

CITY OF JONESTOWN, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2021



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS



CITY OF JONESTOWN, TEXAS  
 ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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## FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Council, and Citizens of the  
City of Jonestown, Texas

**Report on the Financial Statements**

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 Jonestown, Texas (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

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

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## **Other Matters**

### *Required Supplementary Information*

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

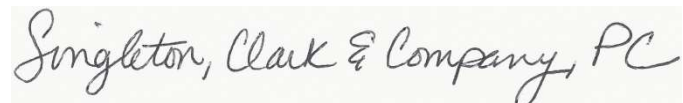
### *Other Information*

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC  
Cedar Park, Texas

March 25, 2022

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CITY OF JONESTOWN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

As management of the City of Jonestown, Texas ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

### Financial Highlights

- At the end of the current fiscal year, the City's governmental activities (full accrual presentation) net position increased by \$1,316,976 as a result of this year's current operations to end at \$10,244,534.
- At the end of the current fiscal year, the City's General Fund reported an ending fund balance of \$4,019,592 after net change increase of \$721,277. The City's Streets Fund which is a major fund reported an ending fund balance of \$695,352 after net increase of \$146,365. The Debt Service Fund, a major fund this year, reported an ending fund balance of \$135,120 after a net increase of \$8,945. The City's other governmental funds ended the year with a total fund balance of \$1,115,148.
- At the end of the current fiscal year, the City's proprietary funds reported total ending net position of \$2,707,805 after the cumulative decrease of \$17,168.

### Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

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

CITY OF JONESTOWN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, public works, and culture and recreation. The business-type activities of the City include a water/wastewater utility operation, a plaza enterprise operation, and a capital improvements obligation operation.

The government-wide financial statements can be found on pages 17-19 of this report.

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

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

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

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Streets Fund and Debt Service Fund, which are considered to be major funds. Data from the other seven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules in the combining and individual fund schedules section of this report.

The City adopts an annual appropriated budget for its General Fund, the Debt Service Fund, Capital Expenditures Fund and Northshore Wastewater Utility System Fund. A budgetary comparison statement has been provided for the General Fund on page 27 and the Debt Service Fund on page 75 of this report.

The basic governmental fund financial statements can be found on pages 22-27 of this report.

CITY OF JONESTOWN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**Proprietary Funds.** The City has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for the Plaza Enterprise Fund and the Northshore Wastewater Utility System Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a City's functions. The City is not currently utilizing an internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water/wastewater utility operation, plaza enterprise operation and capital improvements developer fund, all of which are considered to be major funds of the City. Conversely, when internal service funds are utilized, they are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 28-31 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City does not currently maintain any fiduciary funds.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 35-55 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Jonestown's participation in its employee pension program and the employees other post-employment benefit program. Required supplementary information can be found on page 58-67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Combining and individual fund schedules can be found on pages 70-73 of this report.

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

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$10,244,534 for governmental activities and \$2,707,805 for business-type activities at the close of the most recent fiscal year.

CITY OF JONESTOWN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**TABLE I**  
**CITY OF JONESTOWN, TEXAS**  
**NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 6,581,854	\$ 5,326,766	\$ 1,001,311	\$ 782,370	\$ 7,583,165	\$ 6,109,136
Capital assets	7,321,084	7,714,401	2,113,060	2,123,395	9,434,144	9,837,796
Total assets	13,902,938	13,041,167	3,114,371	2,905,765	17,017,309	15,946,932
Deferred outflows of resources	169,340	189,625	-	-	169,340	189,625
Current liabilities	483,133	508,396	406,566	180,792	889,699	689,188
Noncurrent liabilities	3,220,921	3,627,331	-	-	3,220,921	3,627,331
Total liabilities	3,704,054	4,135,727	406,566	180,792	4,110,620	4,316,519
Deferred inflows of resources	123,690	167,507	-	-	123,690	167,507
Net position:						
Net investment in capital assets	4,381,084	4,359,401	2,149,260	2,149,260	6,530,344	6,508,661
Restricted	361,731	766,407	-	-	361,731	766,407
Unrestricted	5,501,719	3,801,750	558,545	575,713	6,060,264	4,377,463
Total net position	\$ 10,244,534	\$ 8,927,558	\$ 2,707,805	\$ 2,724,973	\$ 12,952,339	\$ 11,652,531

Approximately \$6,530,344 or 50% of the net position of the City reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position amounting to \$361,731 or approximately 3% of overall net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,060,264 (approximately 47%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's overall net position increased by \$1,299,808 from the prior fiscal year. The reasons for this increase are discussed in the following sections for governmental activities and business-type activities.

CITY OF JONESTOWN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**TABLE II**  
**CITY OF JONESTOWN, TEXAS**  
**CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues:						
Charges for services	\$ 1,041,011	\$ 291,414	\$ 367,447	\$ 313,906	\$ 1,408,458	\$ 605,320
Operating grants & contributions	3,157	126,716	-	-	3,157	126,716
Capital grants and contributions	9,700	-	-	-	9,700	-
General Revenues:						
Property taxes	2,940,367	2,836,006	-	-	2,940,367	2,836,006
Other taxes	520,696	423,864	-	-	520,696	423,864
Grants and contributions not restricted to specific programs	18,423	37,860	-	-	18,423	37,860
Other	211,796	551,151	6,291	3,432	218,087	554,583
<b>Total revenue</b>	<b>4,745,150</b>	<b>4,267,011</b>	<b>373,738</b>	<b>317,338</b>	<b>5,118,888</b>	<b>4,584,349</b>
Expenses:						
General government	865,346	803,842	-	-	865,346	803,842
Public safety	1,493,159	1,440,743	-	-	1,493,159	1,440,743
Highways and streets	2,605	1,215	-	-	2,605	1,215
Sanitation	487,054	457,440	-	-	487,054	457,440
Culture and recreation	476,733	529,392	-	-	476,733	529,392
Interest on long-term debt	62,818	68,516	-	-	62,818	68,516
Plaza enterprise fund	-	-	92,805	59,637	92,805	59,637
Northshore wastewater utility fund	-	-	333,101	230,396	333,101	230,396
<b>Total expenses</b>	<b>3,387,715</b>	<b>3,301,148</b>	<b>425,906</b>	<b>290,033</b>	<b>3,813,621</b>	<b>3,591,181</b>
Increase (decrease) in net position before transfers	1,357,435	965,863	(52,168)	27,305	1,305,267	993,168
Transfers	(35,000)	(25,150)	35,000	25,150	-	-
Gain (loss) on sale of capital assets	(5,459)	13,903	-	-	(5,459)	13,903
<b>Increase (decrease) in net position</b>	<b>1,316,976</b>	<b>954,616</b>	<b>(17,168)</b>	<b>52,455</b>	<b>1,299,808</b>	<b>1,007,071</b>
Net position - beginning	8,927,558	7,972,942	2,724,973	2,672,518	11,652,531	10,645,460
<b>Net position - ending</b>	<b>\$ 10,244,534</b>	<b>\$ 8,927,558</b>	<b>\$ 2,707,805</b>	<b>\$ 2,724,973</b>	<b>\$ 12,952,339</b>	<b>\$ 11,652,531</b>

**Governmental Activities.** For the current fiscal year ended, the change in net position was \$1,316,976. The change was due to increase in license and permits income of \$330,000 approximately compared to the prior year due to increased home building and construction activities.

**Business-type Activities.** For the City's business-type activities, net position decreased slightly by \$17,168 from the prior fiscal year for an ending balance of \$2,707,805 due to increase in spending related to tank replacement and repairs in the wastewater fund.



