847,453
Construction in Progress	10,000	-
Machinery and Equipment	2,079	2,541
Improvements	13,804	14,894
<b>Total</b>	<b>\$ 873,336</b>	<b>\$ 864,888</b>

Additional information on the Corporation of Gun Barrel Corporation's capital assets can be found in Note B of this report.

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the Corporation had a total debt of \$375,780.

	Governmental Activities	
	2019	2018
Note payable	\$ 375,780	\$ 423,393
<b>Total</b>	<b>\$ 375,780</b>	<b>\$ 423,393</b>

Additional information on the Corporation of Gun Barrel Corporation's long term-debt can be found in Note B of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In the fiscal year 2019-2020 Budget, General fund revenues are budgeted to increase by 12% from the 2018-2019 budget year with sales taxes making up about 86% of general fund budgeted revenues.

**REQUEST FOR INFORMATION**

The financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 1720 W. Main Street, Gun Barrel City, Texas 76651.

**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	Governmental Activities	Total
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 703,488	\$ 703,488
Investments	609,426	609,426
Notes Receivable		
Due in More Than One Year	544,331	544,331
Due from Primary Government	88,944	88,944
Land Held for Resale	456,131	456,131
Capital Assets:		
Non-depreciable	857,453	857,453
Depreciable (Net of Accumulated Depreciation)	15,883	15,883
Total Assets	<u>3,275,656</u>	<u>3,275,656</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable and Other Current Liabilities	7,940	7,940
Accrued Interest	7,515	7,515
Noncurrent Liabilities:		
Due Within One Year	49,042	49,042
Due in More Than One Year	326,738	326,738
Total Liabilities	<u>391,235</u>	<u>391,235</u>
<b>NET POSITION</b>		
Invested in Capital Assets Net of Related Debt	497,556	497,556
Unrestricted	2,386,865	2,386,865
Total Net Position	<u>\$ 2,884,421</u>	<u>\$ 2,884,421</u>

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

GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

Function / Programs	Expenses	Net (Expense) Revenue and Changes in Net Position	
		Governmental Activities	Total
<b>Primary Government</b>			
Governmental Activities:			
Economic Development	\$ 484,742	\$ (484,742)	\$ (484,742)
Interest on Long-Term Debt	11,749	(11,749)	(11,749)
Total Governmental Activities	<u>496,491</u>	<u>(496,491)</u>	<u>(496,491)</u>
<b>General Revenues:</b>			
Sales Taxes		508,889	508,889
Investment Earnings		21,388	21,388
Total General Revenues		<u>530,277</u>	<u>530,277</u>
Change in Net Position		33,786	33,786
Net Position - Beginning		2,850,635	2,850,635
Net Position - Ending		<u>\$ 2,884,421</u>	<u>\$ 2,884,421</u>

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

**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	General	Total Governmental Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 703,488	\$ 703,488
Investments	609,426	609,426
Due from Primary Government	88,944	88,944
Land Held for Resale	456,131	456,131
Total Assets	<u>\$ 1,857,989</u>	<u>\$ 1,857,989</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts Payable and Other Current Liabilities	\$ 7,940	\$ 7,940
Total Liabilities	7,940	7,940
<b>FUND BALANCES</b>		
Nonspendable:		
Land Held for Resale	456,131	456,131
Unassigned	1,393,918	1,393,918
Total Fund Balances	<u>1,850,049</u>	<u>1,850,049</u>
Total Liabilities and Fund Balances	<u>\$ 1,857,989</u>	

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	873,336
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(7,515)
Long-term notes receivable are not due and receivable in the current period and therefore, are not reported in the governmental funds balance sheet.	544,331
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(375,780)
Net position of governmental activities	<u>\$ 2,884,421</u>

