

CITY OF FLATONIA, TEXAS

FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**CITY OF FLATONIA, TEXAS
FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

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FINANCIAL STATEMENTS
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INTRODUCTORY SECTION

**CITY OF FLATONIA, TEXAS
LIST OF PRINCIPAL OFFICIALS
September 30, 2022**

Mayor

Bryan Milson

Mayor Pro-tem

Catherine Steinhauser

Councilpersons

Donna Cockrell
Mark Eversole
Dennis Geesaman
Ginny Needham-Sears

City Manager

Sarah Novo

Utility Director

Jack Pavlas

City Secretary

Heather Ambrose

Utility Billing Clerk

Herminia Dale

Chief of Police

Lee Dick

Municipal Court Judge

Kathy Mladenka

Municipal Court Clerk

Herminia Dale

City Attorney

Angela Beck

Tax Assessor/Collector

Fayette County Appraisal District

FINANCIAL SECTION

Goldman, Hunt & Notz, L.L.P.

Certified Public Accountants

DONALD G. GOLDMAN, CPA
D. DALE HUNT, CPA
JAMIE K. NOTZ, CPA, CVA*

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

KEITH H. COX, CPA, CISA*
STEPHANIE S. KOCH, CPA

*CERTIFIED VALUATION ANALYST

TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

*CERTIFIED INFORMATION SYSTEMS AUDITOR

INDEPENDENT AUDITOR'S REPORT

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

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Flatonia, Texas (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Qualified
General Fund	Qualified
Electric Fund	Qualified
Water Fund	Qualified
Wastewater Fund	Qualified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on the Governmental Activity, Business-type Activities, Each Major Fund, and the Aggregate Remaining Fund Information

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activity, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Flatonia, Texas, as of September 30, 2022, 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.

Basis for Qualified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

Matters Giving Rise to Qualified Opinions on the Governmental Activity, Business-type Activities, Each Major Fund, and the Aggregate Remaining Fund Information

We were not able to obtain sufficient appropriate audit evidence in order to substantiate pooled cash balances found in the General Fund, the Electric Fund, the Water Fund, the Wastewater Fund, and the Aggregate Remaining Fund information and as such we are not able to determine if these balances are presented fairly, in all material respects at September 30, 2022. This impacts the Cash and cash equivalents line found in the Governmental Activities and Business-type Activities on the Statement of Net Position, the Cash and investments and Restricted cash and investments lines found in the General Fund and Other Governmental Funds on the Balance Sheet Government Funds, and the Cash and cash equivalents and Restricted cash and cash equivalents lines found in the Electric, Water and Wastewater funds of the Statement of Net Position Proprietary Funds. The amount of the departure has not been determined.

We were not able to obtain sufficient appropriate audit evidence in order to substantiate the accounts payable balance found in the Hotel/Motel Fund and as such we are not able to determine if this balance is presented fairly, in all material respects at September 30, 2022. This impacts the Accounts payable – trade line found in the Governmental Activities on the Statement of Net Position, and the Accounts Payable line found in the Other Governmental Funds on the Balance Sheet Governmental Funds. The amount of the departure has not been determined.

We were not able to obtain sufficient appropriate audit evidence in order to substantiate the inventory balances associated with the Electric Fund and as such we are not able to determine if this balance is presented fairly, in all material respects, at September 30, 2022. This impacts the Inventory line in the Business-type Activities on the Statement of Net Position, and the Inventory line in the Electric Fund on the Statement of Net Position, Proprietary Funds. The amount of the departure has not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the combining nonmajor fund financial statements and combining blended component unit financial statements but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Goldman, Hunt & Notz, L.L.P.

November 12, 2024

**CITY OF FLATONIA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

This discussion and analysis is intended to be an easily readable analysis of City of Flatonia, Texas's (City) financial activities based on currently known facts, decisions, or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

In addition to the Management's Discussion and Analysis (MD&A), the report consists of basic financial statements, notes to the financial statements, required supplementary information, and other information. The basic financial statements are highly condensed and present a government-wide view of the City's finances. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the City owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
- The Statement of Activities focuses gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own columns. Statements for the City's proprietary fund follow the governmental funds and include net assets, revenue, expenses and changes in net assets, and cash flow.
- The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

The discussion and analysis of City of Flatonia, Texas's financial performance provides an overall review of the City's financial activities for the year ended September 30, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of City of Flatonia, Texas exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2022 by \$8,559,912 (net position). Of this amount, a balance of \$205,086 of unrestricted net position is available to meet the City's ongoing obligations to citizens and creditors.
- At September 30, 2022, the City's governmental funds reported combined ending fund balances of \$326,479.
- At September 30, 2022, unassigned fund balance for the General Fund was (\$27,106) deficit or negative 1.42% of total General Fund expenditures.
- The total cost of all City activities was \$6,016,428 for the fiscal year.
- During the year, the City's revenues exceeded expenses of the governmental activities by \$227,128 and expenses exceeded revenues of the business-type activities by \$133,956.

**CITY OF FLATONIA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Government-wide Overall Financial Analysis

**City of Flatonia, Texas
Components of Net Position
September 30, 2022
With Comparative Totals for September 30, 2021
(in thousands)**

	Governmental Activities		Business-type Activities		Total Government		Amount Change	% Change
	2022	2021	2022	2021	2022	2021		
Cash and other assets	\$ 1,077	\$ 659	\$ 1,213	\$ 1,292	\$ 2,290	\$ 1,951	\$ 339	17.4%
Capital assets, net	3,997	4,213	4,237	4,417	8,234	8,630	(396)	-4.6%
Total assets	<u>5,074</u>	<u>4,872</u>	<u>5,450</u>	<u>5,709</u>	<u>10,524</u>	<u>10,581</u>	<u>(57)</u>	-0.5%
Deferred outflows of resources	225	278	57	193	282	471	(189)	-40.1%
Total deferred outflows of resources	<u>225</u>	<u>278</u>	<u>57</u>	<u>193</u>	<u>282</u>	<u>471</u>	<u>(189)</u>	-40.1%
Total assets and deferred outflows of resources	<u>5,299</u>	<u>5,150</u>	<u>5,507</u>	<u>5,902</u>	<u>10,806</u>	<u>11,052</u>	<u>(246)</u>	-2.2%
Current and other liabilities	700	482	293	438	993	920	73	7.9%
Long term liabilities	653	752	144	258	797	1,010	(213)	-21.1%
Total liabilities	<u>1,353</u>	<u>1,234</u>	<u>437</u>	<u>696</u>	<u>1,790</u>	<u>1,930</u>	<u>(140)</u>	-7.3%
Deferred inflows of resources	229	427	227	229	456	656	(200)	-30.5%
Total deferred inflows of resources	<u>229</u>	<u>427</u>	<u>227</u>	<u>229</u>	<u>456</u>	<u>656</u>	<u>(200)</u>	-30.5%
Net position:								
Net investment in capital assets	3,861	3,987	4,084	4,215	7,945	8,202	(257)	-3.1%
Restricted	339	271	71	155	410	426	(16)	-3.8%
Unrestricted	(483)	(769)	688	607	205	(162)	367	-226.5%
Total net position as restated	<u>\$ 3,717</u>	<u>\$ 3,489</u>	<u>\$ 4,843</u>	<u>\$ 4,977</u>	<u>\$ 8,560</u>	<u>\$ 8,466</u>	<u>\$ 94</u>	1.1%

During the year ended September 30, 2022, the net position increased approximately \$94,000. Cash and other assets increased by \$339,000, net capital assets decreased by \$396,000, and deferred outflows of resources related to pension system and other post-employment benefits decreased by \$189,000. Current and other liabilities increased by \$73,000, long term liabilities decreased by \$213,000, and the deferred inflows of resources related to pension system decreased by \$200,000.

**CITY OF FLATONIA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Government-wide Overall Financial Analysis (Continued)

**City of Flatonia, Texas
Condensed Statement of Activities
For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021
(in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>		<u>Amount Change</u>	<u>% Change</u>
	2022	2021	2022	2021	2022	2021		
Revenues:								
Program revenues								
Charges for services	\$ 490	\$ 481	\$ 3,853	\$ 3,695	\$ 4,343	\$ 4,176	\$ 167	4.0%
Grants and contributions	-	93	18	204	18	297	(279)	-93.9%
General revenues								
Taxes	1,662	1,628	-	-	1,662	1,628	34	2.1%
Interest	3	-	-	-	3	-	3	100.0%
Royalty income	12	10	-	-	12	10	2	20.0%
Other income	82	161	-	15	82	176	(94)	-53.4%
Total revenues	<u>2,249</u>	<u>2,373</u>	<u>3,871</u>	<u>3,914</u>	<u>6,120</u>	<u>6,287</u>	<u>(167)</u>	<u>-2.7%</u>
Expenses:								
General government	453	419	-	-	453	419	34	8.1%
Public safety	877	1,043	-	-	877	1,043	(166)	-15.9%
Streets	323	298	-	-	323	298	25	8.4%
Sanitation	371	359	-	-	371	359	12	3.3%
Tourism	84	92	-	-	84	92	(8)	-8.7%
Electric	-	-	3,289	2,944	3,289	2,944	345	11.7%
Water	-	-	454	425	454	425	29	6.8%
Wastewater	-	-	165	405	165	405	(240)	-59.3%
Interest and fees	8	12	2	3	10	15	(5)	-33.3%
Other expense	-	-	6	-	6	-	6	100.0%
(Gain) loss on disposal of asset	(14)	1	8	-	(6)	1	(7)	-700.0%
Total expenses	<u>2,102</u>	<u>2,224</u>	<u>3,924</u>	<u>3,777</u>	<u>6,026</u>	<u>6,001</u>	<u>25</u>	<u>0.4%</u>
Excess (deficiency) before transfers	147	149	(53)	137	94	286	(192)	-67.1%
Transfers	81	(158)	(81)	179	-	21	(21)	-100.0%
Change in net position	<u>228</u>	<u>(9)</u>	<u>(134)</u>	<u>316</u>	<u>94</u>	<u>307</u>	<u>(213)</u>	<u>-69.4%</u>
Beginning net position as restated	<u>3,489</u>	<u>3,498</u>	<u>4,977</u>	<u>4,661</u>	<u>8,466</u>	<u>8,159</u>	<u>307</u>	<u>3.8%</u>
Ending net position as restated	<u>\$ 3,717</u>	<u>\$ 3,489</u>	<u>\$ 4,843</u>	<u>\$ 4,977</u>	<u>\$ 8,560</u>	<u>\$ 8,466</u>	<u>\$ 94</u>	<u>1.1%</u>

Total revenues decreased by \$167,000 mostly due to decreases in grant revenue and increases in charges for services. Expenses increased by \$25,000, mostly due to increases in electric, and decreases in wastewater and public safety costs.

**CITY OF FLATONIA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Budgetary Highlights

The City did not revise its budget for the General Fund during the fiscal year. General Fund actual revenues were greater than budgeted revenues by \$158,658. Actual General Fund expenditures were \$333,057 less than budgeted and actual net transfers out exceeded the amount budgeted by \$2,760.

