

**ANNUAL
FINANCIAL REPORT
CITY OF JONESTOWN, TEXAS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

**Steve Jones
City Administrator**

**Prepared by
Finance Department**

CITY OF JONESTOWN, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2022 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary 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 nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
April 5, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Jonestown (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, 2022.

Financial Highlights

- At the end of the current fiscal year, the City's governmental activities (full accrual presentation) net position increased by \$1,007,056 as a result of this year's current operations to end at \$11,251,590.
- At the end of the current fiscal year, the City's General Fund reported an ending fund balance of \$2,519,209 after net change decrease of \$1,500,383. The City's Streets Fund reported an ending fund balance of \$820,707 after a net increase of \$125,355. The Debt Service Fund reported an ending fund balance of \$136,383 after a net increase of \$1,263. The City's Capital Projects Fund reported an ending fund balance of \$1,995,656 after a net increase of \$1,995,656. The City's other governmental funds ended the year with a total fund balance of \$1,309,667 after net increase of \$194,519.
- At the end of the current fiscal year, the City's proprietary funds reported total ending net position of \$2,729,567 after the cumulative increase of \$21,762.

Overview of the Financial Statements

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

Government-wide 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 information on all the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the four 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both 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, sanitation, and culture and recreation. The business-type activities of the City include a wastewater utility and rental activities.

The government-wide financial statements can be found on pages 10-12 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 the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City'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 12 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, ARPA Grant Fund, Capital Projects Fund, and Debt Service Fund, which are considered to be major funds. Data from the other 7 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund and Debt Service Fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 13-18 of this report.

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 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 Plaza Fund and the Northshore Wastewater Utility System Fund, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-36 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees and certain budgetary comparisons. Required supplementary information can be found on pages 37-45 of this report.

The combining and individual fund financial statements and schedules referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. This information can be found on pages 46-50 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,251,590 and \$2,729,567 (net position) for governmental and business-type activities, respectively. At the end of the current fiscal year, the City can report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The following table provides a summary of the City's net position as of September 30, 2022, and 2021:

CITY OF JONESTOWN'S NET POSITION **For the Years Ended September 30, 2022, and 2021**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 7,783,736	\$ 6,581,854	\$ 916,474	\$ 1,001,311	\$ 8,700,210	\$ 7,583,165
Capital assets	<u>7,039,900</u>	<u>7,321,084</u>	<u>2,034,808</u>	<u>2,113,060</u>	<u>9,074,708</u>	<u>9,434,144</u>
Total assets	<u>14,823,636</u>	<u>13,902,938</u>	<u>2,951,282</u>	<u>3,114,371</u>	<u>17,774,918</u>	<u>17,017,309</u>
Deferred outflows of resources	<u>124,301</u>	<u>169,340</u>	<u>-</u>	<u>-</u>	<u>124,301</u>	<u>169,340</u>
Current and other liabilities	756,722	483,133	222,038	406,566	978,760	889,699
Long-term liabilities	<u>2,576,261</u>	<u>3,220,921</u>	<u>-</u>	<u>-</u>	<u>2,576,261</u>	<u>3,220,921</u>
Total liabilities	<u>3,332,983</u>	<u>3,704,054</u>	<u>222,038</u>	<u>406,566</u>	<u>3,555,021</u>	<u>4,110,620</u>
Deferred inflows of resources	<u>220,020</u>	<u>123,690</u>	<u>-</u>	<u>-</u>	<u>220,020</u>	<u>123,690</u>
Net position:						
Net investment in capital assets	4,491,496	4,381,084	2,034,808	2,149,260	6,526,304	6,530,344
Restricted	959,175	361,731	-	-	959,175	361,731
Unrestricted	<u>5,800,919</u>	<u>5,501,719</u>	<u>694,759</u>	<u>558,545</u>	<u>6,495,678</u>	<u>6,060,264</u>
Total net position	<u>\$ 11,251,590</u>	<u>\$ 10,244,534</u>	<u>\$ 2,729,567</u>	<u>\$ 2,707,805</u>	<u>\$ 13,981,157</u>	<u>\$ 12,952,339</u>

Approximately \$6,526,304 or 47%, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position amounting to \$959,175 or approximately 7% of overall net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,495,678 (approximately 46%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's overall net position increased by \$1,028,818 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'S CHANGES IN NET POSITION
For the Years Ended September 30, 2022, and 2021

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenue:						
Charges for services	\$ 1,078,200	\$ 1,041,011	\$ 393,752	\$ 367,447	\$ 1,471,952	\$ 1,408,458
Operating grants and contributions	897	3,157	-	-	897	3,157
Capital grants and contributions	-	9,700	-	-	-	9,700
General revenues:						
Property taxes	3,242,070	2,940,367	-	-	3,242,070	2,940,367
Other taxes	614,183	520,696	-	-	614,183	520,696
Grant and contributions not restricted to specific programs	5,155	18,423	-	-	5,155	18,423
Other	61,705	211,796	11,026	6,291	72,731	218,087
Total revenues	<u>5,002,210</u>	<u>4,745,150</u>	<u>404,778</u>	<u>373,738</u>	<u>5,406,988</u>	<u>5,118,888</u>
Expenses:						
General government	1,007,556	865,346	-	-	1,007,556	865,346
Public safety	1,656,746	1,493,159	-	-	1,656,746	1,493,159
Highways and streets	369,450	2,605	-	-	369,450	2,605
Sanitation	437,745	487,054	-	-	437,745	487,054
Culture and recreation	435,503	476,733	-	-	435,503	476,733
Interest on long-term debt	53,154	62,818	-	-	53,154	62,818
Plaza enterprise	-	-	99,968	92,805	99,968	92,805
Wastewater utility	-	-	318,048	333,101	318,048	333,101
Total expenses	<u>3,960,154</u>	<u>3,387,715</u>	<u>418,016</u>	<u>425,906</u>	<u>4,378,170</u>	<u>3,813,621</u>
Increases in net position before transfers	1,042,056	1,357,435	(13,238)	(52,168)	1,028,818	1,305,267
Transfers	(35,000)	(35,000)	35,000	35,000	-	-
Gain (loss) on sale of capital assets	-	(5,459)	-	-	-	(5,459)
Change in net position	1,007,056	1,316,976	21,762	(17,168)	1,028,818	1,299,808
Net position, beginning	<u>10,244,534</u>	<u>8,927,558</u>	<u>2,707,805</u>	<u>2,724,973</u>	<u>12,952,339</u>	<u>11,652,531</u>
Net position, ending	<u>\$ 11,251,590</u>	<u>\$ 10,244,534</u>	<u>\$ 2,729,567</u>	<u>\$ 2,707,805</u>	<u>\$ 13,981,157</u>	<u>\$ 12,952,339</u>

Governmental Activities

For the current fiscal year ended, the increase in net position was \$1,007,056. The change was primarily due to an increase in property tax revenue of approximately \$280,000 compared to the prior year due to increased property value.

Business-type Activities

For the City's business-type activities, net position increased slightly by \$21,762 from the prior fiscal year for an ending balance of \$2,729,567 due to an increase of new customers coming online.