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

**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	General	Total Governmental Funds
<b>REVENUES</b>		
Sales Tax	\$ 508,889	\$ 508,889
Revenues from Use of Money and Property	15,377	15,377
Total Revenues	<u>524,266</u>	<u>524,266</u>
<b>EXPENDITURES</b>		
Current		
Administration	138,294	138,294
Project Costs	238,120	238,120
Organization/Marketing	25,287	25,287
Facilities	20,939	20,939
Contract Labor	19,805	19,805
Repairs and Maintenance	30,316	30,316
Professional Services	20,429	20,429
Debt Service		
Principal Retirement	47,613	47,613
Interest and Fiscal Charges	12,702	12,702
Total Expenditures	<u>553,505</u>	<u>553,505</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(29,239)</u>	<u>(29,239)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from Loan Repayments	120,437	120,437
Issuance of New Notes Receivables	(125,000)	(125,000)
Total Other Financing Sources and Uses	<u>(4,563)</u>	<u>(4,563)</u>
Net Change in Fund Balance	(33,802)	(33,802)
Fund Balances - Beginning	1,883,851	1,883,851
Fund Balances - Ending	<u>\$ 1,850,049</u>	<u>\$ 1,850,049</u>

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

**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT  
 OF ACTIVITIES  
 YEAR ENDED SEPTEMBER 30, 2019**

Amounts reported for governmental activities in the statement of activities (page 9) are different because:

Net change in fund balance-total governmental funds (page 11)	\$ (33,802)
 Governmental funds report capital outlays as expenditures, however, in the government-wide statement of activities and changes in net assets the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current year.	 10,000
 Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets but does not require the use of current financial resources. Therefore depreciation expense is not reported as expenditure in governmental funds.	 (1,552)
 The issuance of long-term debt (e.g. bonds, leases) 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 assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Notes payable retired <u>47,614</u>	47,614
 Proceeds from payments made on notes receivable provide current financial resources to governmental funds, while issuance of long-term notes receivable consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. This amount is the net effect of these differences in the treatment of long-term receivables.	 10,573
 Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets but does not required the use of current financial resources therefore accrued interest expense is not reported as expenditures in governmental funds. Change in accrued interest.	 <u>953</u>
Change in net position of governmental activities (page 9)	<u>\$ 33,786</u>

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



**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

The Gun Barrel City Economic Development Corporation (Corporation) was incorporated July 10, 1997 for the purpose of promotion and development of industrial and manufacturing enterprises, and to promote and encourage employment and the public welfare of the City of Gun Barrel City, Texas (City).

The Corporation applies the criteria set forth in GASB Statement No. 61, The Financial Reporting Entity, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The Corporation presently has no component units included within its reporting entity. For financial reporting purposes, the Corporation is a component unit of the City of Gun Barrel City, Texas.

The Gun Barrel City Economic Development Corporation is exempt from federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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, inventories of materials and supplies are considered expenditures when used and debt service expenditures, as well as expenditures related to accumulated unpaid sick pay, are recorded only when payment is due.

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

Sales tax revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

In the general fund, incentives are recorded at inception of contract as expenditures and a corresponding liability, when authorized by the Board of Directors. The incentives are paid to the respective businesses when specified contractual obligations tied to job creation and business retention and expansion have been met. In the event the company does not meet its contractual obligations, the unpaid funds are available for use by the Corporation for other economic development incentives.

**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

4. Budgetary Information

The annual budget for the general fund is prepared on the budgetary basis of accounting. Appropriations lapse at fiscal year-end. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

5. Assets, liabilities, and net position or equity

Deposits and investments -

The Corporation's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with GASB Statement No. 72 Fair Value Measurement and Application, investments are recorded at fair value. In accordance with GASB Statement 72, the Corporation categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. A detail of the fair value hierarchy of investments held by the Corporation are disclosed in Note B to the financial statements.

Capital assets -

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, and lighting systems), are reported in the government-wide financial statements. Capital assets are defined by the Corporation as assets with an initial, individual cost of more than \$1,000 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 estimated fair market value at the date of donation.