Capital Assets

At year-end, the City had approximately \$8,234,000 invested in capital assets, net of depreciation, including land, construction in progress, buildings and improvements, vehicles, machinery, equipment, roads, and electric, water, and wastewater distribution systems. This amount represents a net decrease (additions, deletions, and depreciation) of approximately \$396,000 or negative 4.6% from the prior year.

**City of Flatonia, Texas
Capital Assets
For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021
(in thousands)**

	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2022	2021	2022	2021	2022	2021		
Land	\$ 564	\$ 564	\$ 12	\$ 12	\$ 576	\$ 576	\$ -	0.0%
Construction in progress	5	5	23	22	28	27	1	3.7%
Buildings and improvements	3,109	3,104	541	541	3,650	3,645	5	0.1%
Vehicles, machinery, and equipment	884	922	836	866	1,720	1,788	(68)	-3.8%
Road and bridge	3,063	2,988	-	-	3,063	2,988	75	2.5%
Utility distribution systems:								
Electric	-	-	1,539	1,539	1,539	1,539	-	0.0%
Wastewater	-	-	1,783	1,782	1,783	1,782	1	0.1%
Water	-	-	2,678	2,662	2,678	2,662	16	0.6%
Subtotal	7,625	7,583	7,412	7,424	15,037	15,007	30	0.2%
Accumulated depreciation	(3,628)	(3,370)	(3,175)	(3,007)	(6,803)	(6,377)	(426)	6.7%
Total capital assets, net	<u>\$ 3,997</u>	<u>\$ 4,213</u>	<u>\$ 4,237</u>	<u>\$ 4,417</u>	<u>\$ 8,234</u>	<u>\$ 8,630</u>	<u>\$ (396)</u>	-4.6%

Additional information on the City's capital assets can be found in the notes to the financial statements.

**CITY OF FLATONIA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Long-term Liabilities

At year-end the City had approximately \$940,000 in long-term liabilities. Net pension liability increased \$130,000, other post-employment benefits (OPEB) liability increased \$8,000 and \$169,000 was paid on existing debt.

**City of Flatonia, Texas
Long-term Liabilities
For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021
(in thousands)**

	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2022	2021	2022	2021	2022	2021		
Bonds	\$ 38	\$ 75	\$ 125	\$ 155	\$ 163	\$ 230	\$ (67)	-29.1%
Loans	98	151	27	47	125	198	(73)	-36.9%
Net pension liability	410	206	-	74	410	280	130	46.4%
OPEB liability	42	45	42	31	84	76	8	10.5%
Due to cemetery committee	158	187	-	-	158	187	(29)	-15.5%
Total long-term liabilities	<u>\$ 746</u>	<u>\$ 664</u>	<u>\$ 194</u>	<u>\$ 307</u>	<u>\$ 940</u>	<u>\$ 971</u>	<u>\$ (31)</u>	-3.2%

More detailed information is presented in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's property tax rate for 2022/2023 is \$.3150 per \$100 in valuation. The total certified taxable value is \$120,649,573 and the certified tax levy is \$380,046.

In the General Fund, the City has budgeted \$2,066,917 in revenues and \$2,066,955 in expenditures.

The City will continue to look very closely at the services it provides and what changes can be made to best serve the community and also stay within the City's financial resources.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Secretary at P.O. Box 329, Flatonia, Texas 78941.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF FLATONIA, TEXAS
STATEMENT OF NET POSITION
September 30, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 501,970	\$ 313,413	\$ 815,383
Accounts receivable	71,438	411,730	483,168
Grants receivable	-	16,024	16,024
Taxes receivable	93,997	-	93,997
Other receivables	465	-	465
Due from other government	1,042	-	1,042
Interfund balances	-	84,100	84,100
Prepaid	14,507	8,144	22,651
Inventory	-	73,176	73,176
Net pension asset	119,742	119,744	239,486
Restricted assets:			
Restricted cash and cash equivalents	274,070	187,324	461,394
Capital assets, net of accumulated depreciation	3,997,222	4,236,549	8,233,771
Total assets	5,074,453	5,450,204	10,524,657
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	216,584	49,810	266,394
Deferred amounts related to other post employment benefits	7,198	7,199	14,397
Total deferred outflows of resources	223,782	57,009	280,791
 Total assets and deferred outflows of resources	 \$ 5,298,235	 \$ 5,507,213	 \$ 10,805,448

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

CITY OF FLATONIA, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable - trade	\$ 90,282	\$ 43,536	\$ 133,818
Accounts payable - grants	-	9,557	9,557
Other accrued expenses	77,460	65,481	142,941
Interfund balances	84,100	-	84,100
Utility rebate	-	5,346	5,346
Unearned revenue	354,932	2,134	357,066
Customer deposits	-	116,566	116,566
Notes payable - due within one year	54,419	20,393	74,812
Bonds payable - due within one year	38,000	30,000	68,000
Noncurrent liabilities:			
Net pension liability	409,913	-	409,913
Other post employment benefits liability	41,901	41,901	83,802
Due to cemetery committee	157,564	-	157,564
Notes payable - due in more than one year	43,990	6,979	50,969
Bonds payable - due in more than one year	-	95,000	95,000
Total liabilities	1,352,561	436,893	1,789,454
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	228,857	226,797	455,654
Deferred amounts related to other post employment benefits	214	214	428
Total deferred inflows of resources	229,071	227,011	456,082
NET POSITION			
Net investment in capital assets	3,860,813	4,084,177	7,944,990
Restricted for:			
Building security	13,614	-	13,614
Economic development	163,343	-	163,343
Capital projects	-	65,068	65,068
Debt service	-	5,690	5,690
Judicial fee	1,174	-	1,174
Municipal court	16,450	-	16,450
Tourism	142,898	-	142,898
Police department donations	1,599	-	1,599
Unrestricted (deficit)	(483,288)	688,374	205,086
Total net position	\$ 3,716,603	\$ 4,843,309	\$ 8,559,912

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

CITY OF FLATONIA, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Functions/Programs Primary Government	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:	\$ 454,335	\$ -	\$ -	\$ -	\$ (454,335)	\$ -	\$ (454,335)
General government	877,089	14,395	-	-	(862,694)	-	(862,694)
Public safety	323,102	-	-	-	(323,102)	-	(323,102)
Streets	371,441	475,851	-	-	104,410	-	104,410
Sanitation	83,652	-	-	-	(83,652)	-	(83,652)
Hotel/motel							
Total governmental activities	<u>2,109,619</u>	<u>490,246</u>	<u>-</u>	<u>-</u>	<u>(1,619,373)</u>	<u>-</u>	<u>(1,619,373)</u>
Business-type activities:	3,288,309	3,112,553	-	-	-	(175,756)	(175,756)
Electric	453,513	475,459	-	1,700	-	23,646	23,646
Water	164,987	264,517	-	16,024	-	115,554	115,554
Wastewater	3,906,809	3,852,529	-	17,724	-	(36,556)	(36,556)
Total business-type activities	<u>\$ 6,016,428</u>	<u>\$ 4,342,775</u>	<u>\$ -</u>	<u>\$ 17,724</u>	<u>(1,619,373)</u>	<u>(36,556)</u>	<u>(1,655,929)</u>
Total primary government							
General revenues:							
Taxes:							
Property taxes, levied for general purposes		350,845					350,845
Franchise taxes		766,915					766,915
Sales taxes		431,917					431,917
Hotel/motel		108,181					108,181
Mixed beverage taxes		4,340					4,340
Interest income		2,768				52	2,820
Interest expense		(8,403)			(1,503)		(9,906)
Administrative fee		-			(450)		(450)
Donations		9,299					9,299
Royalty income		12,231					12,231
Other income		73,497					73,497
Other expense		-			(6,520)		(6,520)
Gain / (loss) on disposal of asset		13,675			(7,743)		5,932
Transfers (net)		81,236			(81,236)		-
Total general revenues and transfers		<u>1,846,501</u>			<u>(97,400)</u>		<u>1,749,101</u>
Change in net position		227,128			(133,956)		93,172
Net position - beginning as restated		3,489,475			4,977,265		8,466,740
Net position - ending		<u>\$ 3,716,603</u>			<u>\$ 4,843,309</u>		<u>\$ 8,559,912</u>

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

FUND FINANCIAL STATEMENTS

**CITY OF FLATONIA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2022**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 501,970	\$ -	\$ 501,970
Restricted cash and investments	141,385	132,685	274,070
Receivables (net):			
Sales taxes	41,347	-	41,347
Mixed beverage taxes	300	-	300
Sanitation services	71,438	-	71,438
Franchise taxes	1,675	-	1,675
Ad valorem taxes	24,236	-	24,236
Occupancy taxes	-	26,439	26,439
Other	465	-	465
Due from other government	1,042	-	1,042
Prepaid expenditures	14,507	-	14,507
Total assets	<u>\$ 798,365</u>	<u>\$ 159,124</u>	<u>\$ 957,489</u>
LIABILITIES			
Accounts payable	\$ 106,893	\$ (16,611)	\$ 90,282
Other accrued expenses	77,460	-	77,460
Interfund payables	84,100	-	84,100
Total liabilities	<u>268,453</u>	<u>(16,611)</u>	<u>251,842</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable taxes	24,236	-	24,236
Unearned grant revenue	354,932	-	354,932
Total deferred inflows of resources	<u>379,168</u>	<u>-</u>	<u>379,168</u>
FUND BALANCES			
Nonspendable	14,507	-	14,507
Restricted	163,343	175,735	339,078
Unassigned	(27,106)	-	(27,106)
Total fund balances	<u>150,744</u>	<u>175,735</u>	<u>326,479</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 798,365</u>	 <u>\$ 159,124</u>	 <u>\$ 957,489</u>

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

CITY OF FLATONIA, TEXAS
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
For the Year Ended September 30, 2022

Amounts reported for governmental activities in the Statement of Net Position (pages 10-11) are different because:

Total fund balances - governmental funds (page 13)	\$ 326,479
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,997,222
The net pension asset is not an available resource and, therefore, is not reported in the funds.	119,742
Deferred outflows of resources related to pension expense are not due and payable in the current period and, therefore, are not reported in the funds.	216,584
Deferred outflows of resources related to other post employment benefits expense are not due and payable in the current period and, therefore, are not reported in the funds.	7,198
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities are comprised of the following:	
Net pension liability	(409,913)
Other post employment benefits liability	(41,901)
Due to cemetery committee	(157,564)
Notes payable - due within one year	(54,419)
Notes payable - due in more than one year	(43,990)
Bonds payable - due within one year	(38,000)
Delinquent taxes receivable are not considered available to pay for current period expenditures and, therefore, are deferred in the funds.	24,236
Deferred inflows of resources related to pension expense are not due and collectible in the current period and, therefore, are not reported in the funds.	(228,857)
Deferred inflows of resources related to other post employment benefits expense are not due and collectible in the current period and, therefore, are not reported in the funds.	(214)
Net position of governmental activities	\$ 3,716,603