Financial Analysis of the City's 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 spending at the end of the fiscal year.

At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$6,781,622, a \$816,410 increase from the prior year. Key elements of this increase include increases to property taxes, sales taxes and fines.

The General Fund is the chief operating fund of the City. At the close of the current fiscal year, unassigned fund balance was \$2,504,867. The General Fund fund balance decreased by \$1,500,383 from the prior year. The decrease is caused by transfers from the General Fund to subsidize capital projects funds for costs associated with future capital projects.

At the close of the current fiscal year, the City’s Streets Fund reported a fund balance of \$820,707, an increase of \$125,355 from the prior year. The increase was due to transfers from other funds to subsidize current and future planned street projects.

The Capital Projects Fund, a new fund for fiscal year 2022, was created to account for the accumulation of resources for the construction of capital projects through debt proceeds and other governmental activity resources. At the close of the current fiscal year, the City’s Capital Projects Fund reported a fund balance of \$1,995,656. This balance comes from a transfer from the General Fund to subsidize future capital expenditure projects.

The ARPA Grant Fund, also new for fiscal year 2022, was created to account for the proceeds of grant funds received under the American Rescue Plan Act. For the current year, no funds were expended and, therefore, all received amounts were recorded as unearned revenue; as a result, the fund ended the year with no fund balance.

At the close of the current fiscal year, the City’s Debt Service Fund reported an increase in fund balance of \$1,263.

Proprietary Funds

Proprietary funds are used to report the same type of information found in the business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its wastewater utility and its Plaza Enterprise Fund.

At year-end, the unrestricted net position of the Plaza Enterprise Fund was \$277,647, and the Northshore Wastewater Utility System Fund was \$417,112. The change in net position for the funds was \$5,282 and \$16,480, respectively.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget primarily relate to an increase in revenues from fines. Budgeted revenues exceeded actual revenues by \$62,688, primarily from licenses and permit fee activity being less than anticipated.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2022, the City's governmental activities and business-type activities had invested \$7,039,900 and \$2,034,808, respectively, in a variety of capital assets as reflected in the following schedule. This represents a decrease of \$281,184 or 4% over the end of last fiscal year for the governmental activities' capital assets and a decrease of \$78,252 or 4% for the business-type activities.

The following table shows the balances on September 30, 2022, and 2021:

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 160,350	\$ 160,350	\$ 407,360	\$ 407,360	\$ 567,710	\$ 567,710
Buildings and improvements	1,588,381	1,566,329	2,832,792	2,832,792	4,421,173	4,399,121
Infrastructure	7,007,259	7,007,259	-	-	7,007,259	7,007,259
Furniture and equipment	1,889,253	1,699,055	7,100	7,100	1,896,353	1,706,155
Less accumulated depreciation	(3,605,343)	(3,111,909)	(1,212,444)	(1,134,192)	(4,817,787)	(4,246,101)
Total capital assets	<u>\$ 7,039,900</u>	<u>\$ 7,321,084</u>	<u>\$ 2,034,808</u>	<u>\$ 2,113,060</u>	<u>\$ 9,074,708</u>	<u>\$ 9,434,144</u>

Additional information regarding the City’s capital assets can be found on pages 29-30 in the notes to the basic financial statements.

Long-term Liabilities

At the end of the current fiscal year, the City had total bonded debt outstanding of \$345,000 and tax notes of \$2,060,000. Additionally, the City had long-term obligations related to compensated absences amounting to \$77,059.

A schedule of long-term debt at September 30, 2022 and 2021, follows:

	Governmental Activities	
	2022	2021
General obligation bonds	\$ 345,000	\$ 400,000
Tax notes	2,060,000	2,540,000
Compensated absences	<u>77,059</u>	<u>74,440</u>
Totals	<u>\$ 2,482,059</u>	<u>\$ 3,014,440</u>

The City’s total debt decreased by \$532,381 during the current fiscal year, primarily due to scheduled debt payments. Additional information regarding the City’s long-term debt can be found on pages 36-37 of this report.

Economic Factors and Next Year’s Budget and Rates

The adopted budget for the City’s General Fund for fiscal year 2022-2023 is approximately \$4.57 million, which reflects an approximate increase of \$640,000 from the fiscal year 2021-2022 General Fund adopted budget. The adopted tax rates to finance General Fund and Debt Service Fund operations were \$0.3574 and \$0.0616, respectively, for a total tax rate of \$0.419 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, Suite 4A, Jonestown, Texas, 78645, or by calling (512) 267-3243.

**BASIC
FINANCIAL STATEMENTS**

CITY OF JONESTOWN, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,380,156	\$ 887,342	\$ 8,267,498
Taxes receivable, net	229,537	-	229,537
Accounts receivable, net	145,351	29,132	174,483
Internal balances	60	(60)	-
Prepaid items	14,342	-	14,342
Other assets	-	383	383
Net pension asset	14,350	-	14,350
Capital assets:			
Nondepreciable	160,350	407,360	567,710
Depreciable, net	<u>6,879,550</u>	<u>1,627,448</u>	<u>8,506,998</u>
Total capital assets	<u>7,039,900</u>	<u>2,034,808</u>	<u>9,074,708</u>
Total assets	<u>14,823,696</u>	<u>2,951,605</u>	<u>17,775,301</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	105,056	-	105,056
Deferred outflows related to OPEB	19,245	-	19,245
Total deferred outflows of resources	<u>124,301</u>	<u>-</u>	<u>124,301</u>
LIABILITIES			
Accounts payable	32,988	28,183	61,171
Accrued liabilities	60,979	1,516	62,495
Accrued interest payable	4,043	-	4,043
Unearned revenue	550,655	12,834	563,489
Due to other governments	93,463	-	93,463
Other current liabilities	14,594	147,805	162,399
Customer deposits	-	31,700	31,700
Retainage payable	143,404	-	143,404
Noncurrent liabilities:			
Due within one year:			
Long-term debt	614,353	-	614,353
Due in more than one year:			
Long-term debt	1,867,706	-	1,867,706
Total OPEB liability	<u>94,202</u>	<u>-</u>	<u>94,202</u>
Total liabilities	<u>3,476,387</u>	<u>222,038</u>	<u>3,698,425</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	64,753	-	64,753
Deferred inflows related to pensions	143,070	-	143,070
Deferred inflows related to OPEB	12,197	-	12,197
Total deferred inflows of resources	<u>220,020</u>	<u>-</u>	<u>220,020</u>
NET POSITION			
Net investment in capital assets	4,491,496	2,034,808	6,526,304
Restricted for:			
Municipal court	90,264	-	90,264
Debt service	145,354	-	145,354
Parks	157,048	-	157,048
Tourism	566,509	-	566,509
Unrestricted	<u>5,800,919</u>	<u>694,759</u>	<u>6,495,678</u>
Total net position	<u>\$ 11,251,590</u>	<u>\$ 2,729,567</u>	<u>\$ 13,981,157</u>