CITY OF JONESTOWN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**Financial Analysis of Governmental Funds**

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

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At September 30, 2021, the City's governmental funds reported combined fund balances of \$5,965,212, an increase of \$1,167,191 in comparison with the prior year. Approximately 61% of this amount, \$3,622,206, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned*.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,622,206, while total fund balance increased to \$4,019,592. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 128% of total General Fund expenditures for the current fiscal year, while total fund balance represents approximately 142% of that same amount. The fund balance of the City's General Fund increased by \$721,277 during the current fiscal year. The increase was the result of lower than expected expenditures in public safety and higher than expected revenues for licenses and permits for the year.

The Streets Fund, a major fund, had a \$146,365 increase in fund balance during the current fiscal year. The increase relates primarily to a transfer of \$175,000 from General Fund to Streets Fund.

The fund balance of Debt Service Fund, a major fund this year, increased slightly by \$8,945 to end at \$135,120. The increase relates primarily to higher than expected property tax revenues.

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

At year end, the unrestricted net position of the Plaza Enterprise Fund was \$319,495, and the Northshore Wastewater Utility System Fund was \$239,050. The total change in net position for the funds was \$12,445 and (\$29,613), respectively.

**General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the year, significant amendments were made to licenses and permits and charges for services revenue line items and general government and inspection expenditures line items.



CITY OF JONESTOWN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**Capital Assets and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$9,434,144, (net of accumulated depreciation, governmental activities \$7,321,084 and business-type activities \$2,113,060). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, and the water treatment plant.

**CITY OF JONEWTOWN  
CAPITAL ASSETS**

	Governmental Activities 2021	Governmental Activities 2020	Change
Land	\$ 160,350	\$ 160,350	\$ -
Buildings	1,566,329.00	1,586,289.00	(19,960)
Furniture and equipment	1,699,055.00	1,871,355.00	(172,300)
Infrastructure	7,007,259.00	7,124,277.00	(117,018)
Construction in progress	-	22,551	(22,551)
Total	<u>10,432,993</u>	<u>10,764,822</u>	<u>(331,829)</u>
Less accumulated depreciation	<u>(3,111,909)</u>	<u>(3,050,421)</u>	<u>(61,488)</u>
Capital assets, net of depreciation	<u><u>\$ 7,321,084</u></u>	<u><u>\$ 7,714,401</u></u>	<u><u>\$ (393,317)</u></u>

	Business-Type Activities 2021	Business-Type Activities 2020	Change
Land	\$ 407,360	\$ 407,360	\$ -
Buildings	2,832,792.00	2,765,534.00	67,258
Furniture and equipment	7,100.00	7,100.00	-
Construction in progress	-	8,893	(8,893)
Total	<u>3,247,252</u>	<u>3,188,887</u>	<u>58,365</u>
Less accumulated depreciation	<u>(1,134,192)</u>	<u>(1,065,492)</u>	<u>(68,700)</u>
Capital assets, net of depreciation	<u><u>\$ 2,113,060</u></u>	<u><u>\$ 2,123,395</u></u>	<u><u>\$ (10,335)</u></u>

Additional information on the City's capital assets can be found in Note III.D on pages 43-44 of this report.

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CITY OF JONESTOWN, TEXAS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$400,000 and tax notes of \$2,540,000. Additionally, the City had long-term obligations related to compensated absences amounting to \$74,440.

**CITY OF JONESTOWN  
OUTSTANDING DEBT**

	Governmental Activities 2021	Governmental Activities 2020	Change
General obligation bonds	\$ 400,000	\$ 450,000	\$ (50,000)
Tax notes	2,540,000	2,905,000	(365,000)
Compensated absences	74,440	74,448	(8)
Total	\$ 3,014,440	\$ 3,429,448	\$ (415,008)

The City’s total debt decreased by \$415,008 during the current fiscal year due to scheduled debt payments. Additional information on the City’s long-term debt can be found in Note III.H on pages 52-53 of this report.

**Economic Factors and Next Year’s Budgets and Rates**

The adopted budget for the City’s General Fund for fiscal year 2021-2022 is approximately \$3.93 million which reflects an approximate increase of \$345,000 from the fiscal year 2020-2021 General Fund adopted budget. The adopted tax rates to finance General Fund and Debt Service Fund operations were \$0.4239 and \$0.0949, respectively, for a total tax rate of \$0.5188 per \$100 valuation.

**Requests for Information**

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 18649 FM 1431, Jonestown, Texas, 78645, or by calling (512) 267-3243.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF JONESTOWN, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,321,513	\$ 971,703	\$ 7,293,216
Taxes receivable - delinquent	78,116	-	78,116
Accounts receivable, net	165,822	29,225	195,047
Prepaid items	16,403	-	16,403
Other assets	-	383	383
Capital assets, not being depreciated:			
Land	160,350	407,360	567,710
Capital assets, being depreciated:			
Buildings and improvements	1,566,329	2,832,792	4,399,121
Machinery, equipment, and vehicles	1,699,055	7,100	1,706,155
Infrastructure	7,007,259	-	7,007,259
Accumulated depreciation	(3,111,909)	(1,134,192)	(4,246,101)
Total assets	<u>13,902,938</u>	<u>3,114,371</u>	<u>17,017,309</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows NPL	146,800	-	146,800
Deferred outflows OPEB	22,540	-	22,540
Total deferred outflows of resources	<u>169,340</u>	<u>-</u>	<u>169,340</u>
<b>LIABILITIES</b>			
Accounts payable	69,225	20,220	89,445
Accrued salaries and benefits	94,870	19,593	114,463
Accrued interest payable	4,695	-	4,695
Unearned revenue	286,095	5,054	291,149
Other current liabilities	28,248	336,835	365,083
Customer deposits	-	24,864	24,864
Noncurrent liabilities:			
Due within one year	535,000	-	535,000
Due in more than one year	2,685,921	-	2,685,921
Total liabilities	<u>3,704,054</u>	<u>406,566</u>	<u>4,110,620</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows NPL	119,327	-	119,327
Deferred inflows OPEB	4,363	-	4,363
Total deferred inflows of resources	<u>123,690</u>	<u>-</u>	<u>123,690</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,381,084	2,149,260	6,530,344
Restricted for court	63,452	-	63,452
Restricted for debt service	145,261	-	145,261
Restricted for parks	142,035	-	142,035
Restricted for other specific purposes	10,983	-	10,983
Unrestricted	5,501,719	558,545	6,060,264
Total net position	<u>\$ 10,244,534</u>	<u>\$ 2,707,805</u>	<u>\$ 12,952,339</u>

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

CITY OF JONESTOWN, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 865,346	\$ 10,834	\$ 2,119	\$ -
Public safety				
Police	1,073,962	3,824	1,038	-
Inspection	419,197	686,859	-	-
Highways and streets	2,605	-	-	9,700
Sanitation	487,054	-	-	-
Culture and recreation				
Parks	348,483	338,765	-	-
Libraries	128,250	729	-	-
Interest and bank fees	62,818	-	-	-
Total governmental activities:	3,387,715	1,041,011	3,157	9,700
Business-type activities:				
Plaza enterprise fund	92,805	70,250	-	-
Northshore wastewater utility fund	333,101	297,197	-	-
Total business-type activities:	425,906	367,447	-	-
Total primary government	\$ 3,813,621	\$ 1,408,458	\$ 3,157	\$ 9,700

