

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
*(A Component Unit of the City of Wills Point, Texas)*

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2019

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended September 30, 2019

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# INTRODUCTORY SECTION



November 20, 2020

City of Wills Point Economic Development Corporation Board  
Wills Point, Texas

Dear Members of the Board:

The Annual Financial Report of the Wills Point Economic Development Corporation ("Corporation"), a component unit of the City of Wills Point, Texas for the year ended September 30, 2019, is submitted herewith. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Corporation on a Government-wide and Fund basis.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

YWRD, P.C. has issued an unmodified ("clean") opinion on the Wills Point Economic Development Corporation's financial statements for the year ending September 30, 2019. The independent auditor's report is located in the beginning of the financial section.

This letter of transmittal is designed to compliment Management's Discussion and Analysis ("MD&A") and should be read in conjunction with it. The Corporation's MD&A can be found immediately following the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements.

#### GENERAL INFORMATION – WILLS POINT EDC

The Wills Point Economic Development Corporation was incorporated April 12, 1991. The Corporation is a non-profit industrial development corporation formed under the Texas Revised Civil Statutes Development Corporation Act of 1979 for the purpose of promoting Wills Point economically and attracting new businesses to the area.

The affairs of the Corporation are managed by a Board of Directors composed entirely of persons appointed by the governing body of the City of Wills Point. The Corporation is organized for the purpose of accomplishing public purposes and may issue bonds on behalf of the City for the financing of projects.

The mission statement of the Wills Point Economic Development Corporation is to promote and enhance economic opportunities through the attraction of new ventures. The Corporation will assist the City of Wills Point in attracting new ventures by helping to provide an economic environment that is business friendly and conducive to productivity and prosperity, including the utilization of the airport as an economic asset essential to the acquisition of business within both the industrial park and airport grounds and foster an economic development environment through promotion, cooperation and communication between the public and private sector, enabling an increased standard of living for our residents and enriching their quality of life.

### ECONOMIC CONDITIONS AND OUTLOOK

The proximity to the Metroplex area makes Wills Point, with a slower paced way of life, appealing for residential relocations. As “Gateway to Lake Tawakoni”, the lake and Tawakoni State Park offer an opportunity for tourism. During the last five-year period, the Corporation has had the opportunity to assist several of our existing companies expand their base operations, along with assistance for five new business ventures in the Business Park of Wills Point and one outside the city limits. This has resulted in the addition of over 500 jobs to the employment base of our town. A Best Western Plus Hotel has been voted in by the community to assist with a Type B Project. The hotel opened on October 19, 2020.

### MAJOR INITIATIVES

The Corporation continues to actively search out and negotiate with potential businesses interested in relocating or expanding in Wills Point. The 10,000 square foot spec building, constructed in 2012, was purchased by an existing company who has expanded in the business park. After receiving approval from the City of Wills Point to begin efforts to develop and expand the Municipal Airport, the Corporation appointed an Airport Advisory Board and chartered them to conduct an assessment of the airport, focusing on future growth and demand of the community. Van Zandt County Judge and Commissioners approved the name change to Van Zandt County Regional Airport, recognizing future utilization of this asset could reduce traffic congestion, improve air quality in the county, and expand economic opportunity to the entire region. Through a partnership with TxDOT, Fog Seal was applied to the runway, striping was added, and the dilapidated runway lighting system was removed and replaced with a new low intensity lighting system. Underground electrical service was installed to a new meter base, control panel, timer and electronic eye, as well as installation of a new beacon and LED lighting on the windsock. These upgrades helped to ensure pilots of safe landings and take-offs. To make the airport more appealing and provide safe access, an electronic entrance gate and keypad was installed with 24 hour access to all emergency personnel through transmitters in all emergency vehicles, mounted keypad, or locked box when no electricity is available. A pipe and rail fence was installed, deterring vehicles from driving around the gate to gain access to the runway. Entrance lighting and lighted masonry signs were installed as well as a 24' culvert and paved entrance. A 100 LL Avgas self serve fuel system with 24 hour card reader and 6,000 gallon tank was installed in August 2013. A TxDOT grant aided in the construction of a 4,200 square foot terminal building which was completed in November 2014. This facility currently houses the Corporation offices and an aviation training company rents office space. A runway overlay project with complete apron reconstruction and addition of south tie down area was completed in February 2016. TxDOT has approved a grant for hangars to begin in the spring of 2021, and is studying the impact of Jet A Fuel, to also be partially funded through a grant. The Corporation remains committed to airport improvements, not only providing a safe and efficient mode of transportation, but also for future stimulus of economic growth and development. A future work plan includes runway lighting and replacement of airport boundary fencing. The Corporation was also actively involved in recruiting a medical air flight team in 2015 which is housed adjacent to airport property serving our community's emergency medical needs.