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

CITY OF FLATONIA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem tax	\$ 347,962	\$ -	\$ 347,962
Sales tax	431,917	-	431,917
Occupancy tax	-	108,181	108,181
Franchise tax	766,915	-	766,915
Mixed beverage tax	4,340	-	4,340
Licenses, fees, and permits	20,680	-	20,680
Fines	14,290	105	14,395
Sanitation services	475,851	-	475,851
Interest income	2,768	-	2,768
Rental income	17,405	-	17,405
Fire department donations	9,299	-	9,299
Royalty income	12,231	-	12,231
Resource officer reimbursement	13,543	-	13,543
Miscellaneous	21,869	-	21,869
Total revenues	<u>2,139,070</u>	<u>108,286</u>	<u>2,247,356</u>
EXPENDITURES			
Current:			
General government	404,265	-	404,265
Public safety	813,737	-	813,737
Streets, bridges and parks	202,191	-	202,191
Sanitation contractor	371,441	-	371,441
Tourism	-	83,652	83,652
Debt service			
Principal	29,820	89,268	119,088
Interest	-	8,403	8,403
Capital outlay	81,659	-	81,659
Total expenditures	<u>1,903,113</u>	<u>181,323</u>	<u>2,084,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>235,957</u>	<u>(73,037)</u>	<u>162,920</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	13,675	-	13,675
Transfers in	110,703	97,671	208,374
Transfers out	(127,138)	-	(127,138)
Total other financing sources (uses)	<u>(2,760)</u>	<u>97,671</u>	<u>94,911</u>
Net change in fund balances	233,197	24,634	257,831
Fund balances - beginning, as restated	(202,323)	-	(202,323)
Fund balances - beginning	<u>119,870</u>	<u>151,101</u>	<u>270,971</u>
Fund balances - ending	<u>\$ 150,744</u>	<u>\$ 175,735</u>	<u>\$ 326,479</u>

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

CITY OF FLATONIA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Amounts reported for governmental activities in the Statement of Activities (page 12) are different because:

Net change in fund balances - total governmental funds (page 15)	\$ 257,831
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	81,659
Depreciation expense on capital assets reported in the government-wide statement of activities does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(296,863)
Principal payments on long-term liabilities are recorded as expenditures in the governmental funds, but they serve to reduce long-term liabilities in the government-wide financial statements.	119,088
Some property taxes will not be collected for several months after the City's fiscal year end, and are not considered "available" revenues in the governmental funds.	2,883
Revenues are recognized in the governmental funds when paid are due for items not normally paid with available financial resources. However, the Statement of Activities is presented on an accrual basis and expenses reported when incurred.	110,931
Expenditures are recognized in the governmental funds when paid are due for items not normally paid with available financial resources. However, the Statement of Activities is presented on an accrual basis and expenses reported when incurred.	<u>(48,401)</u>
Change in net position of governmental activities	<u><u>\$ 227,128</u></u>

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

**CITY OF FLATONIA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2022**

	Business-type Activities - Proprietary Funds			
	Electric	Water	Wastewater	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 69,482	\$ 182,347	61,584	\$ 313,413
Restricted assets:				
Cash and cash equivalents	98,071	83,563	5,690	187,324
Accounts receivable - trade (net)	326,530	54,829	30,371	411,730
Accounts receivable - grants	-	-	16,024	16,024
Interfund receivables	-	-	84,100	84,100
Prepaid - other	6,103	607	1,434	8,144
Inventory	73,176	-	-	73,176
Total current assets	<u>573,362</u>	<u>321,346</u>	<u>199,203</u>	<u>1,093,911</u>
Noncurrent assets:				
Net pension asset	71,847	47,897	-	119,744
Capital assets:				
Land	2,875	6,034	2,875	11,784
Construction in progress	6,687	-	-	6,687
Utility plant and distribution system	1,536,449	2,662,898	1,791,782	5,991,129
Buildings and improvements	152,046	194,233	194,482	540,761
Vehicles, machinery and equipment	612,975	222,968	24,927	860,870
Less: accumulated depreciation	<u>(1,579,355)</u>	<u>(791,136)</u>	<u>(804,191)</u>	<u>(3,174,682)</u>
Total capital assets (net of accumulated depreciation)	<u>731,677</u>	<u>2,294,997</u>	<u>1,209,875</u>	<u>4,236,549</u>
Total noncurrent assets	<u>803,524</u>	<u>2,342,894</u>	<u>1,209,875</u>	<u>4,356,293</u>
Total assets	<u>1,376,886</u>	<u>2,664,240</u>	<u>1,409,078</u>	<u>5,450,204</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	29,886	19,924	-	49,810
Deferred amounts related to other post employment benefits	4,319	2,880	-	7,199
Total deferred outflows of resources	<u>34,205</u>	<u>22,804</u>	<u>-</u>	<u>57,009</u>
Total assets and deferred outflows of resources	<u>\$ 1,411,091</u>	<u>\$ 2,687,044</u>	<u>\$ 1,409,078</u>	<u>\$ 5,507,213</u>

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

**CITY OF FLATONIA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
September 30, 2022**

	Business-type Activities - Proprietary Funds			
	Electric	Water	Wastewater	Totals
LIABILITIES				
Current liabilities:				
Accounts payable - trade	\$ 24,773	\$ 11,555	\$ 7,208	\$ 43,536
Accounts payable - grants	-	-	9,557	9,557
Accounts payable - other	7,120	1,609	-	8,729
Payroll and sales taxes payable	42,287	14,465	-	56,752
Unearned revenue	2,134	-	-	2,134
Utility rebate	5,346	-	-	5,346
Customer deposits	98,071	18,495	-	116,566
Note payable - current portion	-	20,393	-	20,393
Bonds payable - current portion	-	30,000	-	30,000
Total current liabilities	<u>179,731</u>	<u>96,517</u>	<u>16,765</u>	<u>293,013</u>
Noncurrent liabilities:				
Other post employment benefits liability	25,141	16,760	-	41,901
Note payable	-	6,979	-	6,979
Bonds payable	-	95,000	-	95,000
Total noncurrent liabilities	<u>25,141</u>	<u>118,739</u>	<u>-</u>	<u>143,880</u>
Total liabilities	<u>204,872</u>	<u>215,256</u>	<u>16,765</u>	<u>436,893</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	136,078	90,719	-	226,797
Deferred amounts related to other post employment benefits	128	86	-	214
Total deferred inflows of resources	<u>136,206</u>	<u>90,805</u>	<u>-</u>	<u>227,011</u>
NET POSITION				
Net investment in capital assets	731,677	2,142,625	1,209,875	4,084,177
Restricted for debt service	-	-	5,690	5,690
Restricted for capital projects	-	65,068	-	65,068
Unrestricted (deficit)	338,336	173,290	176,748	688,374
Total net position	<u>\$ 1,070,013</u>	<u>\$ 2,380,983</u>	<u>\$ 1,392,313</u>	<u>\$ 4,843,309</u>

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

CITY OF FLATONIA, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2022

	Business-type Activities - Proprietary Funds			Totals
	Electric	Water	Wastewater	
Operating revenues:				
Charges for services	\$ 3,112,553	\$ 475,459	\$ 264,517	\$ 3,852,529
Total operating revenues	<u>3,112,553</u>	<u>475,459</u>	<u>264,517</u>	<u>3,852,529</u>
Operating expenses:				
Utilities purchased	1,944,814	-	-	1,944,814
Franchise fee	760,000	-	-	760,000
Personnel services	349,097	225,660	-	574,757
Maintenance and operating	174,890	139,629	99,923	414,442
Depreciation	59,269	88,224	64,892	212,385
Bad debt	239	-	172	411
Total operating expenses	<u>3,288,309</u>	<u>453,513</u>	<u>164,987</u>	<u>3,906,809</u>
Operating income (loss)	<u>(175,756)</u>	<u>21,946</u>	<u>99,530</u>	<u>(54,280)</u>
Non operating revenues (expenses):				
Interest income	-	26	26	52
Interest expense	-	(1,503)	-	(1,503)
Transfers in	-	30,000	6,467	36,467
Transfers out	(4,603)	(83,100)	(30,000)	(117,703)
Bond administration fee	-	(450)	-	(450)
Grant income	-	1,700	16,024	17,724
Gain / (loss) on disposal of assets	-	(7,743)	-	(7,743)
Other income (expense)	6,066	(12,586)	-	(6,520)
Total non operating revenues (expenses)	<u>1,463</u>	<u>(73,656)</u>	<u>(7,483)</u>	<u>(79,676)</u>
Change in net position	<u>(174,293)</u>	<u>(51,710)</u>	<u>92,047</u>	<u>(133,956)</u>
Total net position - beginning as restated	<u>1,244,306</u>	<u>2,432,693</u>	<u>1,300,266</u>	<u>4,977,265</u>
Total net position - ending	<u>\$ 1,070,013</u>	<u>\$ 2,380,983</u>	<u>\$ 1,392,313</u>	<u>\$ 4,843,309</u>

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

CITY OF FLATONIA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2022

	Business-type Activities - Proprietary Funds			
	Electric	Water	Wastewater	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,133,112	\$ 481,132	\$ 251,392	\$ 3,865,636
Payments to suppliers	(2,168,783)	(158,753)	(168,862)	(2,496,398)
Payments to employees	(379,860)	(243,874)	-	(623,734)
Franchise fee	(760,000)	-	-	(760,000)
Net cash provided by (used for) operating activities	<u>(175,531)</u>	<u>78,505</u>	<u>82,530</u>	<u>(14,496)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	30,000	6,467	36,467
Transfers to other funds	(4,603)	(83,100)	(30,000)	(117,703)
Net cash provided by (used for) noncapital financing activities	<u>(4,603)</u>	<u>(53,100)</u>	<u>(23,533)</u>	<u>(81,236)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds/loss from other income	6,066	(12,586)	-	(6,520)
Proceeds from grant income	-	1,700	16,024	17,724
Purchases of capital assets	-	(23,345)	(16,024)	(39,369)
Interest and fees paid on capital debt	-	(1,953)	-	(1,953)
Principal paid on capital debt	-	(49,604)	-	(49,604)
Net cash provided by (used for) capital and related financing activities	<u>6,066</u>	<u>(85,788)</u>	<u>-</u>	<u>(79,722)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	26	26	52
Net cash provided by (used for) investing activities	<u>-</u>	<u>26</u>	<u>26</u>	<u>52</u>
Net increase (decrease) in cash and cash equivalents	(174,068)	(60,357)	59,023	(175,402)
Cash and cash equivalents at beginning of year	<u>341,621</u>	<u>326,267</u>	<u>8,251</u>	<u>676,139</u>
Cash and cash equivalents at end of year	<u>\$ 167,553</u>	<u>\$ 265,910</u>	<u>\$ 67,274</u>	<u>\$ 500,737</u>