General revenues:

- Property taxes
- Sales taxes
- Hotel/motel taxes
- Franchise taxes
- Contributions and donations
- Investment earnings
- Intergovernmental revenues
- Miscellaneous
- Gain (loss) on sale of capital assets
- Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

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



<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-Type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
\$ (852,393)	\$ -	\$ (852,393)
(1,069,100)	-	(1,069,100)
267,662	-	267,662
7,095	-	7,095
(487,054)	-	(487,054)
(9,718)	-	(9,718)
(127,521)	-	(127,521)
(62,818)	-	(62,818)
<u>(2,333,847)</u>	<u>-</u>	<u>(2,333,847)</u>
-	(22,555)	(22,555)
-	(35,904)	(35,904)
-	(58,459)	(58,459)
<u>(2,333,847)</u>	<u>(58,459)</u>	<u>(2,392,306)</u>
2,940,367	-	2,940,367
235,349	-	235,349
156,235	-	156,235
129,112	-	129,112
18,423	-	18,423
670	-	670
32,000	-	32,000
179,126	6,291	185,417
(5,459)	-	(5,459)
<u>3,685,823</u>	<u>6,291</u>	<u>3,692,114</u>
(35,000)	35,000	-
<u>3,650,823</u>	<u>41,291</u>	<u>3,692,114</u>
1,316,976	(17,168)	1,299,808
8,927,558	2,724,973	11,652,531
<u>\$ 10,244,534</u>	<u>\$ 2,707,805</u>	<u>\$ 12,952,339</u>

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FUND FINANCIAL STATEMENTS

CITY OF JONESTOWN, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021

	General Fund	Streets Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,406,613	\$ 695,352	\$ 135,120	\$ 1,084,428	\$ 6,321,513
Taxes receivable - delinquent	67,975	-	10,141	-	78,116
Accounts receivable	47,984	-	-	57,750	105,734
Prepaid items	16,403	-	-	-	16,403
Total assets	<u>\$ 4,538,975</u>	<u>\$ 695,352</u>	<u>\$ 145,261</u>	<u>\$ 1,142,178</u>	<u>\$ 6,521,766</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 67,495	\$ -	\$ -	\$ 1,730	\$ 69,225
Accrued payroll	94,870	-	-	-	94,870
Unearned revenue	260,795	-	-	25,300	286,095
Other current liabilities	28,248	-	-	-	28,248
Total liabilities	<u>451,408</u>	<u>-</u>	<u>-</u>	<u>27,030</u>	<u>478,438</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	67,975	-	10,141	-	78,116
Total deferred inflows of resources	<u>67,975</u>	<u>-</u>	<u>10,141</u>	<u>-</u>	<u>78,116</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepays	16,403	-	-	-	16,403
Restricted for:					
Court	-	-	-	63,452	63,452
Debt Service	-	-	135,120	-	135,120
Parks	-	-	-	142,035	142,035
Other Specific purposes	10,983	-	-	-	10,983
Committed:					
Capital Projects	370,000	695,352	-	-	1,065,352
Assigned:					
Assigned for specific purposes	-	-	-	909,661	909,661
Unassigned	3,622,206	-	-	-	3,622,206
Total fund balances	<u>4,019,592</u>	<u>695,352</u>	<u>135,120</u>	<u>1,115,148</u>	<u>5,965,212</u>
Total liab., def. inflows, and fund balances	<u>\$ 4,538,975</u>	<u>\$ 695,352</u>	<u>\$ 145,261</u>	<u>\$ 1,142,178</u>	<u>\$ 6,521,766</u>

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

CITY OF JONESTOWN, TEXAS  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance of all governmental funds		\$ 5,965,212
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$10,432,993	
Less accumulated depreciation	<u>(3,111,909)</u>	7,321,084
Warrants outstanding net of allowance are not an available resource and, therefore, are not reported in the funds.		
		60,088
Other long-term assets, such as uncollected property taxes, are not available to pay for and, therefore, are reported as unavailable revenue in the funds.		
		78,116
Long-term liabilities, including bonds payable and OPEB and pension related items are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(2,940,000)	
Net pension liability, including pension deferred inflows & outflows	(86,733)	
Net OPEB liability, including OPEB deferred outflows & inflows	(74,098)	
Compensated absences	(74,440)	
Accrued interest payable	<u>(4,695)</u>	(3,179,966)
		\$ 10,244,534

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

CITY OF JONESTOWN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Streets Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 2,464,827	\$ -	\$ 486,995	\$ -	\$ 2,951,822
Sales taxes	235,349	-	-	-	235,349
Hotel/motel taxes	-	-	-	156,235	156,235
Franchise taxes	129,112	-	-	-	129,112
Licenses and permits	701,522	-	-	112,795	814,317
Intergovernmental revenues	32,000	-	-	-	32,000
Charges for services	226,694	-	-	-	226,694
Fines	152,794	-	-	20,066	172,860
State and federal grants	3,157	-	-	-	3,157
Investment earnings	670	-	-	-	670
Contributions and donations	423	-	-	27,700	28,123
Miscellaneous revenue	6,163	-	-	-	6,163
Total revenues	3,952,711	-	486,995	316,796	4,756,502
<b>EXPENDITURES</b>					
Current:					
General government	734,281	-	300	15,669	750,250
Public safety		-			
Police	935,603	-	-	-	935,603
Inspection	361,975	-	-	-	361,975
Highways and streets	-	2,249	-	-	2,249
Sanitation	406,834	-	-	13,735	420,569
Culture and recreation					
Parks	278,966	-	-	23,583	302,549
Libraries	108,243	-	-	2,500	110,743
Debt service:					
Bond principal	-	-	415,000	-	415,000
Interest - bonds	-	-	62,750	-	62,750
Capital outlay	11	26,386	-	187,583	213,980
Total expenditures	2,825,913	28,635	478,050	243,070	3,575,668
Excess (deficiency) of revenues over	1,126,798	(28,635)	8,945	73,726	1,180,834
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	175,000	-	354,707	529,707
Transfers out	(425,400)	-	-	(139,307)	(564,707)
Sale of general capital assets	1,055	-	-	1,478	2,533
Insurance recoveries	18,824	-	-	-	18,824
Total other financing sources (uses)	(405,521)	175,000	-	216,878	(13,643)
Net change in fund balance	721,277	146,365	8,945	290,604	1,167,191
Fund balance - beginning	3,298,315	405,583	126,175	824,544	4,654,617
Prior period adjustment	-	143,404	-	-	143,404
Fund balance - ending	\$ 4,019,592	\$ 695,352	\$ 135,120	\$ 1,115,148	\$ 5,965,212

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

CITY OF JONESTOWN, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

Net change in fund balances for total governmental funds \$ 1,167,191

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Expenditures for capitalized assets	\$ 213,980	
Less current year depreciation	<u>(455,901)</u>	(241,921)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (30,176)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase (decrease) net position. (7,992)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayment of general obligation debt	415,000	
Change in compensated absences payable	8	
Change in accrued interest payable	<u>(68)</u>	414,940

The net effect of various transactions involving the net pension liability and/or the net OPEB liability is to decrease net position. 14,934

