

City Of Floresville, Texas

Annual Financial Report

For the Year Ended

September 30, 2021

City Of Floresville, Texas

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INDEPENDENT AUDITOR'S REPORT

To the City Council City Of Floresville, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Floresville, Texas (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Floresville Electric Light and Power System (FELPS), which represent 100%, 100%, and 100%, respectively, of the assets, net position, and revenues of the business-type activities of the discretely-presented component units. Those statements were audited other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for FELPS, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely-presented component units, each major fund, and the aggregate remaining fund information of the City of Floresville, as of September 30 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 3 through 8, budgetary comparison, page 51 and pension information, pages 52-53, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2022, on our consideration of the City of Floresville, Texas'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 the City of Floresville, Texas's 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 of Floresville, Texas's internal control over financial reporting and compliance

Leal & Carter, P.C.

May 4, 2022

CITY OF FLORESVILLE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

Our discussion and analysis of the City of Floresville, Texas' financial performance provides an overview of the City's financial activities for the year ended September 30, 2021. We recommend and encourage readers to consider the information presented here in conjunction with the Independent Auditors' Report and the City's financial statements.

FINANCIAL HIGHLIGHTS

As a result of the deficit financial position of the City's general fund, the City of Floresville implemented a turnaround plan to return the City to financial stability, improve the efficiency and effectiveness of operations, and establish improved management policies and procedures.

This plan is the beginning of a series of strategies to assist the City with the four essential components:

- Identification of critical priorities to affect change.
- Listing of specific imperatives to undertake.
- Metrics, targets and accountabilities to track the change.
- Monitoring on all required actions and metrics to ensure progress (execution).

Governmental Activities:

- Governmental activities increased \$2,227,667 in net position due to an increase in charges for services, other taxes and other income.
- Included in total net position are the following components:
 - \$5,984,665 net investment in capital assets.
 - \$1,616,063 that is restricted for use.
 - (\$326,133) unrestricted.

Business-Type Activities:

- The net position increased by \$1,125,950 for a balance of \$8,389,829.
- Included in total net position are the following components:
 - \$5,145,444 net investment in capital assets.
 - \$3,244,385 that is unrestricted.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The statement of net position presents the information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm sewer, water distribution and sewer collections lines, etc.) to assess the overall financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. 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 and unused vacation leave).

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

- Governmental activities - The City's basic services are reported herein, including judicial, police, fire, public works, mayor and council, parks and recreation departments, and general administration. Property taxes, sales taxes, franchise fees, and grants finance most of these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer and refuse system as well as cemetery lot sales are reported here.
- The City also reports on discretely presented component units which include the 4A Corporation, Floresville Economic Development Corporation (EDC), and Floresville Electric Light and Power System (F.E.L.P.S.).

The government-wide financial statements include the statement of net position and the statement of activities (pages 10 through 13).

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. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds - governmental and proprietary - use different accounting methods.

The basic fund financial statements can be found on pages 14 through 25.

Fund Financial Statements (continued)

- Governmental funds - The City reports its basic services in governmental funds. These funds use modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation schedules following each of the governmental fund financial statements.
- Proprietary funds - When the City charges customers for the services it provides, whether to outside customers or to other units of the City - these are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government wide statements but provide more detail and additional information such as cash flows, for proprietary funds. The proprietary fund financial statements can be found on pages 20-25.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 47.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's combined governmental and business-type activities.

Net position of the City's combined activities increased by \$3,533,617 from \$12,310,807 to \$15,664,424. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, was \$2,918,252 at September 30, 2021.