## FINANCIAL INFORMATION

### Accounting Procedures and Budgetary Controls

The Corporation's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City of Wills Point's financial management staff. The Administrator makes adjustments and submits a recommended budget to the Board. When budget is finalized by the Board, it is presented to the City Council for final approval.

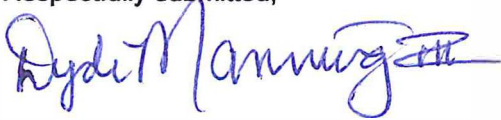
## OTHER INFORMATION

*Independent Audit* . The Corporation has engaged the firm of YWRD, P.C. to perform the annual audit and their opinion has been included in this report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the respective financial position of the Corporation at September 30, 2019, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Acknowledgements

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the personnel throughout the organization who were instrumental in the successful completion of this report.

Respectfully submitted,



Dyde Manning, III  
President

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**

**2019 PRINCIPAL OFFICIALS**

*Board of Directors*

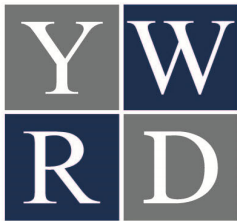
Dyde Manning III	President
Jeff Aston	Vice President
Kenneth W. Byrd	Treasurer/Secretary
Mark Turner	Mayor, City of Wills Point
Dr. Dan Turner, D.V.M.	Member

*Administrator*

Pam Pearson

# FINANCIAL SECTION





# YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Brandon Diviney, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Wills Point Economic Development Corporation

We have audited the accompanying financial statements of the governmental activities and general fund of the Wills Point Economic Development Corporation, a component unit of the City of Wills Point, Texas, 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**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Wills Point Economic Development Corporation, as of September 30, 2019, and the respective changes in financial position 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 9-13 and 27 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.



YWRD, P.C  
*Certified Public Accountants*

Ennis, Texas  
November 20, 2020

# **WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

As management of the Wills Point Economic Development Corporation ("Corporation"), we offer readers of the Corporation's financial statements 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 \$1,380,363 (net position). Of this amount, \$979,485 (unrestricted net position) may be used to meet the Corporation's ongoing obligations.
- The Corporation's total net position decreased by \$55,432.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$979,485 or 243% of the total general fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis provided here 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 includes other supplementary information intended to furnish additional detail to support 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 financial 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 Corporation 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 as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Corporation that are principally supported by taxes and investment earnings (*governmental activities*). The sole governmental activity of the Corporation is economic development.

The government-wide financial statements can be found on pages 14-15 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 *near-term inflows and outflows 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 fund 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 individual 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 balances* for the General fund which is considered to be major fund.

The basic governmental fund financial statements can be found on pages 16-18 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-25 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Corporation's General fund Budget Comparison Schedule. Required supplementary information can be found on page 27 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Corporation, assets exceeded liabilities by \$1,380,363, at the close of the most recent fiscal year.

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION'S NET POSITION**

	<b>Governmental Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 981,190	\$ 1,017,653	\$ 981,190	\$ 1,017,653
Capital assets	400,878	420,208	400,878	420,208
Total assets	<u>1,382,068</u>	<u>1,437,861</u>	<u>1,382,068</u>	<u>1,437,861</u>
Other liabilities	1,705	2,066	1,705	2,066
Total liabilities	<u>1,705</u>	<u>2,066</u>	<u>1,705</u>	<u>2,066</u>
Net position:				
Net investment in capital assets	400,878	420,208	400,878	420,208
Unrestricted	979,485	1,015,587	979,485	1,015,587
Total net position	<u>\$ 1,380,363</u>	<u>\$ 1,435,795</u>	<u>\$ 1,380,363</u>	<u>\$ 1,435,795</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. Governmental activities decreased the Corporation's net position by \$55,432.

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION'S CHANGES IN NET POSITION**

	<b>Governmental Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Revenues:				
Program revenues:				
Charges for services	\$ 61,200	\$ 50,200	\$ 61,200	\$ 50,200
General revenues:				
Sales taxes	300,136	273,150	300,136	273,150
Investment earnings	6,348	3,876	6,348	3,876
Miscellaneous	95	500	95	500
Total revenues	<u>367,779</u>	<u>327,726</u>	<u>367,779</u>	<u>327,726</u>
Expenses:				
Economic development	423,211	144,876	423,211	144,876
Total expenses	<u>423,211</u>	<u>144,876</u>	<u>423,211</u>	<u>144,876</u>
Change in net position	(55,432)	182,850	(55,432)	182,850
Net position - beginning	1,435,795	1,252,945	1,435,795	1,252,945
Net position - ending	<u>\$ 1,380,363</u>	<u>\$ 1,435,795</u>	<u>\$ 1,380,363</u>	<u>\$ 1,435,795</u>

## Financial Analysis of Governmental Funds

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

**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 discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Corporation itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Board of Directors.