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

CITY OF JONESTOWN, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Function/Program Activities	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 1,007,556	\$ 103,716	\$ -
Public safety	1,656,746	698,917	897
Highways and streets	369,450	-	-
Sanitation	437,745	-	-
Culture and recreation	435,503	275,567	-
Interest on long-term debt	53,154	-	-
Total governmental activities	<u>3,960,154</u>	<u>1,078,200</u>	<u>897</u>
Business-type activities:			
Plaza	99,968	70,250	-
Northshore wastewater utility	<u>318,048</u>	<u>323,502</u>	<u>-</u>
Total business-type activities	<u>418,016</u>	<u>393,752</u>	<u>-</u>
 Total	 \$ <u>4,378,170</u>	 \$ <u>1,471,952</u>	 \$ <u>897</u>
		General revenues:	
		Taxes:	
		Property	
		Sales and mixed beverage	
		Hotel/motel	
		Franchise	
		Contributions and donations	
		Unrestricted investment earnings	
		Miscellaneous	
		Transfers	
		Total general revenues and transfers	
		Change in net position	
		Net position, beginning	
		Net position, ending	

Net (Expense) Revenues and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (903,840)	\$ -	\$ (903,840)
(956,932)	-	(956,932)
(369,450)	-	(369,450)
(437,745)	-	(437,745)
(159,936)	-	(159,936)
(53,154)	-	(53,154)
(2,881,057)	-	(2,881,057)
-	(29,718)	(29,718)
-	5,454	5,454
-	(24,264)	(24,264)
\$ (2,881,057)	\$ (24,264)	\$ (2,905,321)
3,242,070	-	3,242,070
315,603	-	315,603
144,607	-	144,607
153,973	-	153,973
5,155	-	5,155
673	-	673
61,032	11,026	72,058
(35,000)	35,000	-
3,888,113	46,026	3,934,139
1,007,056	21,762	1,028,818
10,244,534	2,707,805	12,952,339
\$ 11,251,590	\$ 2,729,567	\$ 13,981,157

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

CITY OF JONESTOWN, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	<u>General</u>	<u>Streets</u>	<u>ARPA Grant</u>
ASSETS			
Cash and cash equivalents	\$ 2,595,196	\$ 820,707	\$ 522,105
Taxes receivable, net	175,930	-	-
Accounts receivable, net	145,351	-	-
Due from other funds	-	-	-
Prepaid items	<u>14,342</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 2,930,819</u>	 <u>\$ 820,707</u>	 <u>\$ 522,105</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 15,193	\$ -	\$ -
Accrued liabilities	60,979	-	-
Due to other governments	93,463	-	-
Unearned revenue	5,250	-	522,105
Other	<u>14,594</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>189,479</u>	<u>-</u>	<u>522,105</u>
Deferred inflows of resources:			
Lease related	64,753	-	-
Unavailable revenue - property taxes	78,361	-	-
Unavailable revenue - municipal court	<u>79,017</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>222,131</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Prepaid items	14,342	-	-
Restricted:			
Municipal court	-	-	-
Debt service	-	-	-
Parks	-	-	-
Tourism	-	-	-
Committed:			
Capital projects	-	820,707	-
Assigned:			
Landscape	-	-	-
Library	-	-	-
Capital projects	-	-	-
Unassigned	<u>2,504,867</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,519,209</u>	<u>820,707</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,930,819</u>	<u>\$ 820,707</u>	<u>\$ 522,105</u>

<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,995,656	\$ 136,383	\$ 1,310,109	\$ 7,380,156
-	13,014	40,593	229,537
-	-	-	145,351
-	-	60	60
-	-	-	14,342
<u>1,995,656</u>	<u>149,397</u>	<u>1,350,762</u>	<u>7,769,446</u>
\$ -	\$ -	\$ 17,795	\$ 32,988
-	-	-	60,979
-	-	-	93,463
-	-	23,300	550,655
-	-	-	14,594
<u>-</u>	<u>-</u>	<u>41,095</u>	<u>752,679</u>
-	-	-	64,753
-	13,014	-	91,375
-	-	-	79,017
<u>-</u>	<u>13,014</u>	<u>-</u>	<u>235,145</u>
-	-	-	14,342
-	-	90,264	90,264
-	136,383	-	136,383
-	-	157,048	157,048
-	-	566,509	566,509
-	-	-	820,707
-	-	304,728	304,728
-	-	19,917	19,917
1,995,656	-	171,201	2,166,857
-	-	-	2,504,867
<u>1,995,656</u>	<u>136,383</u>	<u>1,309,667</u>	<u>6,781,622</u>
\$ <u>1,995,656</u>	\$ <u>149,397</u>	\$ <u>1,350,762</u>	\$ <u>7,769,446</u>

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

CITY OF JONESTOWN, TEXAS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2022

Total fund balance, governmental funds	\$ 6,781,622
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	7,039,900
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	
Unavailable revenue - property taxes	91,375
Unavailable revenue - court fines	79,017
Long-term liabilities are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.	
Bonds payable	(2,405,000)
Interest payable	(4,043)
Compensated absences	(77,059)
Retainage payable	(143,404)
Net Pension Liability	14,350
Total OPEB Liability	(94,202)
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.	
Deferred outflows related to pensions	105,056
Deferred outflows related to OPEB	19,245
Deferred inflows related to pensions	(143,070)
Deferred inflows related to OPEB	(12,197)
Net position of governmental activities in the statement of net position	\$ <u>11,251,590</u>

CITY OF JONESTOWN, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>General</u>	<u>Streets</u>	<u>ARPA Grant</u>
REVENUES			
Property taxes	\$ 2,638,742	\$ -	\$ -
Sales and mixed beverage taxes	315,603	-	-
Hotel/motel taxes	-	-	-
Franchise taxes	153,973	-	-
Licenses and permits	443,644	-	-
Intergovernmental	37,897	-	-
Charges for services	162,619	-	-
Fines	266,305	-	-
Investment earnings	673	-	-
Contributions and donations	1,944	-	-
Miscellaneous	17,886	-	-
Total revenues	<u>4,039,286</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	831,214	-	-
Public safety	1,548,215	-	-
Highways and streets	-	49,645	-
Sanitation	429,075	-	-
Culture and recreation	353,655	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>3,162,159</u>	<u>49,645</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	877,127	(49,645)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	175,000	-
Transfers out	(2,420,656)	-	-
Insurance recoveries	43,146	-	-
Total other financing sources (uses)	<u>(2,377,510)</u>	<u>175,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,500,383)	125,355	-
FUND BALANCES, BEGINNING	<u>4,019,592</u>	<u>695,352</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,519,209</u>	<u>\$ 820,707</u>	<u>\$ -</u>