Change in net position for governmental activities \$ 1,316,976

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

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CITY OF JONESTOWN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 2,400,000	\$ 2,411,264	\$ 2,464,827	\$ 53,563
Sales taxes	167,000	172,275	235,349	63,074
Franchise taxes	133,000	133,000	129,112	(3,888)
Penalties and interest on taxes	12,000	12,000	-	(12,000)
Licenses and permits	436,585	608,285	701,522	93,237
Intergovernmental revenues	16,600	16,600	32,000	15,400
Charges for services	119,000	172,000	226,694	54,694
Fines	105,500	124,500	152,794	28,294
State and Federal - Grants	-	2,200	3,157	957
Investment earnings	900	900	670	(230)
Contributions and donations, private sources	-	-	423	423
Miscellaneous revenue	18,750	100	6,163	6,063
Total revenues	<u>3,409,335</u>	<u>3,653,124</u>	<u>3,952,711</u>	<u>299,587</u>
<b>EXPENDITURES</b>				
Current:				
General government	778,592	821,477	734,281	87,196
Public safety				
Police	1,069,272	1,071,572	935,603	135,969
Inspection	370,488	408,788	361,975	46,813
Sanitation	433,579	446,179	406,834	39,345
Culture and recreation				
Parks	326,084	331,584	278,966	52,618
Libraries	176,962	176,962	108,243	68,719
Capital outlay	-	-	11	(11)
Total Expenditures	<u>3,154,977</u>	<u>3,256,562</u>	<u>2,825,913</u>	<u>430,649</u>
Excess (deficiency) of revenues over expenditures	<u>254,358</u>	<u>396,562</u>	<u>1,126,798</u>	<u>730,236</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(425,600)	(425,600)	(425,400)	200
Sale of general capital assets	-	-	1,055	1,055
Insurance recoveries	3,657	3,657	18,824	15,167
Total other financing sources (uses)	<u>(421,943)</u>	<u>(421,943)</u>	<u>(405,521)</u>	<u>16,422</u>
Net change in fund balances	(167,585)	(25,381)	721,277	746,658
Fund balance - beginning	3,298,315	3,298,315	3,298,315	-
Fund balance - ending	<u>\$ 3,130,730</u>	<u>\$ 3,272,934</u>	<u>\$ 4,019,592</u>	<u>\$ 746,658</u>

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

CITY OF JONESTOWN, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2021

	Business-Type Activities		
	Plaza Enterprise Fund	Northshore WW Utility System Fund	Total Proprietary Funds
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 270,194	\$ 701,509	\$ 971,703
Accounts receivable, net	-	29,225	29,225
Other assets	383	-	383
Total current assets	<u>270,577</u>	<u>730,734</u>	<u>1,001,311</u>
Noncurrent Assets:			
Land	120,000	287,360	407,360
Buildings	562,322	2,270,470	2,832,792
Furnishings and equipment	-	7,100	7,100
Accumulated depreciation	(465,431)	(668,761)	(1,134,192)
Total noncurrent assets	<u>216,891</u>	<u>1,896,169</u>	<u>2,113,060</u>
Total assets	<u>487,468</u>	<u>2,626,903</u>	<u>3,114,371</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	3,328	16,892	20,220
Accrued payroll	-	19,593	19,593
Unearned revenue	5,054	-	5,054
Other current liabilities	-	336,835	336,835
Customer deposits	-	24,864	24,864
Total current liabilities	<u>8,382</u>	<u>398,184</u>	<u>406,566</u>
Total liabilities	<u>8,382</u>	<u>398,184</u>	<u>406,566</u>
<b>NET POSITION</b>			
Net investment in capital assets	159,591	1,989,669	2,149,260
Unrestricted	319,495	239,050	558,545
Total net position	<u>\$ 479,086</u>	<u>\$ 2,228,719</u>	<u>\$ 2,707,805</u>

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

CITY OF JONESTOWN, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities		
	Plaza Enterprise Fund	Northshore WW Utility System Fund	Total Proprietary Funds
<b>REVENUES</b>			
Operating revenues:			
Charges for services:			
Sewerage service	\$ -	\$ 297,197	\$ 297,197
Other charges for services	70,250	-	70,250
Miscellaneous revenue	-	6,291	6,291
Total operating revenues	70,250	303,488	373,738
<b>EXPENSES</b>			
Operating expenses:			
Personnel services	-	63,276	63,276
Purchased prof. and technical services	2,825	76,244	79,069
Purchased property services	75,660	23,605	99,265
Materials and supplies	-	9,811	9,811
Other operating expenses	-	92,083	92,083
Depreciation	14,320	68,082	82,402
Total operating expenses	92,805	333,101	425,906
Operating income (loss)	(22,555)	(29,613)	(52,168)
Transfers in	35,000	-	35,000
Change in net position	12,445	(29,613)	(17,168)
Net position-beginning	466,641	2,258,332	2,724,973
Net position-ending	\$ 479,086	\$ 2,228,719	\$ 2,707,805

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

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CITY OF JONESTOWN, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities		
	Plaza Enterprise Fund	Northshore WW Utility System Fund	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ -	\$ 302,856	\$ 302,856
Receipts from interfund charges for services	75,304	-	75,304
Other receipts	-	6,291	6,291
Payments to suppliers and service providers	-	115	115
Payments to employees for salaries and benefits	-	(49,388)	(49,388)
Payments to other funds for services provided	(77,425)	-	(77,425)
Net cash provided by (used for) operating activities	<u>(2,121)</u>	<u>259,874</u>	<u>257,753</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	35,000	-	35,000
Net cash provided by (used for) capital and financing activities	<u>35,000</u>	<u>-</u>	<u>35,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	(72,067)	(72,067)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(72,067)</u>	<u>(72,067)</u>
Net increase (decrease) in cash and cash equivalents	32,879	187,807	220,686
Cash and cash equivalents-beginning	237,315	513,702	751,017
Cash and cash equivalents-ending	<u>\$ 270,194</u>	<u>\$ 701,509</u>	<u>971,703</u>
<b>Reconciliation of operating income (loss) to net cash provided (used for) operating activities:</b>			
Operating income (loss)	<u>(22,555)</u>	<u>(29,613)</u>	<u>(52,168)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	14,320	68,082	82,402
(Increase) decrease in accounts receivable	-	(1,745)	(1,745)
(Decrease) increase in deposits payable	-	(3,914)	(3,914)
(Decrease) increase in accounts payable	1,060	27,763	28,823
(Decrease) increase in Unearned revenues	5,054	-	5,054
(Decrease) increase in accrued salaries	-	(13,888)	(13,888)
(Decrease) increase other current liabilities	-	(229,620)	(229,620)
Total adjustments	<u>20,434</u>	<u>(153,322)</u>	<u>(132,888)</u>
Net cash provided by (used for) operating activities	<u>\$ (2,121)</u>	<u>\$ (182,935)</u>	<u>\$ (185,056)</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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CITY OF JONESTOWN, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**I. Summary of significant accounting policies**

**A. Reporting entity**

The City of Jonestown, Texas (the “City”) is a municipal corporation governed by an elected mayor and five aldermen which make up the City Council (the “Council”). The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The City does not currently report any component units.

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

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

**C. Basis of presentation – government-wide financial statements**

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

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

The fund financial statements provide information about the City’s funds, including its fiduciary funds and blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the City’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Streets Fund* accounts for the resources set aside by the City and the related expenditures for the maintenance of the City’s streets.

The *Debt Service Fund* is used to account for the accumulation of resources that are restricted for the payment of principal and interest on long-term obligations of governmental funds.

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The City reports the following major enterprise funds:

The *Plaza Enterprise Fund* accounts for revenues earned and expenses incurred in relation to the operation of the plaza building commercial rental real estate owned by the City.

The *Northshore Wastewater Utility System Fund* accounts for sewerage services provided to customers and related costs of operations.