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

CITY OF FLATONIA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
For the Year Ended September 30, 2022

	Business-type Activities - Proprietary Funds			
	Electric	Water	Wastewater	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ (175,756)	\$ 21,946	\$ 99,530	\$ (54,280)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation expense	59,269	88,224	64,892	212,385
(Increase) decrease in accounts receivable - trade (net)	12,677	(281)	437	12,833
(Increase) decrease in accounts receivable - grants	-	-	(16,024)	(16,024)
(Increase) decrease in prepaid items	14,772	7,669	2,635	25,076
(Increase) decrease in net pension asset	(71,847)	(47,897)	-	(119,744)
(Increase) decrease in pension related deferred outflows	82,160	51,783	-	133,943
(Increase) decrease in OPEB related deferred outflows	1,537	867	-	2,404
Increase (decrease) in accounts payable	(53,637)	(23,379)	(5,944)	(82,960)
Increase (decrease) in grants payable	-	-	9,557	9,557
Increase (decrease) in other liabilities	4,558	4,255	(72,553)	(63,740)
Increase (decrease) in customer deposits	(6,651)	(1,715)	-	(8,366)
Increase (decrease) in net pension liability	(45,128)	(28,882)	-	(74,010)
Increase (decrease) in net OPEB liability	6,148	4,605	-	10,753
Increase (decrease) in pension related deferred inflows	(1,133)	2,904	-	1,771
Increase (decrease) in OPEB related deferred inflows	(2,500)	(1,594)	-	(4,094)
Total adjustments	225	56,559	(17,000)	39,784
Net cash provided by (used for) operating activities	<u>\$ (175,531)</u>	<u>\$ 78,505</u>	<u>\$ 82,530</u>	<u>\$ (14,496)</u>
RECONCILIATION OF TOTAL CASH				
Cash	\$ 69,482	\$ 182,347	\$ 61,584	\$ 313,413
Restricted cash	98,071	83,563	5,690	187,324
Total cash	<u>\$ 167,553</u>	<u>\$ 265,910</u>	<u>\$ 67,274</u>	<u>\$ 500,737</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Flatonia, Texas (the City) is incorporated as a Type A general law municipality, governed by the City Council with an elected mayor and five Council members. The City adopted the City Manager plan of governance, under which the Council sets policy that determines the scope and functions of city government. The City Manager is responsible for directing the workforce and programs of the City in accordance with ordinances, rules and regulations adopted by the Council. The City provides the following services: general government, public safety, maintenance of roads, bridges, and parks, health and sanitation, and electric, water, and wastewater utility services.

Basis of Accounting/Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). In addition, the City applies all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

A. Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations are made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position are eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. (Deferred inflows of resources are considered noncurrent). The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, franchise tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The following are the City's governmental funds:

General Fund: The General Fund is the government's primary operating fund of the City. All financial resources of the general government, except those required to be accounted for in another fund, are accounted for in the General Fund.

Flatonia Economic Development Corporation: The Corporation is a non-profit organization organized for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. It is specifically governed by Chapters 501 and 505 of the Texas Local Government Code. The Corporation promotes economic development in the City of Flatonia, Texas. It is considered a blended component unit and is consolidated with the General Fund for financial reporting purposes. The combining statements for the General Fund and the Economic Development Corporation are presented in Other Information.

Special Revenue Funds: The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes. The combining statements for the Special Revenue Funds are presented in Other Information.

C. Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Proprietary Fund Financial Statements (concluded)

The Proprietary Fund is accounted for using the “economic resources measurement focus and the accrual basis of accounting.” Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major proprietary funds:

Electric Fund: The Electric Fund accounts for the activities of the City’s electric power distribution system.

Water Fund: The Water Fund accounts for the activities of the City’s water distribution and treatment system.

Wastewater Fund: The Wastewater Fund accounts for the activities of the City’s sewage disposal and treatment system.

D. Budget

The City Council follows these procedures in establishing the City budgets:

1. Thirty to sixty days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which comments concerning the budget are heard.
3. The budget is legally enacted by the City Council prior to the beginning of the fiscal year.
4. The City Manager is authorized to transfer budgeted amounts between the departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

The budget was not amended during this fiscal year.

E. Inventory

The Electric Fund inventory is valued at actual cost. Material and supplies, which constitute the bulk of the inventory, are charged to expense when acquired. Inventory on hand at the balance sheet date is recorded as a current asset in the Electric Fund.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Vacation and Sick Leave

The City allows full-time employees to accrue vacation leave according to the number of years of employment they have, with the maximum amount of leave being four weeks after providing twenty years of service. Vacation leave is accrued according to the anniversary date of an employee's hiring. If an employee does not or cannot take all earned vacation leave by his hiring anniversary, he may carry over as much as may be accrued in one year; any excess is forfeited. Upon separation in good standing, an employee shall be paid for all accrued vacation leave that has been neither used nor forfeited. During the fiscal year ended September 30, 2022, the City recorded a total liability for accrued vacation of \$52,093.

The City allows full-time employees to accrue sick leave. Unused sick leave is not paid upon separation, and therefore no liability is recorded.

G. Classification of Fund Balances

In accordance with *Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the City Council.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Property Tax

Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 and attach as an enforceable lien on the property as of July 1 of the following year. The Fayette County Appraisal District bills and collects taxes for the City as per year-to-year contracts with the City. Property taxes not collected within 60 days are deemed not to be material to the financial statements, so no allowance for doubtful accounts has been established.

During the year ended September 30, 2022, the City levied an ad valorem tax for maintenance and operations at a rate of 0.3150 per \$100 of assessed value. A total tax levy of \$346,698 resulted, based on a net taxable valuation of \$110,062,698 for the 2021 tax year.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. They are related to the deferred future pension expense related to the net pension liability (asset) and the deferred future OPEB expense related to the total OPEB obligation. Deferred future pension expense results from the difference in projected and actual experience on pension plan investments, difference in expected and actual experience, the difference in actuarial assumption changes, and pension contributions remitted after the measurement date. Deferred future OPEB expense results from the difference in actuarial assumption changes. All differences are based on actuarial gains or losses. These amounts are deferred and amortized over their respective remaining recognition period.

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. The government has two types that qualify for reporting in this category. One is related to the deferred future net pension income related to the net pension liability and the other is related to unearned revenue. Deferred future net pension income results from the difference in investment returns. The second type arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

J. Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Land	Not depreciated
Public domain infrastructure	30 – 50 years
Utility system infrastructure	30 – 50 years
Buildings	30 – 40 years
Vehicles	7 – 10 years
Equipment	5 – 10 years

K. Excess of Expenditures over Revenues in Individual Funds

An excess of expenditures over revenues occurred in the following Governmental fund in the year ended September 30, 2022:

	<u>Amount</u>
Debt Service Fund	\$ 97,671

L. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with maturity dates of twelve months or less to be cash equivalents.

M. Restricted Assets

Certain resources of the City have been set aside in the Governmental and Business-type activities for utility deposits, debt service requirements, and other external imposed requirements. These resources are classified as restricted on the Statement of Net Position because their use is limited by applicable restrictions.

N. Pensions

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

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 2: CASH

City monies are deposited in demand accounts at the City's depository. The City utilizes a pooled cash strategy with each fund's cash balance summarized by fund type and included in the combined Statement of Net Position as cash and investments. Overdrafts, which result from a fund overdrawing its share of pooled cash, are reported as interfund payables by the overdrawn fund and as interfund receivables of either the General or another fund within a similar purpose. At September 30, 2022, the City's pooled cash balance was not overdrawn.

Custodial Credit Risk - Deposits

At September 30, 2022, the carrying amount of the City's deposits was \$907,782, with a bank balance of \$1,043,030. Of the bank balance, \$664,655 was in excess of Federal Depository Insurance amounts. The City's deposits were fully collateralized during the entire year by pledged municipal securities having a fair market value of \$1,662,821 at the balance sheet date. The City also has deposits totaling \$368,775 invested with TexPool (see Note 3).

Texas Government Code authorizes City of Flatonia, Texas to invest in the following eligible securities:

1. A surety bond;
2. An investment security;
3. An ownership or beneficial interest in an investment security, other than an option contract to purchase or sell an investment security;
4. A fixed-rate collateralized mortgage obligation that has an expected weighted average life of ten years or less and does not constitute a high-risk mortgage security;
5. A floating-rate collateralized mortgage obligation that does not constitute a high-risk mortgage security;
6. A letter of credit issued by a federal home loan bank.

Investment securities are defined as:

1. An obligation that in the opinion of the Attorney General of the United States is a general obligation of the United States and backed by its full faith and credit;
2. A general or special obligation issued by a public agency that is payable from taxes, revenues, or a combination of taxes and revenues;
3. A security in which a public entity may invest under Subchapter A, Chapter 2256 of Texas Statutes.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 3: INVESTMENTS

In 1986 the Texas Legislature authorized the State Treasurer to incorporate a special-purpose trust company called the Texas Treasury Safekeeping Trust Company (Texas Trust). The Texas Trust has direct access to the services of the Federal Reserve Bank and performs other trust company activities. It is specifically authorized to manage, disburse, transfer, safekeep, and invest public funds and securities.

The Texas Trust created the Texas Local Government Investment Pool Prime (TexPool Prime) as a public funds investment pool. Eligible participants include, but may not be limited to, incorporated cities, counties, villages, certain types of water districts, school districts, junior college districts, community college districts, and certain other special districts in the State of Texas. TexPool Prime began operations on December 6, 1989. On September 1, 1996, the operations of the State Treasury, including the Texas Trust and TexPool Prime, were merged with the State Comptroller of Public Accounts (State Comptroller).

The administrative and investment services to TexPool Prime are provided by Federated Investors, Inc. (Federated) under an agreement with Texas Trust effective April 8, 2002. The current contract was executed on March 29, 2019, effective through December 31, 2024.

Federated is the investment manager, and State Street Bank and Trust is the custodian for TexPool Prime. As administrator for the TexPool Prime program, Federated provides participant services and marketing functions to TexPool Prime participants, while DST Asset Manager Solutions, Inc. provides the transfer agent function. Federated is the participant contact point for account maintenance, assistance with transactions and other administrative information.