<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 590,069	\$ -	\$ 3,228,811
-	-	-	315,603
-	-	144,607	144,607
-	-	-	153,973
-	-	112,892	556,536
-	-	-	37,897
-	-	-	162,619
-	-	36,811	303,116
-	-	-	673
-	-	3,211	5,155
-	-	-	17,886
<u>-</u>	<u>590,069</u>	<u>297,521</u>	<u>4,926,876</u>
-	-	43,485	874,699
-	-	-	1,548,215
-	-	-	49,645
-	-	-	429,075
-	-	83,102	436,757
-	-	191,415	191,415
-	535,000	-	535,000
-	53,806	-	53,806
<u>-</u>	<u>588,806</u>	<u>318,002</u>	<u>4,118,612</u>
-	1,263	(20,481)	808,264
1,995,656	-	215,000	2,385,656
-	-	-	(2,420,656)
-	-	-	43,146
<u>1,995,656</u>	<u>-</u>	<u>215,000</u>	<u>(35,000)</u>
1,995,656	1,263	194,519	816,410
-	135,120	1,115,148	5,965,212
<u>\$ 1,995,656</u>	<u>\$ 136,383</u>	<u>\$ 1,309,667</u>	<u>\$ 6,781,622</u>

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

CITY OF JONESTOWN, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds:	\$ 816,410
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The capital asset expenditures are allocated over the assets' estimated useful lives as depreciation expense for the period:	
Capital outlay	212,250
Depreciation expense	(493,434)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	(111,216)
Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of payments made on long-term debt.	535,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Changes in accrued interest	652
Changes in accrued compensated absences	(2,619)
Pension expense does not represent a use of current resources and is not recognized in the fund financial statements.	63,069
OPEB expense does not represent a use of current resources and is not recognized in the fund financial statements.	(<u>13,056</u>)
Change in net position of governmental activities	\$ <u>1,007,056</u>

CITY OF JONESTOWN, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-type Activities		
	Plaza	Northshore WW Utility System	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 285,863	\$ 601,479	\$ 887,342
Accounts receivable, net	-	29,132	29,132
Other assets	383	-	383
Total current assets	<u>286,246</u>	<u>630,611</u>	<u>916,857</u>
Non-current assets:			
Capital assets:			
Land	120,000	287,360	407,360
Buildings	562,322	2,270,470	2,832,792
Furnishings and equipment	-	7,100	7,100
Less: accumulated depreciation	(475,601)	(736,843)	(1,212,444)
Total non-current assets	<u>206,721</u>	<u>1,828,087</u>	<u>2,034,808</u>
Total assets	<u>492,967</u>	<u>2,458,698</u>	<u>2,951,665</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,545	24,638	28,183
Accrued liabilities	-	1,516	1,516
Due to other funds	-	60	60
Unearned revenue	5,054	7,780	12,834
Due to other governments	-	147,805	147,805
Customer deposits	-	31,700	31,700
Total current liabilities	<u>8,599</u>	<u>213,499</u>	<u>222,098</u>
Total liabilities	<u>8,599</u>	<u>213,499</u>	<u>222,098</u>
NET POSITION			
Net investment in capital assets	206,721	1,828,087	2,034,808
Unrestricted	<u>277,647</u>	<u>417,112</u>	<u>694,759</u>
Total net position	<u>\$ 484,368</u>	<u>\$ 2,245,199</u>	<u>\$ 2,729,567</u>

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

CITY OF JONESTOWN, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities		
	Plaza	Northshore WW Utility System	Total Enterprise Funds
OPERATING REVENUES			
Charges for services:			
Sewerage service	\$ -	\$ 323,502	\$ 323,502
Other	70,250	-	70,250
Miscellaneous	<u>-</u>	<u>11,026</u>	<u>11,026</u>
Total operating revenues	<u>70,250</u>	<u>334,528</u>	<u>404,778</u>
OPERATING EXPENSES			
Personnel services	-	65,614	65,614
Contractual services	89,798	138,350	228,148
Materials and supplies	-	8,946	8,946
Other	-	37,056	37,056
Depreciation	<u>10,170</u>	<u>68,082</u>	<u>78,252</u>
Total operating expenses	<u>99,968</u>	<u>318,048</u>	<u>418,016</u>
OPERATING INCOME (LOSS) BEFORE TRANSFERS	(29,718)	16,480	(13,238)
Transfers in	<u>35,000</u>	<u>-</u>	<u>35,000</u>
CHANGE IN NET POSITION	5,282	16,480	21,762
NET POSITION, BEGINNING	<u>479,086</u>	<u>2,228,719</u>	<u>2,707,805</u>
NET POSITION, ENDING	<u>\$ 484,368</u>	<u>\$ 2,245,199</u>	<u>\$ 2,729,567</u>

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

CITY OF JONESTOWN, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Busniess-Type Activities		
	Plaza	Northshore WW Utility System	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 70,250	\$ 341,457	\$ 411,707
Payments to suppliers and service providers	(89,581)	(375,873)	(465,454)
Payments to employees for salaries and benefits	-	(65,614)	(65,614)
Net cash provided (used) by operating activities	<u>(19,331)</u>	<u>(100,030)</u>	<u>(119,361)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Net cash provided (used) by noncapital financing activities	<u>35,000</u>	<u>-</u>	<u>35,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,669	(100,030)	(84,361)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>270,194</u>	<u>701,509</u>	<u>971,703</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 285,863</u>	<u>\$ 601,479</u>	<u>\$ 887,342</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$(29,718)	\$ 16,480	\$(13,238)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	10,170	68,082	78,252
Decrease (increase) in accounts receivable	-	93	93
Increase (decrease) in customer deposits	-	6,836	6,836
Increase (decrease) in accounts payable	217	7,746	7,963
Increase (decrease) in accrued liabilities	-	(18,077)	(18,077)
Increase (decrease) in other current liabilities	<u>-</u>	<u>(181,190)</u>	<u>(181,190)</u>
Net cash provided (used) by operating activities	<u>\$(19,331)</u>	<u>\$(100,030)</u>	<u>\$(119,361)</u>

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

CITY OF JONESTOWN, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Jonestown, Texas (City) is a municipal corporation governed by an elected mayor and five council members, which make up the City Council (the "Council"). The accompanying financial statements present the City 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, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following 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 *ARPA Grant Fund* is used to account for the accumulation of resources that are received from the American Rescue Plan Act and the related project costs.

The *Capital Projects Fund* is used to account for the accumulation of resources for the construction of capital projects through debt proceeds and other governmental activity resources.

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.

The City reports the following major enterprise funds:

The *Plaza Fund* accounts for revenues earned and expenses incurred in relation to 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 types:

Special revenue funds account for resources restricted, committed, or assigned for specific purposes.

Capital projects funds account for the acquisition and construction of the City's major capital projects, other than those financed by enterprise funds.

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 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 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.

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. Issuances of long-term debt are reported as other financing sources.

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

period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Budgetary Information

1. *Budgetary Basis of Accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Debt Service Fund. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) 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 City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

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, 2022, expenditures exceeded appropriations in the following departmental line items of the budget:

<u>Fund</u>	<u>Department or Line Item</u>	<u>Amount</u>
General	Finance	\$ 5,730
General	Transfers out	\$ 1,995,656

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. *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.

3. *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.