Additionally, the City reports the following fund type:

*Special revenue funds* account for resources restricted, committed, or assigned for specific purposes by the City or outside grantors in order to have more transparent accountability.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### **E. Measurement focus and basis of accounting**

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

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

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The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

## **F. Budgetary information**

### ***1. Budgetary basis of accounting***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, Capital Expenditures Fund, and Northshore Wastewater Utility System Fund. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

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Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

***2. Excess of expenditures over appropriations***

For the year ended September 30, 2021, expenditures did not exceed appropriations in any departmental line items of the budget.

**G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

***1. Cash and cash equivalents***

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

***2. Investments***

Investments for the City are reported at fair value (generally based on quoted market prices) except for positions in Local Government Investment Pools, when applicable. In accordance with state law, these investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

***3. Prepaid items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***4. Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year.

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As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings & improvements	7-40
Machinery and equipment	5-20
Infrastructure	10-40

**5. *Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. *Net position flow assumption***

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

**7. *Fund balance flow assumptions***

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

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Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**8. Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**H. Revenues and expenditures/expenses**

**1. Program revenues**

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

**2. Property taxes**

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll of January 1, 2020, upon which the levy for the 2020-2021 fiscal year was based, was \$522,680,286. Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2021, to finance General Fund and Debt Service Fund operations were \$0.4720 and \$0.0936, respectively, for a total tax rate of \$0.5656 per \$100 valuation. The total tax levy for the General Fund and Debt Service Fund for the 2020-2021 fiscal year was \$2,956,280. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2021, were 99% of the year end adjusted tax levy.



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Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes.

**3. *Compensated absences***

**Vacation**

The City has recorded the value of earned but unused compensated absences from its governmental fund activities by employees as an accrued liability in the Statement of Net Position. The annual budgets of the operating funds provide funding for these benefits as they become payable and costs are expensed as the liability is liquidated. There was a balance of \$74,440 in accrued compensated absences as of September 30, 2021 related to the City's governmental fund activities.

**Sick Leave**

Accumulated sick leave lapses when employees leave the employment of the City and, upon separation from service, no monetary obligation exists.

**4. *Pensions***

For purposes of measuring the net pension liability, the economic resources measurement focus and full accrual basis of accounting have been used. This includes deferred inflows and outflows of resources related to pensions, pension expense and information about assets, liabilities, additions to/deductions from the net position of the pension plan. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**5. *Proprietary funds operating and nonoperating revenues and expenses***

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

**II. Stewardship, compliance and accountability**

**A. Violations of legal or contractual provisions**

No violations of legal or contractual provisions were noted during the current year.

**B. Deficit fund equity**

For the year ended September 30, 2021 there were no funds reported with deficit fund equity.

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**III. Detailed notes on all activities and funds**

**A. Cash deposits with financial institutions**

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2021, the City’s bank balance was \$7,402,022, all of which was insured or collateralized with securities held by the pledging.

**B. Investments**

The City does not have any amounts classified as investments as of September 30, 2021.

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than ten months.

*Credit risk.* State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City’s policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2021, the City was not exposed to credit risk since the City had no investment balances at year end.

*Concentration of credit risk.* The City’s investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the government’s total investments. This restriction however does not apply to government investment pools due to the low risk nature of this type of investment.

*Custodial credit risk-investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**C. Receivables**

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables for the major and nonmajor funds of both the governmental and proprietary funds of the government, including the applicable allowances for uncollectible accounts:

Governmental Funds:

	General	Debt Service	Nonmajor	Total
Receivables	Fund	Fund	Governmental	Governmental
			Funds	Funds
Property taxes	\$ 67,975	\$ 10,141	\$ -	\$ 78,116
Other receivables	47,984	-	57,750	105,734
Net receivables	<u>\$ 115,959</u>	<u>\$ 10,141</u>	<u>\$ 57,750</u>	<u>\$ 183,850</u>



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Proprietary Funds:

Receivables	Northshore WW Utility System Fund
Accounts receivable	\$ 32,538
Less: Allowance for uncollectibles	(3,313)
Net receivables	\$ 29,225

**D. Capital assets**

Capital assets activity for the year ended September 30, 2021, was as follows:

**Governmental Activities:**

	Balance 10/1/20	Increases	Decreases	Adjustments	Balance 9/30/21
Capital assets, not being depreciated:					
Land	\$ 160,350	\$ -	\$ -	\$ -	\$ 160,350
Construction in progress	22,551	26,942	-	(49,493)	-
Total capital assets, not being depreciated	182,901	26,942	-	(49,493)	160,350
Capital assets, being depreciated:					
Buildings and improvements	1,586,289	-	(19,960)	-	1,566,329
Machinery, equipment, and vehicles	1,871,355	160,652	(382,445)	49,493	1,699,055
Infrastructure	7,124,277	26,386	-	(143,404)	7,007,259
Total capital assets, being depreciated	10,581,921	187,038	(402,405)	(93,911)	10,272,643
Less accumulated depreciation for:					
Buildings and improvements	(628,136)	(42,271)	11,968	-	(658,439)
Machinery, equipment, and vehicles	(1,233,160)	(235,092)	382,445	-	(1,085,807)
Infrastructure	(1,189,125)	(178,538)	-	-	(1,367,663)
Total accumulated depreciation	(3,050,421)	(455,901)	394,413	-	(3,111,909)
Total capital assets being depreciated, net	7,531,500	(268,863)	(7,992)	(93,911)	7,160,734
Governmental activities capital assets, net	\$ 7,714,401	\$ (241,921)	\$ (7,992)	\$ (143,404)	\$ 7,321,084

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

**Governmental activities:**

General government	\$ 118,600
Public safety	205,125
Highways and streets	356
Sanitation	66,485
Culture and recreation	65,335
Total depreciation expense - governmental activities	\$ 455,901

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**Business-Type Activities:**

	Balance				Balance
	10/1/20	Increases	Decreases	Adjustments	9/30/21
Capital assets, not being depreciated:					
Land	\$ 407,360	\$ -	\$ -	\$ -	\$ 407,360
Construction in progress	8,893	72,067	-	(80,960)	-
Total capital assets, not being depreciated	416,253	72,067	-	(80,960)	407,360
Capital assets, being depreciated:					
Buildings and improvements	2,765,534	-	(13,702)	80,960	2,832,792
Machinery, equipment, and vehicles	7,100	-	-	-	7,100
Total capital assets, being depreciated	2,772,634	-	(13,702)	80,960	2,839,892
Less accumulated depreciation for:					
Buildings and improvements	(1,058,392)	(82,402)	13,702	-	(1,127,092)
Machinery, equipment, and vehicles	(7,100)	-	-	-	(7,100)
Total accumulated depreciation	(1,065,492)	(82,402)	13,702	-	(1,134,192)
Total capital assets being depreciated, net	1,707,142	(82,402)	-	80,960	1,705,700
Business-type activities capital assets, net	\$ 2,123,395	\$ (10,335)	\$ -	\$ -	\$ 2,113,060

**E. Defined benefit pension plan**

*Plan Description*

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

*Benefits Provided*

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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*Employees covered by benefit terms*

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

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	17
Active employees	27
	56
	56

*Contributions*

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings from October 2020 till September 2021. The contribution rates for the City were 7.32% October 2020 to December 2020, and thereafter 7.52% for the calendar year 2021. The City’s contributions to TMRS for the year ended September 30, 2020 and September 30, 2021, were \$104,819 and \$116,465 respectively, and were equal to the required contributions.