Credit Risk

The TexPool Prime portfolio is designed and managed to ensure that they maintain an AAAM rating (or the equivalent) by a nationally recognized statistical rating organization (NRSRO). As of August 31, 2022, TexPool Prime's investments in United States government securities, commercial paper and the underlying securities of the majority of Repurchase Agreements were A-1 by Standard and Poor's, P-1 by Moody's and F-1 by Fitch ratings. Money market mutual funds were rated at least A-1 by Standard and Poor's and A by Moody's as of August 31, 2022.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 3: INVESTMENTS (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the investment in a single issuer. Up to 100.0% of TexPool assets may be invested in government obligations of the United States, its agencies, or instrumentalities. However, no more than 60.0% of the portfolio may be invested in variable rate notes. Up to 100.0% of TexPool assets may be invested in direct repurchase agreements. The term of a reverse repurchase agreements may not exceed 90 days after the date of delivery. Up to 75% of TexPool Prime assets may be invested in commercial paper. No more than 25% of TexPool Prime assets may be invested in a single industry or business sector, provided that this limitation does not apply to securities issued or guaranteed by companies in the financial services industry. No more than 5% of TexPool Prime assets at the time of purchase may be invested in a single corporate entity. Up to 15% of the TexPool Prime assets may be invested in money market mutual funds that do not seek to maintain a stable net asset value per share. However, TexPool Prime may not acquire shares of a money market mutual fund that represent more than 10% of and outstanding shares of that fund at the time of purchase. As of August 31, 2021, no investments in a single entity exceeded the 5.00% policy limit.

Interest Rate Risk

The weighted average maturity of the TexPool Prime portfolio is limited to 60 days calculated using the reset date for variable rate notes (VRNs) and 90 days or fewer using the final maturity date for VRNs, with the maximum maturity for any individual security in the portfolio not exceeding 397 days for fixed rate securities and 24 months for VRNs. The following schedule reflects TexPool Prime's weighted average maturity by investment type and as a whole:

Investments	Weighted Average Maturity (Days)
Securities purchased under agreement to resell	1
Comercial paper	12
Money market mutual funds	1
United States treasury securities	7
TexPool Prime's weighted average maturity	12

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, TexPool Prime would not be able to recover the loss of its investments or collateral securities that are in possession of an outside entity. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not held in the name of the Texas Trust and are held by the counterparty, its trust or agent but not in the name of the Texas Trust. At September 30, 2022, the carrying amount of the City's account was \$368,775. An investment in TexPool Prime is not exposed to custodial credit risk as it is insured or registered or the securities are held by the Texas Trust or its agent in the Texas Trust's name.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 3: INVESTMENTS (Concluded)

PUBLIC FUNDS INVESTMENT ACT

According to the Public Funds Investment Act, the City can invest its funds in the following types of accounts:

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas or its agencies;
3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. Other obligations, for which the principal and interest are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or its agencies and instrumentalities;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent;
6. Bonds issued, assigned, or guaranteed by the State of Israel;
7. Certificates of deposit issued by the state and national banks domiciled in Texas, a savings bank domiciled in the State of Texas or a state or federal credit union domiciled in the State of Texas that are:
 - a. guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
 - b. secured by obligations of paragraph 1 - 4 above, which are intended to include all direct federal agency or instrumentality issued mortgage-backed securities that have a market value of not less than the principal amount of certificates, but excluding mortgage-backed securities described by Section 2256.009(b) of the Texas Public Funds Investment Act; and
 - c. secured in any other manner and amount provided by law for deposits of the investing entity.
8. Fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by item 1 above, pledged with a third party selected or approved by TexPool, and placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas; and
9. Such other investments as may be authorized by the Texas Public Funds Investment Act, Chapter 2256 of Government Code.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 4: CHANGES IN CAPITAL ASSETS

Governmental Activities

The following is a summary of changes in the general fixed asset account group for the fiscal year:

	Primary Government			
	Beginning Balance as Restated	Increases	Decreases	
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 564,101	\$ -	\$ -	\$ 564,101
Construction in progress	5,200	-	-	5,200
Total capital assets not being depreciated	<u>569,301</u>	<u>-</u>	<u>-</u>	<u>569,301</u>
Capital assets, being depreciated:				
Buildings and improvements	3,103,601	6,468	554	3,109,515
Vehicles, machinery, and equipment	922,374	-	38,262	884,112
Road and bridge	2,987,419	75,191	-	3,062,610
Total capital assets, being depreciated	<u>7,013,394</u>	<u>81,659</u>	<u>38,816</u>	<u>7,056,237</u>
Less accumulated depreciation for:				
Buildings and improvements	1,628,509	121,200	554	1,749,155
Vehicles, machinery, and equipment	672,575	89,091	38,262	723,404
Road and bridge	1,069,185	86,572	-	1,155,757
Total accumulated depreciation	<u>3,370,269</u>	<u>296,863</u>	<u>38,816</u>	<u>3,628,316</u>
Total capital assets, being depreciated, net	<u>3,643,125</u>	<u>(215,204)</u>	<u>-</u>	<u>3,427,921</u>
Governmental activities capital assets, net	<u>\$ 4,212,426</u>	<u>\$ (215,204)</u>	<u>\$ -</u>	<u>\$ 3,997,222</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 11,784	\$ -	\$ -	\$ 11,784
Construction in progress	22,425	16,024	15,738	22,711
Total capital assets, not being depreciated	<u>34,209</u>	<u>16,024</u>	<u>15,738</u>	<u>34,495</u>
Capital assets, being depreciated:				
Buildings and improvements	540,762	-	-	540,762
Vehicles, machinery, and equipment	866,240	-	29,887	836,353
Utility plant and distribution system				
Electric	1,538,679	-	-	1,538,679
Wastewater	1,782,491	-	-	1,782,491
Water	2,662,027	39,085	22,662	2,678,450
Total capital assets, being depreciated	<u>7,390,199</u>	<u>39,085</u>	<u>52,549</u>	<u>7,376,735</u>
Less accumulated depreciation for:				
Buildings and improvements	141,248	34,096	-	175,344
Vehicles, machinery, and equipment	671,904	33,007	29,887	675,024
Utility plant and distribution system				
Electric	954,058	34,695	-	988,753
Wastewater	666,394	49,077	-	715,471
Water	573,503	61,508	14,919	620,092
Total accumulated depreciation	<u>3,007,107</u>	<u>212,383</u>	<u>44,806</u>	<u>3,174,684</u>
Total capital assets, being depreciated, net	<u>4,383,092</u>	<u>(173,298)</u>	<u>7,743</u>	<u>4,202,051</u>
Business-type activities capital assets, net	<u>\$ 4,417,301</u>	<u>\$ (157,274)</u>	<u>\$ 23,481</u>	<u>\$ 4,236,546</u>

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 4: CHANGES IN FIXED ASSETS (Concluded)

Depreciation expense was charged to functions as follows:

	Amount
Governmental activities:	
General government	\$ 74,028
Public safety	93,833
Streets, bridges and parks	129,002
Total depreciation expense - governmental activities	\$ 296,863
Business-type activities:	
Electric	\$ 59,269
Water	88,224
Wastewater	64,890
Total depreciation expense - business-type activities	\$ 212,383

NOTE 5: LONG-TERM LIABILITIES

A summary of all long-term liabilities is presented below.

	Beginning Balance as Restated	Additions	Reductions	Ending Balance	Due Within One Year
Government-type activities:					
Series 2013 certificates of obligation	\$ 75,000	\$ -	\$ 37,000	\$ 38,000	\$ 38,000
Government Capital Corporation - 2017	80,447	-	39,439	41,008	41,008
Government Capital Corporation - 2018	70,230	-	12,829	57,401	13,411
Net pension liability	206,030	203,883	-	409,913	-
Other post employment benefits liability	44,822	-	2,921	41,901	-
Due to cemetery committee	187,384	-	29,820	157,564	-
Total government-type activities	663,913	203,883	122,009	745,787	92,419
Business-type activities:					
Note payable	46,976	-	19,604	27,372	20,393
Series 2006 certificates of obligation	155,000	-	30,000	125,000	30,000
Net pension liability	74,010	-	74,010	-	-
Other post employment benefits liability	31,148	10,753	-	41,901	-
Total business-type activities	307,134	10,753	123,614	194,273	50,393
Total long-term liabilities	\$ 971,047	\$ 214,636	\$ 245,623	\$ 940,060	\$ 142,812

**CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

NOTE 5: LONG-TERM LIABILITIES (Continued)

The governmental activities interest expense consists of \$8,403 paid by the Debt Service Fund for retirement of certificates of obligation debt and general note debt.

The business-type activities interest expense consists of \$1,503 paid by the Water and Wastewater Funds for retirement of certificates of obligation debt and general note debt.

\$660,000 "City of Flatonia, Texas Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2006" dated July 15, 2006

On June 13, 2006, the City of Flatonia authorized the issuance of \$660,000, Series 2006, Combination Tax and Subordinate Lien Revenue Certificates of Obligation. Principal payments ranging from \$30,000 to \$35,000 are due annually on September 1, commencing on September 1, 2007 and continuing until September 1, 2026. The interest rate is fixed at zero.

The City issued the Certificates of Obligation for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, including (1) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's utility system, (2) the purchase of land, rights of way, materials, supplies, and equipment for authorized needs and purposes relating to the utility system improvements, and (3) the payment of professional services related to the construction and financing of the aforementioned projects.

The Certificates of this series are payable from the proceeds of an ad valorem tax levied upon all taxable property within the City and are further payable from and secured by a subordinate and inferior lien on and pledge of the net revenues derived from the operation of the City's combined utility system. At this time the City does not levy an ad valorem tax to service this debt.

As of September 30, 2022, the City was not in compliance with the covenants of the bond ordinance.

\$340,000 "City of Flatonia, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013" dated October 15, 2013

On August 27, 2013, the City of Flatonia authorized the issuance of \$340,000, Series 2013, Combination Tax and Limited Pledge Revenue Certificates of Obligation. The interest rate is fixed at 2.75% and is payable on February 15 and August 15 of each year, commencing on February 15, 2014 and continuing while any of the certificates remain outstanding. Principal payments ranging in amount from \$28,000 to \$38,000 are due annually on August 15, commencing on August 15, 2014 and continuing until August 15, 2023. Certificates may be redeemed prior to their stated maturities, at the option of the City.

The City issued the certificates for the purpose of making permanent public improvements to wit: designing, constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving a new public safety facility, and the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned facility, and the payment of professional services related to the design, construction, project management, and financing of the aforementioned facility. The certificates of this series are payable from the proceeds of an ad valorem tax levied upon all taxable property within the City and from a lien on and pledge of certain revenues derived by the City from the operation of the City's utility system. At this time, the City does not levy an ad valorem tax to service this debt.

As of September 30, 2022, the City was not in compliance with the covenants of the bond ordinance.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 5: LONG-TERM LIABILITIES (Continued)

\$189,264 Government Capital Corporation – 2017 Loan

On August 8, 2017, the City of Flatonia authorized the establishment of a financing agreement with Government Capital Corporation in the amount of \$189,264. The interest rate is fixed at 3.98%. Interest and principal payments are due on October 15 of each year, commencing on October 15, 2018 and continuing until the final payment is made on October 15, 2022.

The purpose of the financing agreement was to purchase four 2017 Ford Explorers and related necessary equipment packages for the Police Department.

\$112,963 John Deere Financial Loan

On February 22, 2018, the City of Flatonia authorized the establishment of a financing agreement with John Deere Financial in the amount of \$112,963. The interest rate is fixed at 3.95%. Interest and principal payments are due on the 22nd of each month, commencing on February 22, 2018 and continuing until the final payment is made on January 22, 2024.