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

**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

5. Assets, liabilities, and net position or equity (continued)

Capital assets (continued) -

Land and construction in progress are not depreciated. Buildings, improvements, machinery, equipment and infrastructure assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	30
Improvements	10-20
Machinery and equipment	5-15
Infrastructure	10-40

Deferred inflows/outflows 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.

Long-term obligations -

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

GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, liabilities, and net position or equity (continued)

Net Position –

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

**Net investment in capital assets** - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

**Restricted net position** - This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

**Unrestricted net position** - This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

The governmental fund financials present fund balance categorized based on the nature and extent of the constraints placed on the specific purposes for which a government's funds may be spent. The following classifications describe the relative strength of the spending constraints:

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

**Restricted fund balance** - represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislations.

**Committed fund balance** - represents amounts that can only be used for specific purposes imposed by formal action of the Corporation's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specified use by the same type of action previously used to commit those amounts, either by resolution or by ordinance.

**Assigned fund balance** - represents amounts the Corporation intends to use for specific purposes as expressed by the Board or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund. As of September 30, 2018, the Corporation has not delegated authority to an official to assign amounts.

**Unassigned fund balance** - represents the residual classification for the general fund or deficit balances in other funds.

**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

5. Assets, liabilities, and net position or equity (continued)

Use of Estimates –

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE B – DETAILED NOTES ON ALL FUNDS**

1. Deposits and investments

At year end, the bank balance of the Corporation's deposits was \$713,753. The bank balances were entirely covered by federal depository insurance or by collateral held by the pledging bank's agent in the Corporation's name.

A summary of the Corporation's investments under the requirements of the fair value hierarchy follows:

<u>Investment Type</u>	<u>Assets at Fair Value as of September 30, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Texas Government Invesmtnet Pool	\$ -	\$ 609,426	\$ -	\$609,426
	\$ -	\$ 609,426	\$ -	\$609,426

2. Receivables

The Corporation loans funds at a reduced interest rate to qualifying businesses as an economic incentive. Repayment of the loans is on a monthly installment basis with maturities from 60 to 120 months and an interest rate of 2%. During the year ended September 30, 2019, the Corporation made loans totaling \$125,000 to local businesses.

Principal maturities of long-term notes receivable are as follows for the years ended September 30, 2019:

2020	\$ 55,910
2021	63,448
2022	65,029
2022	65,735
2023	67,296
Thereafter	<u>226,913</u>
	<u>\$ 544,331</u>

**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2019**

**NOTE B – DETAILED NOTES ON ALL FUNDS (continued)**

3. Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 847,453	\$ -	\$ -	\$ 847,453
Construction in progress	-	10,000	-	10,000
Total capital assets not being depreciated	<u>847,453</u>	<u>10,000</u>	<u>-</u>	<u>857,453</u>
Capital assets being depreciated:				
Machinery and equipment	6,258	-	-	6,258
Improvements	16,346	-	-	16,346
Totals capital assets being depreciated	<u>22,604</u>	<u>-</u>	<u>-</u>	<u>22,604</u>
Less accumulated depreciation for:				
Machinery and equipment	(3,717)	(462)	-	(4,179)
Improvements	(1,452)	(1,090)	-	(2,542)
Total accumulated depreciation	<u>(5,169)</u>	<u>(1,552)</u>	<u>-</u>	<u>(6,721)</u>
Total capital assets, being depreciated, net	<u>17,435</u>	<u>(1,552)</u>	<u>-</u>	<u>15,883</u>
Governmental activities capital assets, net	<u>\$ 864,888</u>	<u>\$ 8,448</u>	<u>\$ -</u>	<u>\$ 873,336</u>

Depreciation expense for the year ended September 30, 2019 was \$1,552.

4. Long-term debt

The Corporation has a note payable with a financial institution in the amount of \$375,780 which an original note amount of \$514,500. The note bears interest at 3% annually and matures in 2022. The note was issued for the purchase of land.