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 \$979,485. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 243% of total general fund expenditures.

The fund balance of the Corporation's general fund decreased \$36,102 during the current fiscal year.

### General Fund Budgetary Highlights

**Final budget compared to actual results.** General fund actual revenues of \$354,140 exceeded budgeted revenues of \$339,200 by \$14,940. Budgeted general fund expenditures of \$557,613 exceeded actual expenditures of \$394,909 by \$162,704.

### Capital Assets

The Corporation's investment in capital assets for its governmental activities as of September 30, 2019 amounts to \$400,878 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

	Governmental Activities		Total	
	2019	2018	2019	2018
Land	\$ 211,627	\$ 217,015	\$ 211,627	\$ 217,015
Buildings and improvements	185,951	198,924	185,951	198,924
Machinery and equipment	3,300	4,269	3,300	4,269
Total	<u>\$ 400,878</u>	<u>\$ 420,208</u>	<u>\$ 400,878</u>	<u>\$ 420,208</u>

Additional information on the Corporation's capital assets can be found in note 2.A on page 23 of this report.

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

The 2019-2020 Budget is organized for increased growth and activity. General fund revenues are budgeted to increase by \$7,500 from the 2018-2019 budget year due to an increase in interest income. The local economy is in steady expansion and business recruitment for industrial development is very active.

## **Request for Information**

This 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 Wills Point Economic Development Corporation, P.O. Box 217, Will Point, Texas 75169.

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF NET POSITION**  
September 30, 2019

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Due from primary government	\$ 981,190	\$ 981,190
Capital assets:		
Non-depreciable	211,627	211,627
Depreciable (net)	189,251	189,251
Total Assets	1,382,068	1,382,068
<b>LIABILITIES</b>		
Accounts payable	251	251
Due to primary government	1,454	1,454
Total Liabilities	1,705	1,705
<b>NET POSITION</b>		
Net investment in capital assets	400,878	400,878
Unrestricted	979,485	979,485
Total Net Position	\$ 1,380,363	\$ 1,380,363

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



**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2019

<u>Function/Program:</u>	<u>Expenses</u>	<u>Program</u>	<u>Net (Expense) Revenue and</u>	
		<u>Revenues</u>	<u>Changes in Net Position</u>	
		<u>Charges for</u>	<u>Governmental</u>	
		<u>Services</u>	<u>Activities</u>	<u>Total</u>
<b>Primary government</b>				
Governmental Activities:				
Economic development	\$ 423,211	\$ 61,200	\$ (362,011)	\$ (362,011)
Total governmental activities	<u>423,211</u>	<u>61,200</u>	<u>(362,011)</u>	<u>(362,011)</u>
Total primary government	<u>\$ 423,211</u>	<u>\$ 61,200</u>	<u>(362,011)</u>	<u>(362,011)</u>
General revenues:				
Sales taxes			300,136	300,136
Investment earnings			6,348	6,348
Miscellaneous			95	95
Total general revenues			<u>306,579</u>	<u>306,579</u>
Change in net position			(55,432)	(55,432)
Net position - beginning			<u>1,435,795</u>	<u>1,435,795</u>
Net position - ending			<u>\$ 1,380,363</u>	<u>\$ 1,380,363</u>

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

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
September 30, 2019

	<u>General</u>	<u>Totals Governmental Funds</u>
<b>ASSETS</b>		
Due from primary government	\$ 981,190	\$ 981,190
Total assets	<u>981,190</u>	<u>981,190</u>
<b>LIABILITIES</b>		
Accounts payable	251	251
Due to primary government	1,454	1,454
Total liabilities	<u>1,705</u>	<u>1,705</u>
<b>FUND BALANCE</b>		
<b>Unassigned</b>	<u>979,485</u>	<u>979,485</u>
Total fund balance	<u>979,485</u>	<u>979,485</u>
Total liabilities and fund balance	<u>\$ 981,190</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.