Table 1
Statement of Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020	9/30/2021	9/30/2020
ASSETS						
Current assets	\$ 2,602,367	\$ 1,085,443	\$ 4,005,802	\$ 3,227,813	\$ 6,608,169	\$ 4,313,256
Noncurrent assets	1,142,148	869,265	-	-	1,142,148	869,265
Capital assets	12,670,629	12,284,211	15,499,984	15,486,767	28,170,613	27,770,978
Other Assets			-	20,876	-	20,876
Total assets	16,415,144	14,238,919	19,505,786	18,735,456	35,920,930	32,974,375
Deferred outflows of resources	170,069	220,292	53,721	76,178	223,790	296,470
LIABILITIES						
Current liabilities	3,086,087	1,548,556	702,601	790,241	3,788,688	2,338,797
Long-term liabilities	6,186,860	7,495,272	10,265,146	10,572,429	16,452,006	18,067,701
Total liabilities	9,272,947	9,043,828	10,967,747	11,362,670	20,240,694	20,406,498
Deferred inflows of resources	37,671	368,455	201,931	185,085	239,602	553,540
NET POSITION						
Net investment in capital assets	5,984,665	4,535,384	5,145,444	4,891,576	11,130,109	9,426,960
Restricted	1,616,063	1,927,135	-	-	1,616,063	1,927,135
Unrestricted	(326,133)	(1,415,591)	3,244,385	2,372,303	2,918,252	956,712
Total net position	\$ 7,274,595	\$ 5,046,928	\$ 8,389,829	\$ 7,263,879	\$ 15,664,424	\$ 12,310,807

Table 2
Changes in Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020	9/30/2021	9/30/2020
REVENUES						
Program revenues						
Charges for services	\$ 677,967	\$ 986,707	\$ 5,541,271	\$ 5,449,326	\$ 6,219,238	\$ 6,436,033
Operating grants and contributions	499,838	281,615	-	-	499,838	281,615
Capital contribution	-	-	274,305	371,695	274,305	371,695
General revenues						
Property tax	2,109,090	1,412,348	-	-	2,109,090	1,412,348
Sales tax	2,638,751	2,334,461	-	-	2,638,751	2,334,461
Hotel/motel tax	227,580	159,947	-	-	227,580	159,947
Franchise tax	885,419	851,098	-	-	885,419	851,098
Unrestricted investment earnings	77	26	-	-	77	26
Other income	(54,843)	561,510	22,009	14,033	(32,834)	575,543
Total revenues	<u>6,983,879</u>	<u>6,587,712</u>	<u>5,837,585</u>	<u>5,835,172</u>	<u>12,821,464</u>	<u>12,422,766</u>
EXPENSES						
General government	1,651,679	3,113,510	-	-	1,651,679	3,113,510
Municipal court	-	-	-	-	-	-
Public Safety	2,058,308	2,210,650	-	-	2,058,308	2,210,650
Fire protection	1,103,479	93,000	-	-	1,103,479	93,000
Public Works	58,475	611,968	-	-	58,475	611,968
Mayor and council	-	-	-	-	-	-
Parks and recreation	397,839	561,925	-	-	397,839	561,925
Service department	-	-	-	-	-	-
Pool	-	-	-	-	-	-
Development department	-	-	-	-	-	-
Debt Service	401	(35,243)	-	-	401	-
Interest on Debt	218,569	281,163	-	-	218,569	-
Capital Outlay	51,722	8,921	-	-	51,722	-
Water	-	-	1,299,585	1,909,390	1,299,585	1,909,390
Sewer	-	-	1,648,373	1,739,055	1,648,373	1,739,055
Refuse	-	-	1,066,065	1,048,063	1,066,065	1,048,063
Cemetery	-	-	3,707	18,581	3,707	18,581
Total expenses	<u>5,540,472</u>	<u>6,845,894</u>	<u>4,017,730</u>	<u>4,715,089</u>	<u>9,558,202</u>	<u>11,306,142</u>
Increase (decrease) in net position before transfers	1,443,407	(258,182)	1,819,855	1,120,083	3,263,262	1,116,624
TRANSFERS	450,000	450,000	(450,000)	(450,000)	-	-
Change in net position	1,893,407	191,818	1,369,855	670,083	3,263,262	861,901
NET POSITION AT BEGINNING OF YEAR	5,046,928	4,912,538	7,263,880	6,582,205	12,310,808	11,494,743
Prior Period Adjustment	334,260	(57,428)	(243,906)	11,591	90,354	(45,837)
NET POSITION AT END OF YEAR	<u>\$ 7,274,595</u>	<u>\$ 5,046,928</u>	<u>\$ 8,389,829</u>	<u>\$ 7,263,879</u>	<u>\$ 15,664,424</u>	<u>\$ 12,310,807</u>

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a combined fund balance of \$1,038,129.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of fiscal year ended 2021, the City had \$28,214,097, net of depreciation, invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreational facilities, roads, bridges, and water and sewer lines. Additional information on the City's capital assets is presented in the notes to the financial statements (note 6, pages 38 through 39).