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 acquisition value, which is the price that would be paid to acquire an asset with equivalent service

potential at the acquisition date. Land and construction in progress are not depreciated. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings & improvements	7-40 years
Machinery and equipment	5-20 years
Infrastructure	10-40 years

4. Leases

The City has entered into a lease agreement as lessor. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessor. The City is a lessor in an arrangement giving Travis County the right to use an office building. In both the government-wide financial statements and the governmental fund financial statements, the City initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

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 assets 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 assets 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 fines. 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. 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 City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may 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, 2021, upon which the levy for the 2021-2022 fiscal year was based, was \$627,218,579. 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, 2022, 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. The total tax levy for the General Fund and Debt Service Fund for the 2021-2022 fiscal year was \$3,254,010. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2022, were 99% of the year-end adjusted tax levy. 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 Fund and Debt Service Fund 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 budget of the operating funds provides funding for these benefits as they become payable and costs are expensed as the liability is liquidated. There was a balance of \$77,059 in accrued compensated absences as of September 30, 2022 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 Northshore Wastewater Utility System Fund are charges to customers for sales and services. This 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 rental income for leasing space in the plaza building. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Change in Accounting Principle

GASB Statement No. 87, Leases, was adopted effective September 1, 2021. The statement addresses accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and liabilities were recognized, and more extensive note disclosures were required.

II. 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, 2022, the City's bank balance was \$8,280,681, all of which was insured or collateralized with securities held by the pledging institution.

B. Investments

The City does not have any amounts classified as investments as of September 30, 2022.

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, 2022, 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 Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Receivables:				
Property taxes	78,361	13,014	-	91,375
Court fines	704,436	-	-	704,436
Leases	64,753	-	-	64,753
Other	<u>99,150</u>	<u>-</u>	<u>40,593</u>	<u>139,743</u>
Gross receivables	946,700	13,014	40,593	1,000,307
Less: allowance for uncollectibles	<u>(625,419)</u>	<u>-</u>	<u>-</u>	<u>(625,419)</u>
Net total receivables	<u>\$ 321,281</u>	<u>\$ 13,014</u>	<u>\$ 40,593</u>	<u>\$ 374,888</u>

Proprietary Funds:

	Northshore WW Utility System Fund
Receivables:	
Accounts Receivable	29,556
Less: allowance for uncollectibles	<u>(424)</u>
Net total receivables	<u>29,132</u>

Lease Receivable

On October 1, 2021, the City entered a lease as lessor for the use of an office building that the City owns. The lessee is required to make monthly payments of \$5,454.

A summary of the City’s lease receivable as of September 30, 2022, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Receivable	Amounts Receivable 9/30/2022	Amounts Receivable Within One Year
Right to Use: Office Building	1.98%	2022	64,753	64,753	64,753

D. Capital Assets

Capital assets activity for the year ended September 30, 2022, was as follows:

	Balance 10/1/2021	Increases	Decreases	Balance 9/30/2021
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 160,350	\$ -	\$ -	\$ 160,350
Total capital assets, not being depreciated	<u>160,350</u>	<u>-</u>	<u>-</u>	<u>160,350</u>
Capital assets being depreciated:				
Buildings and improvements	1,566,329	22,052	-	1,588,381
Infrastructure	7,007,259	-	-	7,007,259
Machinery and equipment	<u>1,699,055</u>	<u>190,198</u>	<u>-</u>	<u>1,889,253</u>
Total capital assets being depreciated	<u>10,272,643</u>	<u>212,250</u>	<u>-</u>	<u>10,484,893</u>
Less accumulated depreciation for:				
Buildings and improvements	(658,439)	(43,831)	-	(702,270)
Infrastructure	(1,367,663)	(176,362)	-	(1,544,025)
Machinery and equipment	<u>(1,085,807)</u>	<u>(273,241)</u>	<u>-</u>	<u>(1,359,048)</u>
Total accumulated depreciation	<u>(3,111,909)</u>	<u>(493,434)</u>	<u>-</u>	<u>(3,605,343)</u>
Total capital assets being depreciated, net	<u>7,160,734</u>	<u>(281,184)</u>	<u>-</u>	<u>6,879,550</u>
Governmental activities capital assets, net	<u>\$ 7,321,084</u>	<u>\$ (281,184)</u>	<u>\$ -</u>	<u>\$ 7,039,900</u>

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

Governmental Activities:	
General government	\$ 143,574
Public safety	135,020
Highways and streets	176,362
Public works	14,514
Parks and recreation	<u>23,964</u>
	<u>\$ 493,434</u>

	Balance 10/1/2021	Increases	Decreases	Balance 9/30/2022
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 407,360	\$ -	\$ -	\$ 407,360
Total capital assets, not being depreciated	<u>407,360</u>	<u>-</u>	<u>-</u>	<u>407,360</u>
Capital assets being depreciated:				
Buildings	2,832,792	-	-	2,832,792
Machinery and equipment	<u>7,100</u>	<u>-</u>	<u>-</u>	<u>7,100</u>
Total capital assets being depreciated	<u>2,839,892</u>	<u>-</u>	<u>-</u>	<u>2,839,892</u>
Less accumulated depreciation for:				
Buildings	(1,127,092)	(78,252)	-	(1,205,344)
Machinery and equipment	<u>(7,100)</u>	<u>-</u>	<u>-</u>	<u>(7,100)</u>
Total accumulated depreciation	<u>(1,134,192)</u>	<u>(78,252)</u>	<u>-</u>	<u>(1,212,444)</u>
Total capital assets being depreciated, net	<u>1,705,700</u>	<u>(78,252)</u>	<u>-</u>	<u>1,627,448</u>
Business-type activities capital assets, net	<u>\$ 2,113,060</u>	<u>\$ (78,252)</u>	<u>\$ -</u>	<u>\$ 2,034,808</u>

E. Defined Benefit Pension Plan

Plan Description

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

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

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.

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age; 5 years at age 60 and above
Supplemental death benefit - employees and retirees	Yes

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	25
Active employees	<u>31</u>
Total	<u><u>69</u></u>

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 1:1, 1.5:1, or 2:1, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The 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 2021 through September 2022. The contribution rates for the City were 7.52% from October 2021 to December 2021, and thereafter 7.58% for the calendar year 2022. The City's contributions to TMRS for the year ended September 30, 2021, and September 30, 2022, were \$116,465 and \$137,463 respectively, and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.5% per year
Overall payroll growth	3.50% to 11.50% including inflation
Investment rate of return	6.75%

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 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The 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 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	7.55%
Core Fixed Income	6%	2.00%
Non-Core Fixed Income	20%	5.68%
Other Public and Private Markets	12%	7.22%
Real Estate	12%	6.85%
Hedge Funds	5%	5.35%
Private Equity	10%	10.00%
Total	100%	

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.