	<u>400,878</u>
Net position of governmental activities	<u>\$ 1,380,363</u>

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

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2019

	<b>General</b>	<b>Totals Governmental Funds</b>
<b>REVENUES</b>		
Sales taxes	\$ 300,136	\$ 300,136
Revenues from use of money	6,348	6,348
Rental income	61,200	61,200
Miscellaneous	95	95
Total revenues	367,779	367,779
<b>EXPENDITURES</b>		
Current:		
Economic development	403,881	403,881
Total expenditures	403,881	403,881
Net change in fund balance	(36,102)	(36,102)
Fund balance - beginning	1,015,587	1,015,587
Fund balance - ending	\$ 979,485	\$ 979,485

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

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended September 30, 2019

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net Change in Fund Balances - total governmental funds (page 17)	\$ (36,102)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(13,942)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	<u>(5,388)</u>
Change in net position of governmental activities (page 15)	<u><u>\$ (55,432)</u></u>

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

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities* are supported by taxes and other nonexchange transactions.

**B. Reporting entity**

The Wills Point Economic Development Corporation (the "Corporation") was incorporated April 12, 1991 to promote the City of Wills Point, Texas ("City"), assist developing companies, help create jobs in the City area, and administer the one-half cent sales tax for economic development. The accompanying financial statements present the Corporation.

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 Wills Point, Texas.

***Payments between the Component Unit and City.*** Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component unit are reported as external transactions—that is, as revenues and expenses/expenditures.

**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. Separate financial statements are provided for governmental funds. The statement of net position reports all financial and capital resources. 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.

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of presentation - fund financial statements**

The fund financial statements provide information about the Corporation's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column in the fund financial statements.

The Corporation reports the following major governmental funds:

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

**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 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.

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 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, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Sales taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, if available. 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 Corporation.

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Assets, liabilities, and net position/fund balance**

**1. Capital assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar items), are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the Corporation as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

Donated capital assets are recorded at their acquisition value at the date of donation.

Land is not depreciated. The other property, plant, equipment, and infrastructure are depreciated using the straight line method over the following estimated useful lives:

<b><u>Capital asset class</u></b>	<b><u>Lives</u></b>
Buildings and improvements	20
Machinery and equipment	5-10

**2. Net position flow assumption**

Net position represents the difference between assets and liabilities 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”.

Sometimes the Corporation 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Corporation’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Assets, liabilities, and net position/fund balance (continued)**

**3. Fund balance flow assumption**

The governmental fund financial statement 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*—amounts that are not in spendable form (such as inventories) are required to be maintained intact.

*Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Committed fund balance*—amounts constrained to specific purposes by the Corporation itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Corporation takes the same highest level action to remove or change the constraint.

*Assigned fund balance*—amounts the Corporation intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

*Unassigned fund balance*—amounts that represent fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted or assigned. Positive balances are reported only in the general fund.

Sometimes the Corporation will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of restricted, committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, 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 Corporation'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, restricted fund balance is depleted first, followed by committed and assigned fund balance. Unassigned fund balance is applied last.



**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE 2 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Capital assets**

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

**Governmental activities:**

	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 217,015	\$ -	\$ (5,388)	\$ 211,627
Total capital assets not being depreciated	<u>217,015</u>	<u>-</u>	<u>(5,388)</u>	<u>211,627</u>
Capital assets being depreciated:				
Buildings and improvements	259,465	-	-	259,465
Machinery and equipment	40,249	-	-	40,249
Total capital assets being depreciated	<u>299,714</u>	<u>-</u>	<u>-</u>	<u>299,714</u>
Less accumulated depreciation for:				
Buildings and improvements	(60,541)	(12,973)	-	(73,514)
Machinery and equipment	(35,980)	(969)	-	(36,949)
Total accumulated depreciation	<u>(96,521)</u>	<u>(13,942)</u>	<u>-</u>	<u>(110,463)</u>
Total capital assets being depreciated, net	<u>203,193</u>	<u>(13,942)</u>	<u>-</u>	<u>189,251</u>
Governmental activities capital assets, net	<u>\$ 420,208</u>	<u>\$ (13,942)</u>	<u>\$ (5,388)</u>	<u>\$ 400,878</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:

Economic development	<u>\$ 13,942</u>
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**B. 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.

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE 2 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**C. Lease obligations**

**1. Operating lease (as lessor)**

The Corporation entered into a lease agreement with Brazos Trailer Manufacturing, LLC (the "Company"). Under the terms of the lease agreement, the Corporation has agreed to make 2 acres and a 466.69 feet of frontage along Industrial Boulevard available to the Company for a term of 2 years with an automatic renewal on a month-to-month basis unless terminated 30 days prior to the termination date. The terms of the lease include an option to purchase the premises at any time during the lease term. The Company has agreed to pay the Corporation \$5,000 per month. The Company can terminate the lease with a 30 day written notice. Rental revenue for this tenant reported under the lease agreement for the year ended September 30, 2019 totaled \$60,000.