*Net Pension Liability*

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

*Actuarial Assumptions*

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
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 is 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.

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

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

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	<u>100%</u>	

*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.

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	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 1,922,860	\$ 1,798,263	\$ 124,597
Changes for the year:			
Service cost	207,970	-	207,970
Interest	134,541	-	134,541
Change of benefit terms	-	-	-
Difference between expected and actual experience	1,810	-	1,810
Changes of assumptions	-	-	-
Contributions - employer	-	111,823	(111,823)
Contributions - employee	-	106,934	(106,934)
Net investment income	-	136,872	(136,872)
Benefit payments, including refunds of employee contr.	(67,302)	(67,302)	-
Administrative expense	-	(883)	883
Other changes	-	(34)	34
Net changes	<u>277,019</u>	<u>287,410</u>	<u>(10,391)</u>
Balance at 12/31/2020	<u>\$ 2,199,879</u>	<u>\$ 2,085,673</u>	<u>\$ 114,206</u>

*Sensitivity of the net pension liability to changes in the discount rate*

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would 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:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
City's net pension liability	\$ 407,927	\$ 114,206	\$ (130,687)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

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

For the year ended September 30, 2021, the city recognized pension expense of (\$28,128).

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

	of Resources	of Resources
Differences between projected and actual investment earnings	\$ 53,494	\$ 104,293
Differences between expected and actual economic experience	1,423	15,034
Difference in assumption changes	8,640	-
Contributions subsequent to the measurement date	83,243	-
Total	<u>\$ 146,800</u>	<u>\$ 119,327</u>

Deferred outflows of resources related to pensions in the amount of \$83,243 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Ended Dec 31st:	Resources
2021	\$ (25,071)
2022	(1,672)
2023	(26,159)
2024	(2,868)
Total	<u>\$ (55,770)</u>

**F. Other Post-Employment Benefit (OPEB) Obligations**

*Benefits Provided*

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) 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.

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); retired employees are insured for \$7,500; this coverage is an other post-employment benefit, or OPEB.

CITY OF JONESTOWN, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

*Employees Covered by Benefit Terms*

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

Inactive employees currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	1
Active employees	28
	41
	41

*Contributions*

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

The City's contributions to the TMRS SDBF for the years September 30, 2020 and 2021 were \$3,111 and \$4,098 respectively, which equaled the required contributions each year.

*Plan Assets*

At the December 31, 2020 valuation and measurement date, there are no assets accumulated in trust.

*Actuarial Assumptions*

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5%-11.5% including inflation per year
Discount rate	2.00% based on Fidelity Index's 20-year Municipal GO AA Index
Retirees' share of benefit costs	\$0

Salary increases were based on a service-related table. Mortality rates for service retirees are calculated using the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB; while the mortality rate for disabled retirees are calculated using the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females and projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were

CITY OF JONESTOWN, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the

Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method.

*Discount Rate*

Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

*Schedule of Changes in the Total OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 73,286	\$ -	\$ 73,286
Changes for the year:			
Service cost	9,267	-	9,267
Interest	2,132	-	2,132
Change of benefit terms	-	-	-
Difference between expected and actual experience	(2,169)	-	(2,169)
Changes of assumptions	10,519	-	10,519
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contr.	(760)	-	(760)
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	18,989	-	18,989
Balance at 12/31/2020	<u>\$ 92,275</u>	<u>\$ -</u>	<u>\$ 92,275</u>

*Sensitivity of the net OPEB liability to changes in the discount rate*

The following presents the net OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 1.00% or 1-percentage-point higher 3.00% than the current rate:

	1% Decrease in Discount Rate 1.00%	Current Discount Rate 2.00%	1% Increase in Discount Rate 3.00%
City's net OPEB liability	\$ 109,197	\$ 92,275	\$ 78,654

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*



CITY OF JONESTOWN, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

For the year ended September 30, 2021, the city recognized OPEB expense of \$13,194.

At September 30, 2021, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 831	\$ 2,459
Difference in assumption changes	18,610	1,904
Contributions subsequent to the measurement date	3,099	-
Total	\$ 22,540	\$ 4,363

Deferred outflows of resources related to OPEB in the amount of \$3,099 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in OPEB expense as follows:

Measurement Year Ended Dec 31st:	Net Deferred Outflows (Inflows) of Resources
2021	\$ 3,292
2022	3,292
2023	3,257
2024	2,814
2025	2,423
Total	\$ 15,078

**G. Risk Management**

The government is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For workers' compensation the government retains the risk for the first \$750,000 of an individual claim. Excess insurance coverage is purchased to cover individual claims in excess of \$750,000. Insurance policies are purchased for the following exposures with the deductible or the amount of risk retention indicated in parenthesis:

Public officials and employment practices liability (\$25,000/\$100,000 deductible), boiler and machinery (\$10,000/deductible), employee faithful performance (\$25,000 deductible), and an excess liability insurance policy (government retains risks up to \$1,000,000). There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

CITY OF JONESTOWN, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**H. Long-term liabilities**

General obligation bonds

The City issues general obligation bonds and tax notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and tax notes have been issued for governmental activities. These long-term debt instruments are direct obligations and pledge the full faith and credit of the City. General obligation bonds and tax notes generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 5 to 20 years.

Details of long-term debt obligations outstanding at September 30, 2021 are as follows:

Governmental Activities:

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/21
<b>Bonds Payable</b>					
General Obligation Refunding Bonds, Series 2012	2012	\$ 1,445,000	2.24%	2028	\$ 400,000
Total Bonds Payable					<u>\$ 400,000</u>
<b>Notes Payable:</b>					
Tax Notes, Series 2019	2019	2,750,000	1.98%	2026	2,540,000
Total Notes Payable					<u>\$ 2,540,000</u>

Changes in long-term liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2021 are as follows:

Governmental Activities:

Description	Balance 10/1/20	Additions	Deletions	Balance 9/30/21	Due in One Year
<b>Bonds Payable</b>					
General Obligation Bonds, Series 2012	\$ 450,000	\$ -	\$ (50,000)	\$ 400,000	\$ 55,000
Total bonds payable	450,000	-	(50,000)	400,000	55,000
<b>Other Long Term Liabilities</b>					
Maintenance Tax Notes, Series 2015	255,000	-	(255,000)	-	-
Tax Notes, Series 2019	2,650,000	-	(110,000)	2,540,000	480,000
Compensated Absences	74,448	4,471	(4,479)	74,440	-
Governmental activities long-term liabilities	<u>\$3,429,448</u>	<u>\$ 4,471</u>	<u>\$ (419,479)</u>	<u>\$3,014,440</u>	<u>\$ 535,000</u>

CITY OF JONESTOWN, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

The debt service requirements for the City’s bonds and notes payable are as follows:

**Governmental Activities:**

Year Ended September 30,	Governmental Activities				Total	
	Bonds Payable		Notes Payable		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 55,000	\$ 8,344	\$ 480,000	\$ 45,540	\$ 535,000	\$ 53,884
2023	55,000	7,112	490,000	35,937	545,000	43,049
2024	55,000	5,880	510,000	26,037	565,000	31,917
2025	55,000	4,648	525,000	15,791	580,000	20,439
2026	60,000	3,360	535,000	5,297	595,000	8,657
2027-2028	120,000	2,688	-	-	120,000	2,688
<b>Totals</b>	<b>\$ 400,000</b>	<b>\$ 32,032</b>	<b>\$ 2,540,000</b>	<b>\$ 128,602</b>	<b>\$ 2,940,000</b>	<b>\$ 160,634</b>

**I. Interfund receivables and payables**

The City had no interfund receivables or payables as of September 30, 2021.