Schedule of Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Balance at 12/31/2020	\$ 2,199,879	\$ 2,085,673	\$ 114,206
Changes for the year:			
Service cost	217,751	-	217,751
Interest	153,425	-	153,425
Difference between expected and actual experience	1,049	-	1,049
Changes in assumptions	-	-	-
Contributions - employer	-	118,744	(118,744)
Contributions - employee	-	110,534	(110,534)
Net investment income	-	272,752	(272,752)
Benefit payments, including refunds of employee contributions	(71,596)	(71,596)	-
Administrative expense	-	(1,258)	1,258
Other changes	-	9	(9)
Net changes	<u>300,629</u>	<u>429,185</u>	<u>(128,556)</u>
Balance at 12/31/2021	<u>\$ 2,500,508</u>	<u>\$ 2,514,858</u>	<u>\$(14,350)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset) \$	319,408	\$(14,350)	\$(292,335)

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.

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

For the year ended September 30, 2022, the City recognized pension expense of \$69,937.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 1,673	\$ 4,471
Changes in actuarial assumptions used	5,880	-
Differences in projected and actual investment earnings	-	138,599
Contributions subsequent to the measurement date	<u>97,503</u>	<u>-</u>
Total	<u>\$ 105,056</u>	<u>\$ 143,070</u>

Deferred outflows of resources related to pensions in the amount of \$97,503 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended Sept. 30		
2023	\$(27,771)
2024	(52,257)
2025	(29,095)
2026	(26,394)

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.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>31</u>
Total	<u><u>44</u></u>

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, 2021 and 2022 were \$4,098 and \$5,155 respectively, which equaled the required contributions each year.

Plan Assets

As of the December 31, 2021, valuation and measurement date, there are no assets accumulated in trust.

Actuarial Assumptions

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

Measurement year ended December 31,	2021
Inflation rate	2.50% per year
Discount rate	1.84%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.50% including inflation

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 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

	<u>Total OPEB Liability</u>
Balance at 12/31/2020	\$ 92,275
Changes for the year:	
Service cost	10,738
Interest	1,929
Difference between expected and actual experience	(10,945)
Changes of assumptions	2,574
Benefit payments	(2,369)
Net changes	<u>1,927</u>
Balance at 12/31/2021	<u>\$ 94,202</u>

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

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

	<u>1% Decrease in Discount Rate (0.84%)</u>	<u>Discount Rate (1.84%)</u>	<u>1% Increase in Discount Rate (2.84%)</u>
Total OPEB Liability	\$ 112,469	\$ 94,202	\$ 79,603

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$14,382.

At September 30, 2022, 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
	<u> </u>	<u> </u>
Differences in expected and actual experience	\$ 659	\$ 10,777
Changes in actuarial assumptions used	16,528	1,420
Contributions subsequent to the measurement date	<u>2,058</u>	<u>-</u>
Total	<u>\$ 19,245</u>	<u>\$ 12,197</u>

Deferred outflows of resources related to OPEB in the amount of \$2,058 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in OPEB expense as follows:

Measurement Year Ended December 31,		
2022	\$	1,716
2023		1,680
2024		1,235
2025		847
2026	(488)

G. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For 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.

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 on September 30, 2022 are as follows:

Governmental Activities:

Governmental Activities:					
Type	Sale Date	Original Borrowing	Interest Rate to Maturity	Final Maturity	Outstanding
General Obligation Bonds:					
General Obligation Refunding Bonds, Series 2012	2012	1,445,000	2.24%	2028	\$ 345,000
					<u>345,000</u>
Notes Payable:					
Tax Notes, Series 2019	2019	2,750,000	1.98%	2026	2,060,000
					<u>2,060,000</u>
Total Governmental Activities					<u>\$ 2,405,000</u>

Changes in Long-term Liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2022, are as follows:

Governmental Activities:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Due in One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 400,000	\$ -	\$(55,000)	\$ 345,000	\$ 55,000
Tax Notes, Series 2019	2,540,000	-	(480,000)	2,060,000	490,000
Compensated absences	<u>74,440</u>	<u>76,097</u>	<u>(73,478)</u>	<u>77,059</u>	<u>69,353</u>
Governmental activities long-term liabilities	<u>\$ 3,014,440</u>	<u>\$ 76,097</u>	<u>\$(608,478)</u>	<u>\$ 2,482,059</u>	<u>\$ 614,353</u>

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

Governmental Activities:

Year Ending September 30,	Governmental Activities				Total Governmental Activities	
	Bonds Payable		Notes Payable			
	Principal	Interest	Principal	Interest	Principal	Interest
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	60,000	2,016	-	-	60,000	2,016
2028	60,000	672	-	-	60,000	672
	<u>\$ 345,000</u>	<u>\$ 23,688</u>	<u>\$ 2,060,000</u>	<u>\$ 83,061</u>	<u>\$ 2,405,000</u>	<u>\$ 106,749</u>

I. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2022, is as follows:

Transfer out from	Transfer in to:				Total
	Governmental Funds			Enterprise Fund	
	Streets Fund	Capital Projects Fund	Nonmajor Gov. Funds	Plaza Fund	
General fund	\$ 175,000	\$ 1,995,656	\$ 215,000	\$ 35,000	\$ 2,420,656
Total	<u>\$ 175,000</u>	<u>\$ 1,995,656</u>	<u>\$ 215,000</u>	<u>\$ 35,000</u>	<u>\$ 2,420,656</u>

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.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF JONESTOWN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual	Variance from Final
REVENUES				
Property taxes	\$ 2,655,644	\$ 2,655,644	\$ 2,638,742	\$(16,902)
Sales and mixed beverage taxes	230,000	242,000	315,603	73,603
Franchise taxes	133,000	133,000	153,973	20,973
Licenses and permits	591,250	606,050	443,644	(162,406)
Intergovernmental	38,080	38,080	37,897	(183)
Charges for services	179,200	181,200	162,619	(18,581)
Fines	125,000	245,000	266,305	21,305
Investment earnings	1,000	1,000	673	(327)
Contributions and donations	-	-	1,944	1,944
Miscellaneous	-	-	17,886	17,886
Total revenues	<u>3,953,174</u>	<u>4,101,974</u>	<u>4,039,286</u>	<u>(62,688)</u>
EXPENDITURES				
General government:				
Nondepartmental	151,150	151,150	134,140	17,010
Administration	97,370	97,370	94,505	2,865
City Council	6,750	6,750	4,195	2,555
City Administrator	142,158	142,158	139,139	3,019
City Secretary	184,748	184,748	116,384	68,364
Municipal court	108,616	139,616	137,452	2,164
Finance	<u>144,669</u>	<u>199,669</u>	<u>205,399</u>	<u>(5,730)</u>
Total general government	<u>835,461</u>	<u>921,461</u>	<u>831,214</u>	<u>90,247</u>
Public safety:				
Police	1,183,156	1,185,555	1,154,173	31,382
Inspection	<u>437,681</u>	<u>437,681</u>	<u>394,042</u>	<u>43,639</u>
Total public safety	<u>1,620,837</u>	<u>1,623,236</u>	<u>1,548,215</u>	<u>75,021</u>
Sanitation:				
Sanitation	<u>473,673</u>	<u>494,307</u>	<u>429,075</u>	<u>65,232</u>
Total sanitation	<u>473,673</u>	<u>494,307</u>	<u>429,075</u>	<u>65,232</u>

The accompanying notes are an integral part of this schedule.