The purpose of the financing agreement was to purchase a John Deere 524K Loader for the Water Department.

\$94,231 Government Capital Corporation – 2018 Loan

On October 9, 2018, the City of Flatonia authorized the establishment of a financing agreement with Government Capital Corporation in the amount of \$94,231. The interest rate is fixed at 4.531%. Interest and principal payments are due on October 31 of each year, commencing on October 31, 2019 and continuing until the final payment is made on October 15, 2025.

The purpose of the financing agreement was to purchase two 2018 Chevrolet Tahoes and related necessary equipment packages for the Police Department.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 5: LONG-TERM LIABILITIES (Continued)

\$409,913 Net Pension Liability

The unfunded pension liability repayment schedule is not known as of the date of this report.

\$83,802 Total Other Post-Employment Benefits Liability

The unfunded pension liability repayment schedule is not known as of the date of this report.

Annual Debt Requirements

Annual requirements to retire Series 2006 Certificates of Obligation are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 30,000	\$ -	\$ 30,000
2024	30,000	-	30,000
2025	30,000	-	30,000
2026	35,000	-	35,000
Total	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>

Annual requirements to retire Series 2013 Revenue Certificates of Obligation are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 38,000	\$ 1,045	\$ 39,045
Total	<u>\$ 38,000</u>	<u>\$ 1,045</u>	<u>\$ 39,045</u>

Annual requirements to retire Government Capital Corporation – 2017 loan are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 41,008	\$ 1,632	\$ 42,640
Total	<u>\$ 41,008</u>	<u>\$ 1,632</u>	<u>\$ 42,640</u>

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 5: LONG-TERM LIABILITIES (Concluded)

Annual requirements to retire John Deere Financial loan are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 20,393	\$ 714	\$ 21,107
2024	6,979	57	7,036
Total	<u>\$ 27,372</u>	<u>\$ 771</u>	<u>\$ 28,143</u>

Annual requirements to retire Government Capital Corporation – 2018 loan are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 13,411	\$ 2,601	\$ 16,012
2024	14,018	1,993	16,011
2025	14,654	1,358	16,012
2026	15,318	694	16,012
Total	<u>\$ 57,401</u>	<u>\$ 6,646</u>	<u>\$ 64,047</u>

Annual debt service requirements to maturity for all long-term debt, exclusive of net pension liability and other post-employment benefits liability, are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 142,812	\$ 5,992	\$ 148,804
2024	50,997	2,050	53,047
2025	44,654	1,358	46,012
2026	50,318	694	51,012
Total	<u>\$ 288,781</u>	<u>\$ 10,094</u>	<u>\$ 298,875</u>

**CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

NOTE 6: PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM

A. Plan Description

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

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

B. Benefits Provided

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

At retirement, the member's benefit is calculated as the sum of the member's contributions, with interest, and the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring members may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

Plan provisions for the City were as follows:

	Plan Year 2021
Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20
Updated Service Credit	Auto Readoption – 100%
Annuity Increase (to retirees)	Auto Readoption – 70%

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	16
Active employees	16
Total	45

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 6: PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (Continued)

C. Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City matching percentages are either 1:1 (1 to 1), (1.5:1 (1^{1/2} to 1) or 2:1 (2 to 1), both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year 2022. The contribution rates for the City were 14.47% and 15.77% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$133,214.

D. Net Pension Asset

The City's Net Pension Asset (NPA) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

NOTE 6: PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (Continued)

D. Net Pension Asset (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 6: PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (Continued)

D. Net Pension Asset (Concluded)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balance at 12/31/2020	\$ 5,605,752	\$ 5,425,238	\$ 180,514
Changes for the year:			
Service cost	178,162	-	178,162
Interest	376,710	-	376,710
Change in benefit terms	-	-	-
Difference between expected and actual experience	(40,312)	-	(40,312)
Changes in assumptions	-	-	-
Contributions - employer	-	159,235	(159,235)
Contributions - employee	-	70,659	(70,659)
Net investment income	-	707,917	(707,917)
Benefit payments, including refunds of employee contributions	(227,894)	(227,894)	-
Administrative expense	-	(3,272)	3,272
Other changes	-	21	(21)
Net changes	286,666	706,666	(420,000)
Balance at 12/31/2021	\$ 5,892,418	\$ 6,131,904	\$ (239,486)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability(asset)	\$568,153	\$(239,486)	\$(902,991)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 6: PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (Concluded)

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

For the year ended September 30, 2022, the City recognized pension expense (income) of (\$166,688).

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 85,794
Changes in actuarial assumptions	-	3,956
Difference between projected and actual investment earnings	-	363,843
Contributions subsequent to the measurement date December 31, 2021	99,620	-
Total	\$99,620	\$453,593

\$99,620 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Net deferred outflows (inflows) of resources
2022	\$(103,922)
2023	(188,899)
2024	(89,795)
2025	(70,977)
2026	-
Thereafter	-
Total	\$(453,593)

**CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The City also participates in the TMRS administered defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

B. Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an "other postemployment benefit" (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	4
Active employees	16
Total	29

C. Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active members and retiree deaths on a pay-as-you-go basis.

The City's contributions to the TMRS SDBF for the fiscal year ended September 30, 2022 were \$2,370, which equaled the required contributions each year.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

D. Total OPEB Liability

The City's total OPEB liability of \$83,802 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	1.84%
Retirees' share of benefit-related costs	\$0

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

Salary increases were based on a graduated service-based scale. Mortality rates for service retirees were based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. For disabled retirees, the mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. Pre-retirement mortality rates are based on the PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

**CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

E. Changes in the Total OPEB Liability

	Increase (Decrease)
Balance at 12/31/2020	\$ 75,970
Changes for the year:	
Service cost	3,634
Interest on total OPEB liability	1,541
Change in benefit terms	-
Difference between expected and actual experience	1,594
Changes in assumptions or other inputs	2,577
Benefit payments	(1,514)
Net changes	7,832
Balance at 12/31/2021	\$ 83,802

Changes of assumptions and other inputs reflect a change in the discount rate from 2.00 percent as of December 31, 2020 to 1.84 percent as of December 31, 2021.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB liability	\$102,728	\$83,802	\$69,489

**CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Concluded)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$5,284.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$428
Changes in assumptions and other inputs	12,538	-
Contributions made subsequent to measurement date	1,859	-
Total	\$14,397	\$428

\$1,444 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will not be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Net Deferred Outflows (Inflows) of Resources
2022	\$ 2,448
2023	3,160
2024	2,981
2025	2,094
2026	1,346
Thereafter	81
Total	\$12,110

NOTE 8: PENSION PLAN – TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

A. Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the TESRS and established and administered by the State of Texas (the "State") to provide pension benefits for emergency services personnel who serve without significant monetary remuneration.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 8: PENSION PLAN – TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (Continued)

B. Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by Board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested after 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

C. Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by Board rule, and there is no maximum contribution rate. For the fiscal year ending September 30, 2022, total contributions of \$49,100 were paid into TESRS by the City. The State is required to contribute an amount necessary to make TESRS "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year. The State appropriated \$1,262,763 for the fiscal year ending August 31, 2022 to the plan as a whole.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of August 31, 2022, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

At August 31, 2022, the City's proportionate amount and share of the net pension liability, as a nonemployer contributing entity, were \$409,913 and 0.999%. The proportionate amount and share were based on the City's proportion of the contributions received by the plan relative to the contributions for all participants in the plan. The State's proportionate amount of the net pension liability was \$106,405 calculated using the City's proportionate share of contributions multiplied by the State's share of the collective NPL.

**CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

NOTE 8: PENSION PLAN – TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (Concluded)

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

For the year ended September 30, 2022, the City recognized pension expense of \$48,401.

At August 31, 2022, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 15,604	\$ -
Net difference between projected and actual investment earnings	151,170	-
Changes in assumptions	-	2,061
Contributions subsequent to the measurement date August 31, 2022	-	-
Total	\$166,774	\$2,061

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date are not material, therefore, will not be recognized as a reduction of the net pension liability for the year ending September 30, 2022. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Net Deferred Outflows (Inflows) of Resources
2023	\$ 47,524
2024	29,502
2025	30,803
2026	56,884
Total	\$164,713

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 9: FUND BALANCES

Governmental fund balances at September 30, 2022 are as follows:

	General Fund	Other Governmental Funds	Total Governmental Funds
Non-spendable:			
Prepaid expenditures	\$ 14,507	\$ -	\$ 14,507
Restricted:			
Economic development	163,343	-	163,343
Police department donations	-	1,599	1,599
Building security	-	13,614	13,614
Judicial fee	-	1,174	1,174
Municipal court	-	16,450	16,450
Tourism	-	142,898	142,898
Unassigned	(27,106)	-	(27,106)
Total fund balances	<u>\$ 150,744</u>	<u>\$ 175,735</u>	<u>\$ 326,479</u>

NOTE 10: INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated. Interfund transfers for the year ended September 30, 2022 are as follows:

	General Fund	Other Govern- mental Funds	Electric	Water	Waste- water	Total
Transfers in	\$ 110,703	\$ 97,671	\$ -	\$ 30,000	\$ 6,467	\$ 244,841
Transfers out	(127,138)	-	(4,603)	(83,100)	(30,000)	(244,841)
Net	<u>\$ (16,435)</u>	<u>\$ 97,671</u>	<u>\$ (4,603)</u>	<u>\$ (53,100)</u>	<u>\$ (23,533)</u>	<u>\$ -</u>

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 10: INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES (Concluded)

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other fund.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position. Interfund balances for the year ended September 30, 2022 are as follows:

	General Fund	Other Govern- mental Funds	Electric	Water	Waste- water	Total
Interfund receivables	\$ -	\$ -	\$ -	\$ -	\$ 84,100	\$ 84,100
Interfund payables	(84,100)	-	-	-	-	(84,100)
Net	<u>\$ (84,100)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,100</u>	<u>\$ -</u>

NOTE 11: OPERATING LEASE

The City leases office equipment under an operating lease with a term of five years. The City assesses whether an agreement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized as incurred over the lease term. The leases for office equipment are not considered to be leases under GASB 87 as their remaining life at the date of implementation was less than 12 months.

NOTE 12: LESSOR AGREEMENTS

The City leases various pieces of city property and buildings to various customers under operating leases with terms ranging from three to ninety-nine years. The City assesses whether an agreement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized as incurred over the lease term. The property and building leases are all cancellable and as such are not considered to be leases under GASB 87.