**J. Interfund transfers**

The composition of interfund transfers for the year ended September 30, 2021 is as follows:

	Transfer in to:			
	Governmental Funds		Enterprise Fund	
	Streets Fund	Nonmajor gov. funds	Plaza Fund	Total
<b>Transfer out from:</b>				
General Fund	\$ 175,000	\$ 215,400	\$ 35,000	\$ 425,400
Nonmajor gov. funds	-	139,307	-	139,307
<b>Total</b>	<b>\$ 175,000</b>	<b>\$ 354,707</b>	<b>\$ 35,000</b>	<b>\$ 564,707</b>

During the year, recurring transfers are used to 1) move revenues from a fund with collection authority to another fund with related expenditure requirements, and 2) move general fund resources to provide subsidies to other funds as needs arise.

**K. Subsequent events**

As of the issuance date of this report, there were no subsequent events that met the requirements for disclosure.

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CITY OF JONESTOWN, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

**L. Prior period adjustments**

Overstatement of capital outlay in the Streets Fund in prior year financials caused the ending fund balance to be understated as of September 30, 2020. The city had to make a prior period adjustment to fix the error. The effect of the prior period adjustment is summarized as follows:

	<u>Streets Fund</u>
Fund Balance as previously stated at September 30, 2020	\$ 405,584
Effect of over statement of capital outlay in the prior year due to error	<u>143,404</u>
Fund Balance as Restated at September 30, 2020	<u><u>\$ 548,988</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JONESTOWN, TEXAS  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016
<b>A. Total pension liability</b>			
1. Service cost	\$ 101,842	\$ 107,321	\$ 111,815
2. Interest (on the Total Pension Liability)	67,086	74,981	84,429
3. Changes of benefit terms	-	-	23,163
4. Difference between expected and actual experience	(19,766)	(10,121)	(56,428)
5. Changes of assumptions	-	38,586	-
6. Benefit payments, including refunds of employee contributions	(40,904)	(37,320)	(75,768)
7. Net change in total pension liability	\$ 108,258	\$ 173,447	\$ 87,211
8. Total pension liability - beginning	927,902	1,036,160	1,209,607
9. Total pension liability - ending	\$ 1,036,160	\$ 1,209,607	\$ 1,296,818
<b>B. Plan fiduciary net position</b>			
1. Contributions - employer	\$ 48,964	\$ 59,172	\$ 59,068
2. Contributions - employee	55,264	56,248	57,459
3. Net investment income	47,904	1,399	69,447
4. Benefit payments, including refunds of employee contributions	(40,904)	(37,320)	(75,768)
5. Administrative expense	(500)	(852)	(784)
6. Other changes	(41)	(42)	(42)
7. Net change in plan fiduciary net position	\$ 110,687	\$ 78,605	\$ 109,380
8. Plan fiduciary net position - beginning	837,324	948,011	1,026,616
9. Plan fiduciary net position - ending	\$ 948,011	\$ 1,026,616	\$ 1,135,996
<b>C. Net pension liability [A.9 - B.9]</b>	\$ 88,149	\$ 182,991	\$ 160,822
<b>D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>	91.49%	84.87%	87.60%
<b>E. Covered-employee payroll</b>	\$ 1,105,286	\$ 1,124,954	\$ 1,149,181
<b>F. Net position as a percentage of covered employee payroll [C / E]</b>	7.98%	16.27%	13.99%



Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
\$ 133,491	\$ 166,475	\$ 182,847	\$ 207,970
91,348	102,127	116,980	134,541
20,751	-	-	-
(21,328)	193	(5,101)	1,810
-	-	14,160	-
(62,007)	(58,624)	(55,270)	(67,302)
\$ 162,255	\$ 210,171	\$ 253,616	\$ 277,019
1,296,818	1,459,073	1,669,244	1,922,860
\$ 1,459,073	\$ 1,669,244	\$ 1,922,860	\$ 2,199,879

\$ 73,694	\$ 86,754	\$ 94,251	\$ 111,823
67,240	84,930	94,251	106,934
157,610	(41,150)	223,580	136,872
(62,007)	(58,624)	(55,270)	(67,302)
(816)	(794)	(1,260)	(883)
(41)	(42)	(39)	(34)
\$ 235,680	\$ 71,074	\$ 355,513	\$ 287,410
1,135,996	1,371,676	1,442,750	1,798,263
\$ 1,371,676	\$ 1,442,750	\$ 1,798,263	\$ 2,085,673
\$ 87,397	\$ 226,494	\$ 124,597	\$ 114,206

94.01%      86.43%      93.52%      94.81%

\$ 1,164,841    \$ 1,252,634    \$ 1,346,446    \$ 1,519,136

7.50%      18.08%      9.25%      7.52%

CITY OF JONESTOWN, TEXAS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
NET PENSION LIABILITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Fiscal Year			
	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 47,717	\$ 58,475	\$ 59,973	\$ 66,776
Contributions in relation to the actuarially determined contribution	(47,717)	(58,475)	(59,973)	(66,776)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,077,142	\$ 1,133,232	\$ 1,166,798	\$ 1,214,103
Contributions as a percentage of covered employee payroll	4.43%	5.16%	5.14%	5.50%

Fiscal Year		
2019	2020	2021
\$ 93,770	\$ 104,819	\$ 116,465
(93,770)	(104,819)	(116,465)
\$ -	\$ -	\$ -
\$ 1,331,862	\$ 1,448,324	\$ 1,560,803
7.04%	7.24%	7.46%

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CITY OF JONESTOWN, TEXAS  
 NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 NET PENSION LIABILITY  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

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

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	24 years
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.5% per year
Salary increases	3.50% to 11.5%, 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 JONESTOWN, TEXAS  
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
<b>A. Total pension liability</b>				
1. Service cost	\$ 3,029	\$ 3,758	\$ 3,905	\$ 9,267
2. Interest on Total OPEB Liability	1,798	1,852	2,095	2,132
3. Changes of benefit terms	-	-	-	-
4. Difference between expected and actual experience	-	(1,204)	1,175	(2,169)
5. Changes of assumptions	3,661	(3,359)	11,929	10,519
6. Benefit payments	(466)	(501)	(673)	(760)
7. Net changes	\$ 8,022	\$ 546	\$ 18,431	\$ 18,989
8. Total OPEB Liability - beginning of the year	46,287	54,309	54,855	73,286
9. Total OPEB Liability - end of the year	<u>\$ 54,309</u>	<u>\$ 54,855</u>	<u>\$ 73,286</u>	<u>\$ 92,275</u>
<b>E. Covered-employee payroll</b>	\$ 1,164,841	\$ 1,252,634	\$ 1,252,634	\$ 1,519,136
<b>F. Total OPEB Liability as a Percentage of Covered Payroll</b>	4.66	4.38	5.85	6.07

CITY OF JONESTOWN, TEXAS  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 OPEB LIABILITY  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Fiscal Year			
	2018	2019	2020	2021
Actuarially Determined Contribution	\$ 2,914	\$ 2,628	\$ 3,111	\$ 4,098
Contributions in relation to the actuarially determined contribution	(2,914)	(2,628)	(3,111)	(4,098)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,214,103	\$ 1,331,862	\$ 1,448,324	\$ 1,560,803
Contributions as a percentage of covered employee payroll	0.24%	0.20%	0.21%	0.26%

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CITY OF JONESTOWN, TEXAS  
 NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 OPEB LIABILITY  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

**Summary of Actuarial Assumptions:**

Inflation	2.5%
Salary increases	3.50% to 11.5%; including inflation
Discount rate*	2.00%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality tables, The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

**Other Information:**

Notes

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

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

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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes. The City reported the following special revenue funds:

Court Restricted Fund – to account for the resources collected and related expenditures that are legally restricted for court security and technology purposes.