CITY OF JONESTOWN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Bugeted Amounts			Variance
	Original Budget	Final Budget	Actual	from Final
EXPENDITURES (Continued)				
Culture and recreation:				
Parks	\$ 387,317	\$ 387,317	\$ 233,538	\$ 153,779
Libraries	<u>176,155</u>	<u>176,155</u>	<u>120,117</u>	<u>56,038</u>
Total culture and recreation	<u>563,472</u>	<u>563,472</u>	<u>353,655</u>	<u>209,817</u>
Total expenditures	<u>3,493,443</u>	<u>3,602,476</u>	<u>3,162,159</u>	<u>440,317</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>459,731</u>	<u>499,498</u>	<u>877,127</u>	<u>377,629</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(425,000)	(425,000)	(2,420,656)	(1,995,656)
Insurance recoveries	<u>3,000</u>	<u>26,000</u>	<u>43,146</u>	<u>17,146</u>
Total other financing sources (uses)	<u>(422,000)</u>	<u>(399,000)</u>	<u>(2,377,510)</u>	<u>(1,978,510)</u>
NET CHANGE IN FUND BALANCE	37,731	100,498	(1,500,383)	(1,600,881)
FUND BALANCE, BEGINNING	<u>4,019,592</u>	<u>4,019,592</u>	<u>4,019,592</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 4,057,323</u>	<u>\$ 4,120,090</u>	<u>\$ 2,519,209</u>	<u>\$ (1,600,881)</u>

CITY OF JONESTOWN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date December 31,	<u>2014</u>	<u>2015</u>
A. Total pension liability		
Service Cost	\$ 101,842	\$ 107,321
Interest (on the Total Pension Liability)	67,086	74,981
Changes of benefit terms	-	-
Difference between expected and actual experience	(19,766)	(10,121)
Changes in assumptions	-	38,586
Benefit payments, including refunds of employee contributions	<u>(40,904)</u>	<u>(37,320)</u>
Net change in total pension liability	108,258	173,447
Total pension liability - beginning	<u>927,902</u>	<u>1,036,160</u>
Total pension liability - ending (a)	<u>1,036,160</u>	<u>1,209,607</u>
B. Plan fiduciary net position		
Contributions - Employer	48,964	59,172
Contributions - Employee	55,264	56,248
Net Investment Income	47,904	1,399
Benefit payments, including refunds of employee contributions	(40,904)	(37,320)
Administrative Expenses	(500)	(852)
Other	<u>(41)</u>	<u>(42)</u>
Net change in plan fiduciary net position	110,687	78,605
Plan fiduciary net position - beginning	<u>837,324</u>	<u>948,011</u>
Plan fiduciary net position - ending (b)	<u>948,011</u>	<u>1,026,616</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 88,149</u>	<u>\$ 182,991</u>
D. Plan fiduciary net position as a percentage of total pension liability	91%	85%
E. Covered payroll	\$ 1,105,286	\$ 1,124,954
F. Net position liability as a percentage of covered payroll	8%	16%

Note: This schedule is required to have 10 years of information but the information prior to 2014 is not available.

2016	2017	2018	2019	2020	2021
\$ 111,815	\$ 133,491	\$ 166,475	\$ 182,847	\$ 207,970	\$ 217,751
84,429	91,348	102,127	116,980	134,541	153,425
23,163	20,751	-	-	-	-
(56,428)	(21,328)	193	(5,101)	1,810	1,049
-	-	-	14,160	-	-
(75,768)	(62,007)	(58,624)	(55,270)	(67,302)	(71,596)
87,211	162,255	210,171	253,616	277,019	300,629
<u>1,209,607</u>	<u>1,296,818</u>	<u>1,459,073</u>	<u>1,669,244</u>	<u>1,922,860</u>	<u>2,199,879</u>
<u>1,296,818</u>	<u>1,459,073</u>	<u>1,669,244</u>	<u>1,922,860</u>	<u>2,199,879</u>	<u>2,500,508</u>
59,068	73,694	86,754	94,251	111,823	118,744
57,459	67,240	84,930	94,251	106,934	110,534
69,447	157,610	(41,150)	223,580	136,872	272,752
(75,768)	(62,007)	(58,624)	(55,270)	(67,302)	(71,596)
(784)	(816)	(794)	(1,260)	(883)	(1,258)
(42)	(41)	(42)	(39)	(34)	9
109,380	235,680	71,074	355,513	287,410	429,185
<u>1,026,616</u>	<u>1,135,996</u>	<u>1,371,676</u>	<u>1,442,750</u>	<u>1,798,263</u>	<u>2,085,673</u>
<u>1,135,996</u>	<u>1,371,676</u>	<u>1,442,750</u>	<u>1,798,263</u>	<u>2,085,673</u>	<u>2,514,858</u>
\$ <u>160,822</u>	\$ <u>87,397</u>	\$ <u>226,494</u>	\$ <u>124,597</u>	\$ <u>114,206</u>	\$ <u>(14,350)</u>
88%	94%	86%	94%	95%	101%
\$ 1,149,181	\$ 1,164,841	\$ 1,252,634	\$ 1,346,446	\$ 1,519,136	\$ 1,579,052
14%	8%	18%	9%	8%	-1%

CITY OF JONESTOWN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Fiscal Year Ended September 30,	<u>2015</u>	<u>2016</u>
Actuarial determined contribution	\$ 47,717	\$ 58,475
Contributions in relation to the actuarially determined contribution	\$(47,717)	\$(58,475)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered payroll	1,077,142	1,133,232
Contributions as a percentage of covered payroll	4.4%	5.2%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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	23 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
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.

Note: This schedule is required to have 10 years of information but the information prior to 2015 is not available.

2017	2018	2019	2020	2021	2022
\$ 59,973	\$ 66,776	\$ 93,770	\$ 104,819	\$ 116,465	\$ 137,463
\$(59,973)	\$(66,776)	\$(93,770)	\$(104,819)	\$(116,465)	\$(137,463)
-	-	-	-	-	-
1,166,798	1,214,103	1,331,862	1,448,324	1,560,803	1,749,161
5.1%	5.5%	7.0%	7.2%	7.5%	7.9%

CITY OF JONESTOWN, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date December 31,

	<u>2017</u>	<u>2018</u>
A. Total OPEB liability		
Service Cost	\$ 3,029	\$ 3,758
Interest (on the Total OPEB Liability)	1,798	1,852
Difference between expected and actual experience	-	(1,204)
Changes of assumptions	3,661	(3,359)
Benefit payments, including refunds of employee contributions	<u>(466)</u>	<u>(501)</u>
Net change in Total OPEB liability	8,022	546
Total OPEB liability - beginning	<u>46,287</u>	<u>54,309</u>
Total OPEB liability - ending (a)	\$ <u>54,309</u>	\$ <u>54,855</u>
B. Covered-employee payroll	\$ 1,164,841	\$ 1,252,634
C. Total OPEB liability as a percentage of covered-employee payroll	4.7%	4.4%

Notes to Schedule:

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 3,905	\$ 9,267	\$ 10,738
2,095	2,132	1,929
1,175	(2,169)	(10,945)
11,929	10,519	2,574
(673)	(760)	(2,369)
18,431	18,989	1,927
<u>54,855</u>	<u>73,286</u>	<u>92,275</u>
\$ <u>73,286</u>	\$ <u>92,275</u>	\$ <u>94,202</u>
\$ 1,252,634	\$ 1,519,136	\$ 1,579,052
5.9%	6.1%	6.0%

CITY OF JONESTOWN, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Debt Service Fund. Capital projects funds are appropriated on a project-length basis.