NOTE 13: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year ended September 30, 2022, the City purchased commercial insurance to cover general risks of loss. There were no significant reductions in coverage in the year ended September 30, 2022.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 14: GRANTS

During the fiscal year ended September 30, 2021, the City of Flatonia was awarded funds of \$354,582 through the 2021 Coronavirus Local Fiscal Recovery Fund (CLFRF) administered by Texas Division of Emergency Management (TDEM). Funds associated with this grant were issued in two tranches of \$177,291 during the fiscal year ended September 30, 2021 and \$177,641 in the fiscal year ended September 30, 2022. Funds associated with this grant were to be used to respond to the public health emergency with respect to COVID by addressing the economic impacts in the community, providing pay support to essential workers during the pandemic, for the provision of government services to the extent of the reduction of revenue caused by the pandemic, and to help make necessary investments in water, sewer, or broadband infrastructure. The City received the first tranche of \$177,291 during the fiscal year ended September 30, 2021 and the second tranche of \$177,641 during the fiscal year ended September 30, 2022. These funds are required to be obligated by December 31, 2024 and expended by December 31, 2026. As of the fiscal year ended September 30, 2022, none of the funds received were expended. The total funds received of \$354,932 are classified as unearned grant revenue in the financial statements. This project is not considered to be complete.

During the fiscal year ended September 30, 2020, the City entered into a \$315,000 Texas Community Development Block Grant (Contract No. 7219150) with the U.S. Department of Housing and Urban Development, passed through the Texas Department of Agriculture. The purpose of this grant is to improve City-wide water pressure, flow, and fire protection by looping the water system and ensuring that a wastewater line is relocated in the process to comply with the Texas Commission on Environmental Quality standards. During the fiscal year ended September 30, 2020, the City expended \$103,935 associated with this grant and expended an additional \$238,348 during the fiscal year ended September 30, 2021. A final payment on administrative expenses associated with the grant in the amount of \$1,700 was incurred during the fiscal year ended September 30, 2022. This program is considered to be complete.

During the fiscal year ended September 30, 2022, the City entered into a \$291,014 Hazard Mitigation grant (Contract No 22-119001-D359) with the U.S. Department of Housing and Urban Development, passed through the Texas General Land Office in order to construct a perimeter berm and containment curb in support of the City's sewer facilities. During the fiscal year ended September 30, 2022, the City received and expended funding of \$16,024. This program is not considered to be complete.

During the fiscal year ended September 30, 2022, the City received grant funding from state and federal sources in the amount of \$946 to help cover the cost of police department supplies.

NOTE 15: RESTATEMENT OF BEGINNING BALANCES

During the current year, it was determined that an unearned revenue balance was not recognized in the General Fund for grant funding that was received during the fiscal year ended September 30, 2021 but not earned in that period. Therefore, restatements to the September 30, 2021 government-wide Statement of Net Position financial statements for governmental activity and the corresponding Fund Financial statements for the General Fund's fund balance were required.

During the current year, it was determined that costs associated with various insurance policy premiums that should have been reported as prepaid expenses were incorrectly expensed in the General, Electric, Water and Wastewater Funds in the fiscal year ended September 30, 2021. Therefore, restatements to the September 30, 2021 government-wide Statement of Net Position financial statements for governmental activity and the corresponding Fund Financial statements for the General, Electric, Water and Wastewater Funds' fund balance were required.

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 15: RESTATEMENT OF BEGINNING BALANCES (Continued)

During the current year, it was determined that a fixed asset originally constructed in 2006 and its related accumulated depreciation and long-term debt liability for financing this project were not recorded during the fiscal year ended September 30, 2006. Therefore, restatements to the September 30, 2021, government-wide Statement of Net Position financial statements for governmental activity were required.

The impact of these restatements on net position is as follows:

	Governmental Activities	Business-type Activities			Total
		Electric	Water	Wastewater	
Net position, September 30, 2021, as previously stated	\$ 3,655,230	\$ 1,232,863	\$ 2,425,029	\$ 1,297,623	\$ 8,610,745
Restatement of net position -					
Unearned grant revenue	(177,290)	-	-	-	(177,290)
Insurance expense recognized in the incorrect period	49,343	11,443	7,664	2,643	71,093
Omission of capital asset	207,744	-	-	-	207,744
Omission of accumulated depreciation	(58,168)	-	-	-	(58,168)
Omission of long term debt	(187,384)	-	-	-	(187,384)
Net position, September 30, 2021, as restated	<u>\$ 3,489,475</u>	<u>\$ 1,244,306</u>	<u>\$ 2,432,693</u>	<u>\$ 1,300,266</u>	<u>\$ 8,466,740</u>

CITY OF FLATONIA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE 15: RESTATEMENT OF BEGINNING BALANCES (Concluded)

The impact of these restatements on fund balance is as follows:

	General Fund	Other Governmental Fund Balance	Total Governmental Fund Balance
Fund balance, September 30, 2021, as previously stated	\$ 45,494	\$ 151,101	\$ 196,595
Restatement of fund balance - Unearned grant revenue	(177,290)	-	(177,290)
Insurance expense recognized in the incorrect period	49,343	-	49,343
Fund balance, September 30, 2021, as restated	<u>\$ (82,453)</u>	<u>\$ 151,101</u>	<u>\$ 68,648</u>

NOTE 16: SUBSEQUENT EVENTS

In preparing these financial statements, events and transactions have been evaluated for potential recognition or disclosure through November 12, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLATONIA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2022

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Ad valorem tax	\$ 337,821	\$ 347,962	\$ 10,141
Sales tax	348,289	431,917	83,628
Franchise tax	769,000	766,915	(2,085)
Other taxes	3,000	4,340	1,340
Licenses and permits	16,400	20,680	4,280
Fines	12,500	14,290	1,790
Sanitation services	400,000	475,851	75,851
Interest income	1,000	2,768	1,768
Rental income	13,505	17,405	3,900
Restricted donations	10,000	-	(10,000)
Fire Department donations	-	9,299	9,299
Royalty income	6,000	12,231	6,231
Resource officer reimbursement	34,897	13,543	(21,354)
Miscellaneous	28,000	21,869	(6,131)
Total revenues	<u>1,980,412</u>	<u>2,139,070</u>	<u>158,658</u>
EXPENDITURES			
Current:			
General government	486,719	404,265	82,454
Public safety	1,030,017	813,737	216,280
Streets, bridges and parks	166,064	202,191	(36,127)
Sanitation contractor	300,000	371,441	(71,441)
Debt service			
Principal	-	29,820	(29,820)
Capital outlay	253,370	81,659	171,711
Total expenditures	<u>2,236,170</u>	<u>1,903,113</u>	<u>333,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(255,758)</u>	<u>235,957</u>	<u>491,715</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	-	13,675	13,675
Transfers in	-	110,703	110,703
Transfers out	-	(127,138)	(127,138)
Total other financing sources (uses)	<u>-</u>	<u>(2,760)</u>	<u>(2,760)</u>
Net change in fund balance	<u>\$ (255,758)</u>	<u>\$ 233,197</u>	<u>\$ 488,955</u>

CITY OF FLATONIA, TEXAS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2022

NOTE 1: BUDGETS

The budget for the Governmental Fund adopted during the year by the City Council was prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The General Fund has a legally adopted budget. The other governmental funds budgetary comparisons are not displayed because they are not major funds.

CITY OF FLATONIA, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET POSITION LIABILITY AND RELATED RATIOS (unaudited)
Last Eight Measurement Years

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total pension liability								
Service cost	\$ 131,140	\$ 130,184	\$ 136,750	\$ 157,716	\$ 162,642	\$ 176,193	\$ 176,181	\$ 178,162
Interest (on the total pension liability)	272,888	291,787	294,118	307,731	320,629	342,727	362,922	376,710
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	2,703	(125,220)	(92,517)	(81,370)	34,847	11,773	(111,159)	(40,312)
Change of assumptions	-	36,047	-	-	-	(19,178)	-	-
Benefit payments, including refunds of employee contributions	(73,417)	(199,113)	(95,218)	(199,111)	(191,801)	(203,221)	(221,439)	(227,894)
Net change in total pension liability	333,314	133,685	243,133	184,966	326,317	308,294	206,505	286,666
Total pension liability - beginning	3,869,538	4,202,852	4,336,537	4,579,670	4,764,636	5,090,953	5,399,247	5,605,752
Total pension liability - ending (a)	<u>\$ 4,202,852</u>	<u>\$ 4,336,537</u>	<u>\$ 4,579,670</u>	<u>\$ 4,764,636</u>	<u>\$ 5,090,953</u>	<u>\$ 5,399,247</u>	<u>\$ 5,605,752</u>	<u>\$ 5,892,418</u>

CITY OF FLATONIA, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET POSITION LIABILITY AND RELATED RATIOS (unaudited) (CONTINUED)
Last Eight Measurement Years

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Plan fiduciary net position								
Contributions - employer	\$ 144,348	\$ 143,419	\$ 141,534	\$ 163,548	\$ 164,146	\$ 160,684	\$ 159,636	\$ 159,235
Contributions - employee	56,932	56,287	55,882	63,853	65,809	71,832	70,112	70,659
Net investment income	184,466	5,216	239,138	537,246	(132,986)	671,385	382,661	707,917
Benefit payments, including refunds of employee contributions	(73,417)	(199,113)	(95,218)	(199,111)	(191,801)	(203,221)	(221,439)	(227,894)
Administrative expense	(1,925)	(3,176)	(2,699)	(2,783)	(2,569)	(3,791)	(2,474)	(3,272)
Other	(158)	(157)	(145)	(141)	(134)	(114)	(97)	22
Net change in plan fiduciary net position	310,246	2,476	338,492	562,612	(97,535)	696,775	388,399	706,667
Plan fiduciary net position - beginning	3,223,773	3,534,019	3,536,495	3,874,987	4,437,599	4,340,064	5,036,839	5,425,238
Plan fiduciary net position - ending (b)	<u>\$ 3,534,019</u>	<u>\$ 3,536,495</u>	<u>\$ 3,874,987</u>	<u>\$ 4,437,599</u>	<u>\$ 4,340,064</u>	<u>\$ 5,036,839</u>	<u>\$ 5,425,238</u>	<u>\$ 6,131,905</u>
Net pension liability - ending (a)-(b)	\$ 668,833	\$ 800,042	\$ 704,683	\$ 327,037	\$ 750,889	\$ 362,408	\$ 180,514	\$ (239,487)
Plan fiduciary net position as a percentage of total pension liability	84.09%	81.55%	84.61%	93.14%	85.25%	93.29%	96.78%	104.06%
Covered payroll	\$ 813,316	\$ 804,104	\$ 798,308	\$ 912,181	\$ 940,130	\$ 1,026,169	\$ 1,001,598	\$ 1,009,416
Net pension liability as a percentage of covered payroll	82.24%	99.49%	88.27%	35.85%	79.87%	35.32%	18.02%	-23.73%

CITY OF FLATONIA, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS (unaudited)
Last Eight Fiscal Years