The assets leased under the agreement are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Land	\$ 3,593
Building	259,465
Less: accumulated depreciation	(73,514)
Total	<u>\$ 189,544</u>

**D. Development agreements**

On February 1, 2014, the Corporation entered into a development agreement with Compressed Technical Services, LLC ("the Company"). Under the agreement, the Corporation agrees to reimburse the Company an amount not to exceed \$53,985 for certain authorized building improvements if the Company complies with the terms and conditions in the agreement. As of September 30, 2019, no payments were due under this agreement.

In April 2017, the Corporation entered into a development agreement with Brazos Trailer Manufacturing, LLC ("the Company"). Under the agreement, the Corporation agrees to reimburse the Company an amount not to exceed \$30,000 for certain authorized expenditures if the Company complies with the terms and conditions in the agreement. Actual payments made by the Corporation under this agreement totaled \$6,000 for the year ended September 30, 2019.

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2019

**NOTE 2 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)**

**D. Development agreements (continued)**

In January 2019, the Corporation entered into a development agreement with B.I.T. Services, LLC ("the Company"). Under the agreement, the Corporation agrees to reimburse the Company an amount not to exceed \$20,000 for certain authorized expenditures if the Company complies with the terms and conditions in the agreement. As of September 30, 2019, no payments were due under this agreement.

In September 2019, the Corporation entered into a development agreement with Texas Tube Properties, Inc. ("the Company"). Under the agreement, the Corporation agrees to reimburse the Company an amount not to exceed \$35,725 for certain authorized expenditures if the Company complies with the terms and conditions in the agreement. As of September 30, 2019, no payments were due under this agreement.

**E. Related party transactions**

The significant transactions between the Corporation and the City during the year ended September 30, 2019 consisted of reimbursements to the City for administrative services, airport expenditures, and infrastructure improvements totaling \$56,849, \$11,509, and \$96,962, respectively.

**F. Subsequent events**

Subsequent to year end, the Corporation approved the following items:

- \$20,000 incentive check issued to a local business.

## REQUIRED SUPPLEMENTARY INFORMATION

### GENERAL FUND

This supplementary schedule is included to supplement the basic financial statements as required by the Government Accounting Standards Board.

**WILLS POINT ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Fiscal Year Ended September 30, 2019

	<b>Original and Final Budgeted Amounts</b>	<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>					
Sales taxes	\$ 275,000	\$ 300,136	\$ (13,639)	\$ 286,497	\$ 11,497
Revenues from use of money	2,500	6,348	-	6,348	3,848
Rental income	61,200	61,200	-	61,200	-
Miscellaneous	500	95	-	95	(405)
Total revenues	<u>339,200</u>	<u>367,779</u>	<u>(13,639)</u>	<u>354,140</u>	<u>14,940</u>
<b>EXPENDITURES</b>					
Current:					
Advertising and promotion	5,500	5,183	(225)	4,958	(542)
Dues and subscriptions	3,000	2,964	-	2,964	(36)
Insurance and bonds	703	703	-	703	-
Office supplies	2,500	653	510	1,163	(1,337)
Telephone and internet	2,400	2,945	(243)	2,702	302
Seminars and meetings	4,000	2,309	5	2,314	(1,686)
Reimbursement for administrator	57,000	56,849	(6,297)	50,552	(6,448)
Industrial park	12,200	10,630	2	10,632	(1,568)
Professional services	13,400	3,962	150	4,112	(9,288)
New business assistance	106,910	9,212	(2,069)	7,143	(99,767)
Contributions	-	11,509	(805)	10,704	10,704
Special projects:					
Wills Point Hospitality, LLC	200,000	200,000	-	200,000	-
Brazos Trailers	30,000	-	-	-	(30,000)
Lift station rehabilitation	120,000	96,962	-	96,962	(23,038)
Total expenditures	<u>557,613</u>	<u>403,881</u>	<u>(8,972)</u>	<u>394,909</u>	<u>(162,704)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(218,413)</u>	<u>(36,102)</u>	<u>(4,667)</u>	<u>(40,769)</u>	<u>177,644</u>
Net change in fund balance	<u>\$ (218,413)</u>	<u>\$ (36,102)</u>	<u>\$ (4,667)</u>	<u>\$ (40,769)</u>	<u>\$ 177,644</u>

**NOTES TO BUDGETARY INFORMATION**

**1. Budgetary basis of accounting**

An annual budget is adopted on the budgetary basis of accounting for the general fund. All annual 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.