Annual debt service requirements to maturity are as follows –

Year Ending September 30	Note Payable	
	Principal	Interest
2020	\$ 49,042	\$ 11,273
2021	50,513	9,802
2022	52,028	8,287
2023	53,589	6,726
2024	55,197	5,118
2025-2028	115,411	5,219
	<u>\$ 375,780</u>	<u>\$ 46,425</u>

**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE B – DETAILED NOTES ON ALL FUNDS (continued)**

5. Land Held for Resale

The Corporation acquired a tract of land to develop industry in the City. The properties held for resale are recorded at cost. Land held for resale is offset by a reservation of fund balance in the governmental funds financial statements.

6. Economic Dependence

A material part of the Corporation's revenues are dependent on two taxpayers, the loss of which could have a material effect on the Corporation. For the year ended September 30, 2019, approximately 43% of sales tax representing approximately 42% of total general fund revenues were attributable to these taxpayers.

7. Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Corporation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

8. Commitments

On February 25, 2014, the Corporation entered into a 380 agreement with the Hometown Cinemas, LLC ("Developer") and the City of Gun Barrel City. Under the agreement, the Corporation agrees to pay the Developer one hundred percent (100%) of the Sales and Use Tax, and Sales Tax for Property Tax Relief, at a combined rate of one and one-half percent (1.50%) generated by and attributed solely to the sales at the Property in the event that the aggregate of the Sales and Use Tax, Sales Tax for Property Tax Relief, Street Maintenance Sales and Use Tax, and Type B Sales and Use Tax, at the combined rate of two percent (2%) generated by and attributed solely to sales from the Property in the applicable one (1) year period, and received from the State Comptroller by the City, equal or exceed twenty-one thousand dollars (the equivalent of \$1,050,000 in taxable sales at the Property). If less than this amount, the Corporation is not obligated to make any payments to the Developer for sales attributable to the Property).

9. Related Party Transactions

The Corporation leases storage space to the City in Brawner Hall. The City leases office space to the Corporation at City Hall. The Corporation and City have agreed to make no monetary transaction in regards to these leases.

**NOTE E – SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through February 6, 2020, the date the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

DRAFT

**GUN BARREL CITY ECONOMIC DEVELOPMENT CORPORATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Over (Under) Budget
<b>REVENUES</b>			
Sales Tax	\$ 465,355	\$ 508,889	\$ 43,534
Revenues from Use of Money and Property	12,000	15,377	3,377
Total Revenues	<u>477,355</u>	<u>524,266</u>	<u>46,911</u>
<b>EXPENDITURES</b>			
Current			
Administration	185,500	138,294	(47,206)
Project Costs	253,500	238,120	(15,380)
Organization/Marketing	146,500	25,287	(121,213)
Facilities	14,000	20,939	6,939
Contract Labor	15,299	19,805	4,506
Repairs and Maintenance	110,600	30,316	(80,284)
Professional Services	34,500	20,429	(14,071)
Debt Service			
Principal Retirement	-	47,613	47,613
Interest and Fiscal Charges	14,000	12,702	(1,298)
Total Expenditures	<u>773,899</u>	<u>553,505</u>	<u>(220,394)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(296,544)</u>	<u>(29,239)</u>	<u>267,305</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Loan Repayments	42,601	120,437	77,836
Issuance of New Notes Receivabls	(485,000)	(125,000)	360,000
Total Other Financing Sources and Uses	<u>(442,399)</u>	<u>(4,563)</u>	<u>437,836</u>
Net Change in Fund Balance	<u>\$ (738,943)</u>	<u>\$ (33,802)</u>	<u>\$ 705,141</u>

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

## TEDC Conference Highlights

- Workforce
  - Downside of low unemployment
  - Funding and timing difficulties
  - Start early
- Brownfield grants
  - Contaminated sites
  - Clean-up by agencies
  - Requirements
- Broadband
  - Measurement/speed
  - Henderson County performance
  - Contact
- Misc
  - Challenge of responding to increasing diversity
  - Website advice
  - Retail Coach
  - Little things in QoP