	Governmental-Type Activities		Business-Type Activities	
	2021	2020	2021	2020
Land	719,179	719,179	58,155	58,155
Buildings	8,036,162	8,036,162	-	-
Property, Plant and Equipment	4,757,203	5,213,877	19,753,562	19,429,398
Infrastructure	3,502,984	3,063,190	4,940,336	4,368,626
Construction In Progress	3,296,112	3,261,864	43,396	246,552
Less: Accumulated Depreciation	(7,641,011)	(8,010,062)	(9,251,981)	(8,615,964)
TOTAL CAPITAL ASSETS	\$ 12,670,629	\$ 12,284,210	\$ 15,543,468	\$ 15,486,767

Debt:

At year-end, the City had \$17,022,165 in bonds outstanding.

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Bonds Payable	\$ 6,685,964	\$ 7,748,827	\$ 10,336,201	\$ 10,526,787
Net Pension Liability	547,551	776,290	158,563	260,846
Net OPEB Liability	6,935	6,935	3,212	3,212
TOTAL OUTSTANDING DEBT	\$ 7,240,450	\$ 9,144,009	\$ 10,497,976	\$ 11,068,722

Other obligations include accrued vacation. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements (note 7, page 40 through 41).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors and goals when setting the fiscal year 2021 budget and tax rates. The local area has experienced significant increases in activities related to new housing development over the past 2 years. The budget was executed in pursuit of addressing future needs of the City's infrastructure. The City has been able to obtain USDA and CDBG funds in grants and loans to improve the infrastructure of the City. Infrastructure improvements will continue as an integral part of that effort so that the City may maintain their services and competitive posture. The street department will continue paving projects in accordance with the street study, in conjunction with the streets program. The water distribution department has installed smart meters City wide and will continue to monitor this new program. These factors were taken into account when adopting the general fund budget for 2021.

Amounts available for appropriation in the general fund budget are \$4,807,086, a decrease of \$650,749 or 11.92% over (under) the final 2021 budget of \$5,457,835. In order to accomplish funding of the 2022 budget, the 2022 tax rate was set at \$0.2147/\$100 for general operations and \$0.2406/\$100 for debt service, for a total of \$0.4553/\$100.

The general fund unassigned fund balance increased to (\$577,934) at September 30, 2021, leading to an even more urgent need for the Council and staff to properly implement City policies to address this issue. Some of the key components included are additional monitoring of current budgets, and continuing the zero based budgeting for 2020/2021.

SEPARATELY ISSUED FINANCIAL STATEMENTS FOR COMPONENT UNIT – FLORESVILLE ELECTRIC LIGHT AND POWER SYSTEM (FELPS)

Separately issued financial statements for FELPS, discretely presented component unit of the City, can be obtained from the City Manager.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager at the City's office at 1120 D Street, Floresville, Texas 78114.

CITY OF FLORESVILLE, TX
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		
	Governmental	Business -	
	Activities	Type	Total
		Activities	
ASSETS			
Cash and Cash Equivalents	\$ 2,101,118	\$ 3,063,545	\$ 5,164,663
Taxes Receivable, Net	117,728	-	117,728
Accounts Receivable, Net	1,142,148	945,083	2,087,231
Notes Receivable, Center for Housing	-	-	-
Due from Other Governments	358,867	-	358,867
Due from Other Funds	9,600	(9,600)	-
Due from Others	550	-	550
Inventories	-	-	-
Prepaid Items	14,504	6,774	21,278
Cash and Cash Equivalents - Restricted	-	-	-
Capital Assets:			
Land Purchase and Improvements	719,179	45,545	764,724
Infrastructure, Net	1,779,924	1,223,586	3,003,510
Buildings, Net	5,539,310	-	5,539,310
Improvements other than Buildings, Net	-	14,187,457	14,187,457
Furniture and Equipment, Net	1,336,104	-	1,336,104
Construction in Progress	3,296,112	43,396	3,339,508
Total Assets	16,415,144	19,505,786	35,920,930
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge for Refunding	-	-	-
Deferred Outflow Related to Pension Plan	170,069	53,721	223,790
Total Deferred Outflows of Resources	170,069	53,721	223,790