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Actuarially determined contribution	\$ 145,050	\$ 139,693	\$ 157,208	\$ 162,571	\$ 163,773	\$ 167,413	\$ 164,071	\$ 133,214
Contributions in relation to the actuarially determined contribution	145,120	139,767	157,208	162,588	163,773	163,773	163,773	133,214
Contribution deficiency (excess)	\$ (70)	\$ (74)	\$ -	\$ (17)	\$ -	\$ 3,640	\$ 298	\$ -
Covered payroll	\$ 814,232	\$ 786,829	\$ 879,521	\$ 923,941	\$ 1,013,343	\$ 1,055,455	\$ 1,037,796	\$ 901,481
Contributions as a percentage of covered payroll	17.82%	17.76%	17.87%	17.60%	16.16%	15.52%	15.78%	14.78%

**CITY OF FLATONIA, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO SCHEDULE OF CONTRIBUTIONS (unaudited)
Last Eight Fiscal Years**

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of percent of payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

**CITY OF FLATONIA, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (unaudited)
For the Year Ended September 30, 2022**

	Measurement Date 2017	Measurement Date 2018	Measurement Date 2019	Measurement Date 2020	Measurement Date 2021
Total OPEB liability					
Service cost	\$ 2,372	\$ 2,820	\$ 2,360	\$ 2,804	\$ 3,634
Interest on total OPEB liability	1,750	1,802	1,945	1,758	1,541
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(2,292)	(1,830)	(528)	(583)
Changes in assumptions or other inputs	4,155	(3,667)	9,317	9,664	3,652
Benefit payments	(365)	(376)	(513)	(501)	-
Net change in total OPEB liability	7,912	(1,713)	11,279	13,197	8,244
Total OPEB liability - beginning	45,295	53,207	51,494	62,773	75,970
Total OPEB liability - ending	<u>\$ 53,207</u>	<u>\$ 51,494</u>	<u>\$ 62,773</u>	<u>\$ 75,970</u>	<u>\$ 84,214</u>
Covered employee payroll	\$ 912,181	\$ 940,130	\$ 1,026,169	\$ 1,001,598	\$ 1,009,416
Total OPEB liability as a percentage of covered employee payroll	5.83%	5.48%	6.12%	7.58%	8.34%

**CITY OF FLATONIA, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (unaudited)
For the Year Ended September 30, 2022**

NOTE 1: CHANGE OF ASSUMPTIONS

Changes of assumptions and other inputs reflect the effect of change in the discount rate from 2.00 percent as of December 31, 2020 to 1.84 percent as of December 31, 2021.

NOTE 2: OTHER INFORMATION

The Supplemental Death Benefit Fund (SDBF) covers both active and retiree benefits with no segregation of assets, and therefore does not meet the definition of a trust under GASB Statement No. 75, paragraph 4b.

CITY OF FLATONIA, TEXAS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
SCHEDULE OF THE CITY AND STATE'S PROPORTIONATE SHARE OF NET
PENSION LIABILITY AND RELATED RATIOS (unaudited)
Last Nine Measurement Years

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022
City's proportion of the net pension liability	0.640%	0.762%	0.731%	0.810%	0.786%	1.064%	1.021%	0.929%	0.999%
City's proportionate share of the net pension liability	\$ 116,362	\$ 203,436	\$ 212,991	\$ 194,403	\$ 170,144	\$ 301,488	\$ 257,364	\$ 99,528	\$ 409,913
State's proportionate share of the net pension liability	39,321	70,517	73,633	63,663	47,222	89,430	73,367	28,372	106,405
Total proportionate share of the net pension liability	\$ 155,683	\$ 273,953	\$ 286,624	\$ 258,066	\$ 217,366	\$ 390,918	\$ 330,731	\$ 127,900	\$ 516,318
Plan fiduciary net position as a percentage of the total pension liability	83.5%	76.9%	76.3%	81.4%	84.3%	80.2%	83.2%	93.1%	75.2%

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

CITY OF FLATONIA, TEXAS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
SCHEDULE OF THE CITY'S CONTRIBUTIONS – AS NONEEMPLOYER
CONTRIBUTING ENTITIES (unaudited)
Last Nine Measurement Years

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022
Statutorily required contributions	\$ 29,000	\$ 36,000	\$ 33,500	\$ 39,175	\$ 37,638	\$ 47,662	\$ 47,600	\$ 44,600	\$ 48,600
Contributions in relation to the statutorily required contribution	29,000	36,000	33,500	39,175	37,638	47,662	48,400	45,100	49,100
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (800)	\$ (500)	\$ (500)

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

OTHER INFORMATION

CITY OF FLATONIA, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2022

	Special Revenue							Total Nonmajor Governmental Funds
	Debt Service	Hotel/ Motel	Police Donations	Municipal Court	Judicial Fee	Building Security		
ASSETS								
Restricted cash and investments	\$ -	\$ 99,848	\$ 1,599	\$ 16,450	\$ 1,174	\$ 13,614	\$ 132,685	
Occupancy taxes receivable	-	26,439	-	-	-	-	26,439	
Total assets	<u>\$ -</u>	<u>\$ 126,287</u>	<u>\$ 1,599</u>	<u>\$ 16,450</u>	<u>\$ 1,174</u>	<u>\$ 13,614</u>	<u>\$ 159,124</u>	
LIABILITIES								
Accounts payable	\$ -	\$ (16,611)	\$ -	\$ -	\$ -	\$ -	\$ (16,611)	
Total liabilities	<u>-</u>	<u>(16,611)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,611)</u>	
FUND BALANCES								
Restricted	-	142,898	1,599	16,450	1,174	13,614	175,735	
Total fund balances	<u>-</u>	<u>142,898</u>	<u>1,599</u>	<u>16,450</u>	<u>1,174</u>	<u>13,614</u>	<u>175,735</u>	
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 126,287</u>	<u>\$ 1,599</u>	<u>\$ 16,450</u>	<u>\$ 1,174</u>	<u>\$ 13,614</u>	<u>\$ 159,124</u>	

CITY OF FLATONIA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Debt Service	Special Revenue					Building Security	Total Nonmajor Governmental Funds
		Hotel/ Motel	Police Donations	Municipal Court	Judicial Fee			
REVENUES								
Occupancy tax	\$ -	\$ 108,181	\$ -	\$ -	-	\$ -	\$ 108,181	
Fines	-	-	-	-	60	-	105	
Total revenues	-	108,181	-	-	60	-	108,286	
EXPENDITURES								
Tourism	-	83,652	-	-	-	-	83,652	
Principal	89,268	-	-	-	-	-	89,268	
Interest	8,403	-	-	-	-	-	8,403	
Total expenditures	97,671	83,652	-	-	-	-	181,323	
Excess (deficiency) of revenues over (under) expenditures	(97,671)	24,529	-	-	60	45	(73,037)	
OTHER FINANCING SOURCES (USES)								
Transfers in	97,671	-	-	-	-	-	97,671	
Total other financing sources (uses)	97,671	-	-	-	-	-	97,671	
Net change in fund balances	-	24,529	-	-	60	45	24,634	
Fund balances - beginning	-	118,369	1,599	1,174	16,390	13,569	151,101	
Fund balances - ending	\$ -	\$ 142,898	\$ 1,599	\$ 1,174	\$ 16,450	\$ 13,614	\$ 175,735	

**CITY OF FLATONIA, TEXAS
COMBINING BALANCE SHEET
GENERAL FUND AND ECONOMIC DEVELOPMENT CORPORATION
September 30, 2022**

	<u>General Fund</u>	<u>Economic Development Corporation</u>	<u>Interfund Eliminating Adjustments</u>	<u>Total Combined General Fund</u>
ASSETS				
Cash and investments	\$ 501,970	\$ -	\$ -	\$ 501,970
Restricted cash and investments	89	141,296	-	141,385
Receivables:				
Sales taxes	27,565	13,782	-	41,347
Mixed beverage taxes	300	-	-	300
Sanitation services	71,438	-	-	71,438
Franchise taxes	1,675	-	-	1,675
Ad valorem taxes	24,236	-	-	24,236
Other	465	-	-	465
Due from other government	1,042	-	-	1,042
Interfund receivables	-	8,885	(8,885)	-
Prepaid expenditures	14,507	-	-	14,507
Total assets	<u>\$ 643,287</u>	<u>\$ 163,963</u>	<u>\$ (8,885)</u>	<u>\$ 798,365</u>
LIABILITIES				
Accounts payable	\$ 106,273	620	\$ -	\$ 106,893
Other accrued expenses	77,460	-	-	77,460
Interfund payables	92,985	-	(8,885)	84,100
Total liabilities	<u>276,718</u>	<u>620</u>	<u>(8,885)</u>	<u>268,453</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable taxes	24,236	-	-	24,236
Unearned grant revenue	354,932	-	-	354,932
Total deferred inflows of resources	<u>379,168</u>	<u>-</u>	<u>-</u>	<u>379,168</u>
FUND BALANCES				
Nonspendable	14,507	-	-	14,507
Restricted	-	163,343	-	163,343
Unassigned	(27,106)	-	-	(27,106)
Total fund balances	<u>(12,599)</u>	<u>163,343</u>	<u>-</u>	<u>150,744</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 643,287</u>	<u>\$ 163,963</u>	<u>\$ (8,885)</u>	<u>\$ 798,365</u>

CITY OF FLATONIA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND AND ECONOMIC DEVELOPMENT CORPORATION
For the Year Ended September 30, 2022

	<u>General Fund</u>	<u>Economic Development Corporation</u>	<u>Total Combined General Fund</u>
REVENUES			
Ad valorem tax	\$ 347,962	\$ -	\$ 347,962
Sales tax	287,945	143,972	431,917
Franchise tax	766,915	-	766,915
Mixed beverage tax	4,340	-	4,340
Licenses, fees, and permits	20,680	-	20,680
Fines	14,290	-	14,290
Sanitation services	475,851	-	475,851
Interest income	2,768	-	2,768
Rental income	17,405	-	17,405
Fire department donations	9,299	-	9,299
Royalty income	12,231	-	12,231
Resource officer reimbursement	13,543	-	13,543
Miscellaneous	21,869	-	21,869
Total revenues	<u>1,995,098</u>	<u>143,972</u>	<u>2,139,070</u>
EXPENDITURES			
Current:			
General government	333,234	71,031	404,265
Public safety	813,737	-	813,737
Streets, bridges and parks	202,191	-	202,191
Sanitation contractor	371,441	-	371,441
Debt service - principal	29,820	-	29,820
Capital outlay	75,191	6,468	81,659
Total expenditures	<u>1,825,614</u>	<u>77,499</u>	<u>1,903,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>169,484</u>	<u>66,473</u>	<u>235,957</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	13,675	-	13,675
Transfers in	110,703	-	110,703
Transfers out	(104,138)	(23,000)	(127,138)
Total other financing sources (uses)	<u>20,240</u>	<u>(23,000)</u>	<u>(2,760)</u>
Net change in fund balances	189,724	43,473	233,197
Fund balances - beginning as restated	(202,323)	-	(202,323)
Fund balances - beginning	<u>-</u>	<u>119,870</u>	<u>119,870</u>
Fund balances - ending	<u>\$ (12,599)</u>	<u>\$ 163,343</u>	<u>\$ 150,744</u>