The original budget is adopted by the City Council prior to the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the fund level (legal level of budgetary control). Expenditure requests, which would require an increase in the fund budgeted appropriations, must be approved by the City Council through a formal budget amendment. At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect health, safety, or welfare. The City Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

**SUPPLEMENTARY
INFORMATION**

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 reports 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.

Landscape Fund – This fund is used to account for the costs of operations related to tree replacement.

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 hotel occupancy tax revenue and related tourism expenditures.

Capital Projects Fund

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

CITY OF JONESTOWN, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Special Revenue			
	Court Restricted	Capital Metro	Parks	Landscape
ASSETS				
Cash and cash equivalents	\$ 90,264	\$ 23,300	\$ 156,988	\$ 304,728
Taxes receivable	-	-	-	-
Due from other funds	-	-	60	-
Total assets	\$ 90,264	\$ 23,300	\$ 157,048	\$ 304,728
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	23,300	-	-
Total liabilities	-	23,300	-	-
Fund balances:				
Restricted:				
Municipal court	90,264	-	-	-
Parks	-	-	157,048	-
Tourism	-	-	-	-
Assigned:				
Landscape	-	-	-	304,728
Library	-	-	-	-
Capital projects	-	-	-	-
Total fund balances	90,264	-	157,048	304,728
Total liabilities and fund balances	\$ 90,264	\$ 23,300	\$ 157,048	\$ 304,728

Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
Ione Jones Library	Hotel Occupancy Tax	Capital Expenditures	
\$ 19,917	\$ 525,916	\$ 188,996	\$ 1,310,109
-	40,593	-	40,593
-	-	-	60
<u>\$ 19,917</u>	<u>\$ 566,509</u>	<u>\$ 188,996</u>	<u>\$ 1,350,762</u>
\$ -	\$ -	\$ 17,795	\$ 17,795
-	-	-	23,300
-	-	17,795	41,095
-	-	-	90,264
-	-	-	157,048
-	566,509	-	566,509
-	-	-	304,728
19,917	-	-	19,917
-	-	171,201	171,201
<u>19,917</u>	<u>566,509</u>	<u>171,201</u>	<u>1,309,667</u>
<u>\$ 19,917</u>	<u>\$ 566,509</u>	<u>\$ 188,996</u>	<u>\$ 1,350,762</u>

CITY OF JONESTOWN, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue			
	Court Restricted	Capital Metro	Parks	Landscape
REVENUES				
Hotel/motel taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	21,980	90,912
Fines	36,811	-	-	-
Contributions and donations	-	2,000	-	-
Total revenues	<u>36,811</u>	<u>2,000</u>	<u>21,980</u>	<u>90,912</u>
EXPENDITURES				
Current:				
General government	9,999	2,000	-	-
Culture and recreation	-	-	71,967	9,850
Capital outlay	-	-	-	-
Total expenditures	<u>9,999</u>	<u>2,000</u>	<u>71,967</u>	<u>9,850</u>
REVENUES OVER (UNDER) EXPENDITURES	26,812	-	(49,987)	81,062
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	65,000	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	26,812	-	15,013	81,062
FUND BALANCES, BEGINNING	<u>63,452</u>	<u>-</u>	<u>142,035</u>	<u>223,666</u>
FUND BALANCES, ENDING	<u>\$ 90,264</u>	<u>\$ -</u>	<u>\$ 157,048</u>	<u>\$ 304,728</u>

<u>Special Revenue</u>		<u>Capital Projects</u>	Total Nonmajor Governmental Funds
Ione Jones Library	Hotel Occupancy Tax	Capital Expenditures	
\$ -	\$ 144,607	\$ -	\$ 144,607
-	-	-	112,892
-	-	-	36,811
<u>1,211</u>	-	-	<u>3,211</u>
<u>1,211</u>	<u>144,607</u>	<u>-</u>	<u>297,521</u>
-	31,486	-	43,485
1,285	-	-	83,102
<u>13,880</u>	-	<u>177,535</u>	<u>191,415</u>
<u>15,165</u>	<u>31,486</u>	<u>177,535</u>	<u>318,002</u>
(13,954)	113,121	(177,535)	(20,481)
-	-	<u>150,000</u>	<u>215,000</u>
-	-	<u>150,000</u>	<u>215,000</u>
(13,954)	113,121	(27,535)	194,519
<u>33,871</u>	<u>453,388</u>	<u>198,736</u>	<u>1,115,148</u>
\$ <u>19,917</u>	\$ <u>566,509</u>	\$ <u>171,201</u>	\$ <u>1,309,667</u>

CITY OF JONESTOWN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 588,568	\$ 593,568	\$ 590,069	\$ (3,499)
Total revenues	<u>588,568</u>	<u>593,568</u>	<u>590,069</u>	<u>(3,499)</u>
EXPENDITURES				
Debt service:				
Principal	535,000	535,000	535,000	-
Interest and other charges	<u>53,568</u>	<u>58,218</u>	<u>53,806</u>	<u>4,412</u>
Total expenditures	<u>588,568</u>	<u>593,218</u>	<u>588,806</u>	<u>4,412</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	350	1,263	913
FUND BALANCE, BEGINNING	<u>135,120</u>	<u>135,120</u>	<u>135,120</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 135,120</u>	<u>\$ 135,470</u>	<u>\$ 136,383</u>	<u>\$ 913</u>

**GOVERNMENT AUDITING
STANDARDS REPORT**

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
and Members of City Council
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 the City of Jonestown, Texas (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 5, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying *Schedule of Findings and Responses* as Item 2022-1 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The City's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying *Schedule of Findings and Responses*. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
April 5, 2023

CITY OF JONESTOWN, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Finding Number:</u>	2022-001
<u>Criteria:</u>	Timely preparation of complete and accurate bank reconciliations is a key component of internal controls.
<u>Condition:</u>	As of fiscal year-end, the City had not prepared a complete and accurate reconciliation of its pooled cash account.
<u>Effect:</u>	Bank reconciliations verify the integrity of data between the bank records and the City's internal financial records. Failure to perform timely and complete bank reconciliations can allow errors or fraud to go undetected.
<u>Recommendation:</u>	The City should perform complete and accurate bank reconciliations of each of its bank accounts monthly.
<u>Management's Response:</u>	We agree with this finding and have already started the process to correct this issue moving forward.