Component Units		
Governmental Floresville4A Corporation	Governmental FloresvilleEDC Corporation	Business-Type 12/31/21FELPS Corporation
\$ 202,589	\$ 1,761,093	\$ 17,588,476
-	-	-
-	-	2,572,122
-	35,609	-
-	-	-
-	-	-
-	-	-
3,941	-	1,239,314
-	43,186	359,607
-	-	12,777,333
920,020	186,078	-
-	1,511,594	83,537,494
-	65,644	-
-	-	-
-	43,940	-
-	-	-
1,126,550	3,647,144	118,074,346
-	-	\$ 324,200
12,858	3,735	1,012,603
12,858	3,735	1,336,803

CITY OF FLORESVILLE, TX
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
LIABILITIES			
Accounts Payable	607,709	378,220	985,929
Wages and Salaries Payable	108,726	28,838	137,564
Compensated Absences Payable	125,078	44,850	169,928
Claims and Judgments Payable	-	5,677	5,677
Due to Others	51,182	325	51,507
Accrued Interest Payable	-	11,861	11,861
Unearned Revenues	1,112,858	-	1,112,858
Bonds Payable - Current	1,088,833	-	1,088,833
Other Current Liabilities	26,944	-	26,944
Noncurrent Liabilities:			
Due Within One Year	-	232,830	232,830
Due in More Than One Year:			
Bonds Payable - Noncurrent	5,596,971	10,103,371	15,700,342
Other Long Term Debt Payable - Noncurrent	-	-	-
Net Pension Liability	547,551	158,563	706,114
Net OPEB Liability	6,935	3,212	10,147
Total Liabilities	<u>9,272,787</u>	<u>10,967,747</u>	<u>20,240,534</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	37,671	201,931	239,602
Deferred Inflow Related to Rate Stabilization	-	-	-
Deferred Resource Inflow Derivative Instruments	-	-	-
Total Deferred Inflows of Resources	<u>37,671</u>	<u>201,931</u>	<u>239,602</u>
NET POSITION			
Net Investment in Capital Assets	5,984,825	5,145,444	11,130,269
Restricted:			
Restricted Expendable	-	-	-
Restricted for Other Purposes	1,616,063	-	1,616,063
Unrestricted	(326,133)	3,244,385	2,918,252
Total Net Position	<u>\$ 7,274,755</u>	<u>\$ 8,389,829</u>	<u>\$ 15,664,584</u>

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

Governmental Floresville4A Corporation	Component Units	
	Governmental FloresvilleEDC Corporation	Business-Type 12/31/21FELPS Corporation
12,991	49,879	\$ 574,317
1,074	4,661	-
14,137	6,036	-
-	-	1,075,347
1,178,591	-	-
782	-	542,118
-	-	-
55,000	162,400	1,894,991
19,570	-	31,598,578
-	-	-
645,000	1,612,443	33,093,566
-	-	288,782
43,179	10,825	10,142,734
-	-	-
<u>1,970,324</u>	<u>1,846,244</u>	<u>79,210,433</u>
26,616	26,705	\$ 3,350,265
-	-	2,172,629
-	-	3,382,882
<u>26,616</u>	<u>26,705</u>	<u>8,905,776</u>
-	(32,412)	52,933,455
-	-	780,918
-	-	-
(857,532)	1,810,342	(22,419,433)
<u>\$ (857,532)</u>	<u>\$ 1,777,930</u>	<u>\$ 31,294,940</u>