Capital Metro Fund – to account for resources and related expenditures related to Capital Metro funding.

Parks Fund – to account for the operating revenues and the costs of operations related to the City's parks.

Wind Energy Project Fund – to account for the resources and costs of maintaining the resources related to the Wind Energy grant project.

Ione Jones Library Fund – to account for the donations and the use of donated funds restricted for the use of maintaining the City's library.

Hotel Occupancy Tax Fund – to account for the hotel occupancy tax revenue and related tourism expenditures.

### **Capital Projects Fund**

Capital Expenditures Fund – to account for the acquisition and construction of the City's major capital expenditures, other than those financed by proprietary funds.

CITY OF JONESTOWN, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<b>Special Revenue Funds</b>			
	Court Restricted Fund	Capital Metro Fund	Parks Fund	Landscape Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 63,844	\$ 25,300	\$ 143,369	\$ 223,666
Accounts receivable	-	-	-	-
Total assets	<u>\$ 63,844</u>	<u>\$ 25,300</u>	<u>\$ 143,369</u>	<u>\$ 223,666</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 392	\$ -	\$ 1,334	\$ -
Unearned revenue	-	25,300	-	-
Total liabilities	<u>392</u>	<u>25,300</u>	<u>1,334</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted for:				
Municipal court	63,452	-	-	-
Parks	-	-	142,035	-
Assigned for:				
Specific Purposes	-	-	-	223,666
Total Fund balances	<u>63,452</u>	<u>-</u>	<u>142,035</u>	<u>223,666</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 63,844</u>	<u>\$ 25,300</u>	<u>\$ 143,369</u>	<u>\$ 223,666</u>

Special Revenue Funds			Capital Projects Funds	Total Non-Major Governmental Funds
Wind Energy Project	Ione Jones Library Fund	Hotel Occupancy Tax Fund	Capital Expenditures Fund	
\$ -	\$ 33,871	\$ 395,642	\$ 198,736	\$ 1,084,428
-	-	57,750	-	57,750
<u>\$ -</u>	<u>\$ 33,871</u>	<u>\$ 453,392</u>	<u>\$ 198,736</u>	<u>\$ 1,142,178</u>
\$ -	\$ -	\$ 4	\$ -	\$ 1,730
-	-	-	-	25,300
-	-	4	-	27,030
-	-	-	-	63,452
-	-	-	-	142,035
-	33,871	453,388	198,736	909,661
-	33,871	453,388	198,736	1,115,148
<u>\$ -</u>	<u>\$ 33,871</u>	<u>\$ 453,392</u>	<u>\$ 198,736</u>	<u>\$ 1,142,178</u>

CITY OF JONESTOWN, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<b>Special Revenue Funds</b>			
	Court	Capital		Landscape
	Restricted Fund	Metro Fund	Parks Fund	Fund
<b>REVENUES</b>				
Hotel/motel taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	20,050	92,745
Fines	20,066	-	-	-
Contributions and donations	-	9,700	1,000	-
Total revenues	<u>20,066</u>	<u>9,700</u>	<u>21,050</u>	<u>92,745</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,569	9,700	-	-
Health and welfare	-	-	-	-
Parks	-	-	15,197	8,386
Libraries	-	-	-	-
Capital outlay	-	-	1,650	-
Total expenditures	<u>5,569</u>	<u>9,700</u>	<u>16,847</u>	<u>8,386</u>
Excess (deficiency) of revenues over expenditures	<u>14,497</u>	<u>-</u>	<u>4,203</u>	<u>84,359</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	65,000	139,307
Transfers out	-	-	(139,307)	-
Sale of general capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(74,307)</u>	<u>139,307</u>
Net change in fund balance	14,497	-	(70,104)	223,666
Fund balance - beginning	48,955	-	212,139	-
Fund balance - ending	<u>\$ 63,452</u>	<u>\$ -</u>	<u>\$ 142,035</u>	<u>\$ 223,666</u>

<b>Special Revenue Funds</b>			<b>Capital Projects Funds</b>	Total
Wind Energy Project	Ione Jones Library Fund	Hotel Occupancy Tax Fund	Capital Expenditures Fund	Non-Major Governmental Funds
\$ -	\$ -	\$ 156,235	\$ -	\$ 156,235
-	-	-	-	112,795
-	-	-	-	20,066
-	17,000	-	-	27,700
-	17,000	156,235	-	316,796
400	-	-	-	15,669
-	-	13,735	-	13,735
-	-	-	-	23,583
-	2,500	-	-	2,500
-	-	26,942	158,991	187,583
400	2,500	40,677	158,991	243,070
(400)	14,500	115,558	(158,991)	73,726
400	-	-	150,000	354,707
-	-	-	-	(139,307)
-	-	-	1,478	1,478
400	-	-	151,478	216,878
-	14,500	115,558	(7,513)	290,604
-	19,371	337,830	206,249	824,544
\$ -	\$ 33,871	\$ 453,388	\$ 198,736	\$ 1,115,148

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CITY OF JONESTOWN, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 477,749	\$ 480,101	\$ 486,995	\$ 6,894
Total revenues	<u>477,749</u>	<u>480,101</u>	<u>486,995</u>	<u>6,894</u>
<b>EXPENDITURES</b>				
Current:				
General government	300	300	300	-
Debt service:				
Bond principal	415,000	415,000	415,000	-
Interest - bonds	62,750	62,750	62,750	-
Total Expenditures	<u>478,050</u>	<u>478,050</u>	<u>478,050</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(301)</u>	<u>2,051</u>	<u>8,945</u>	<u>6,894</u>
Net Change in Fund Balances	(301)	2,051	8,945	6,894
Fund balance - beginning	126,175	126,175	126,175	-
Fund balance - ending	<u>\$ 125,874</u>	<u>\$ 128,226</u>	<u>\$ 135,120</u>	<u>\$ 6,894</u>

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OTHER REPORTING SECTION

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

Honorable Mayor, Members of the City Council, and Citizens of the  
City of Jonestown, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jonestown, Texas ("the City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2022.

### **Internal Control Over Financial Reporting**

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

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

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

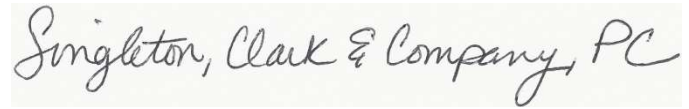
### **Compliance and Other Matters**

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

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## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink on a light beige background. The signature reads "Singleton, Clark & Company, PC" in a cursive script.

Singleton, Clark & Company, PC  
Cedar Park, Texas

March 25, 2022

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CITY OF JONESTOWN, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**FEDERAL AWARDS**

Under the guidelines of federal Uniform Guidance, a Single Audit was not required due to expenditures of federal awards being less than \$750,000.

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs were required to be reported in accordance with *Government Auditing Standards* for the years ended September 30, 2021 and 2020.

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**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Findings Related to Federal Awards Which are Required to be Reported in Accordance with federal Uniform Guidance:

Not applicable.