CITY OF FLORESVILLE, TX
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government - Administration	\$ 1,651,679	\$ 298,305	\$ 128,105
Public Safety	2,058,308	216,950	226,757
Public Works	1,103,479	108,474	-
Culture and Recreation	58,475	-	-
Recreation	106,895	6,780	-
Parks	290,944	47,458	144,976
Principal on Debt	241	-	-
Interest on Debt	218,569	-	-
Capital Outlay	51,722	-	-
Total Governmental Activities	5,540,312	677,967	499,838
BUSINESS-TYPE ACTIVITIES:			
Water Fund	1,299,585	2,297,259	190,712
Sewer Fund	1,647,573	1,961,757	83,593
Refuse Fund	1,066,065	1,281,540	-
Enterprise Funds - Cemetery	3,707	-	-
Total Business-Type Activities	4,016,930	5,540,556	274,305
TOTAL PRIMARY GOVERNMENT	\$ 9,557,242	\$ 6,218,523	\$ 774,143
Component Units:			
Floresville 4A Corporation	\$ 336,427	\$ 70,787	\$ -
Floresville EDC	897,398	-	-
FELPS Corporation	61,503,436	37,809,064	-
TOTAL COMPONENT UNITS	\$ 62,737,261	\$ 37,879,851	\$ -

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes
General Sales and Use Taxes
Franchise Tax
Other Taxes
Miscellaneous Revenue
Investment Earnings
Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning
Prior Period Adjustment
Net Position - Ending

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Governmental Floresville4A Corporation	Governmental FloresvilleEDC Corporation	Business-Type 12/31/21FELPS Corporation
\$ (1,225,269)	\$ -	\$ (1,225,269)	\$ -	\$ -	\$ -
(1,614,601)	-	(1,614,601)	-	-	-
(995,005)	-	(995,005)	-	-	-
(58,475)	-	(58,475)	-	-	-
(100,115)	-	(100,115)	-	-	-
(98,510)	-	(98,510)	-	-	-
(241)	-	(241)	-	-	-
(218,569)	-	(218,569)	-	-	-
(51,722)	-	(51,722)	-	-	-
(4,362,507)	-	(4,362,507)	-	-	-
-	1,188,386	1,188,386	-	-	-
-	397,777	397,777	-	-	-
-	215,475	215,475	-	-	-
-	(3,707)	(3,707)	-	-	-
-	1,797,931	1,797,931	-	-	-
(4,362,507)	1,797,931	(2,564,576)	-	-	-
-	-	-	(265,640)	-	-
-	-	-	-	(897,398)	-
-	-	-	-	-	(23,694,372)
-	-	-	(265,640)	(897,398)	(23,694,372)
2,109,090	-	2,109,090	-	-	-
2,638,751	-	2,638,751	517,363	1,034,726	-
885,419	-	885,419	-	-	-
227,580	-	227,580	-	-	-
(54,843)	21,924	(32,919)	4,041	12,322	3,622,378
77	-	77	-	-	14,795
450,000	(450,000)	-	-	-	-
6,256,074	(428,076)	5,827,998	521,404	1,047,048	3,637,173
1,893,567	1,369,855	3,263,422	255,764	149,650	(20,057,199)
5,046,928	7,263,880	12,310,808	(1,113,296)	1,628,280	51,352,139
334,260	(243,906)	90,354	-	-	-
\$ 7,274,755	\$ 8,389,829	\$ 15,664,584	\$ (857,532)	\$ 1,777,930	\$ 31,294,940

CITY OF FLORESVILLE, TX
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Street Maintenance Fund	American Rescue Act Fund
ASSETS			
Cash and Cash Equivalents	\$ 387,960	\$ -	\$ 996,719
Taxes Receivable	74,564	-	-
Allowance for Uncollectible Taxes (credit)	(53,035)	-	-
Accounts Receivable, Net	456,490	-	-
Due from Other Governments	358,867	-	-
Due from Other Funds	-	1,370,405	-
Due from Others	550	-	-
Prepaid Items	14,170	-	-
Total Assets	<u>\$ 1,239,566</u>	<u>\$ 1,370,405</u>	<u>\$ 996,719</u>
LIABILITIES			
Accounts Payable	\$ 118,615	\$ 485,928	\$ -
Wages and Salaries Payable	107,754	-	-
Due to Other Funds	1,370,405	-	-
Due to Others	51,182	-	-
Unearned Revenues	-	-	996,719
Other Current Liabilities	26,944	-	-
Total Liabilities	<u>1,674,900</u>	<u>485,928</u>	<u>996,719</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	17,925	-	-
Deferred Resource Inflow Warrants	124,675	-	-
Total Deferred Inflows of Resources	<u>142,600</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Other Assigned Fund Balance	-	884,477	-
Unassigned Fund Balance	(577,934)	-	-
Total Fund Balances	<u>(577,934)</u>	<u>884,477</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,239,566</u>	<u>\$ 1,370,405</u>	<u>\$ 996,719</u>

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 340,448	\$ 375,991	\$ 2,101,118
122,918	-	197,482
(26,719)	-	(79,754)
3,548	121,942	581,980
-	-	358,867
-	9,600	1,380,005
-	-	550
-	334	14,504
<u>\$ 440,195</u>	<u>\$ 507,867</u>	<u>\$ 4,554,752</u>
\$ -	\$ 3,166	\$ 607,709
-	972	108,726
-	-	1,370,405
-	-	51,182
-	116,139	1,112,858
-	-	26,944
-	120,277	3,277,824
96,199	-	114,124
-	-	124,675
96,199	-	238,799
343,996	387,590	1,616,063
-	-	(577,934)
343,996	387,590	1,038,129
<u>\$ 440,195</u>	<u>\$ 507,867</u>	<u>\$ 4,554,752</u>

CITY OF FLORESVILLE, TX
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds	\$ 1,038,129
The City uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to Increase (decrease) net position.	-0-
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	4,594,975
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to increase (decrease) net position.	1,944,585
Per the implementation of GASB 68 for the TMRS Pension plan, this fiscal year required that the City report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$706,114, Deferred Resource Outflow of \$223,790 and a Deferred Resource Inflow of 239,602. The net effect of these was to increase the ending net position by \$140,845.	140,845
The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(495,303)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	51,364
Net Position of Governmental Activities	\$ 7,274,595

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

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

	General Fund	Street Maintenance Fund	American Rescue Act Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 641,328	\$ -	\$ -
General Sales and Use Taxes	2,121,598	517,153	-
Franchise Tax	885,419	-	-
Other Taxes	9,398	-	-
Intergovernmental Revenue and Grants	349,312	-	-
Charges for Services	493,506	-	-
Fines	91,033	-	-
Investment Earnings	-	-	-
Contributions & Donations from Private Sources	7,675	-	-
Other Revenue	(908)	-	-
Total Revenues	4,598,361	517,153	-
EXPENDITURES:			
Current:			
General Government - Administration	1,486,179	-	-
Public Safety	1,929,685	-	-
Public Works	462,110	933,327	-
Culture and Recreation	-	-	-
Recreation	106,895	-	-
Parks	327,529	-	-
Debt Service:			
Principal on Debt	-	-	-
Interest on Debt	-	-	-
Capital Outlay:			
Capital Outlay	463,794	-	-
Total Expenditures	4,776,192	933,327	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(177,831)	(416,174)	-
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	6,244	-	-
Transfers In	459,087	-	-
Other Resources	16,737	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	482,068	-	-
Net Change in Fund Balances	304,237	(416,174)	-
Fund Balance - October 1 (Beginning)	(1,212,648)	1,300,651	-
Prior Period Adjustment	330,477	-	-
Fund Balance - September 30 (Ending)	\$ (577,934)	\$ 884,477	\$ -

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 1,091,105	\$ -	\$ 1,732,433
-	-	2,638,751
-	-	885,419
-	218,182	227,580
-	22,421	371,733
-	90,890	584,396
-	2,538	93,571
-	77	77
120,430	-	128,105
6,890	4,194	10,176
1,218,425	338,302	6,672,241
-	146,220	1,632,399
-	1,610	1,931,295
-	-	1,395,437
-	27,250	27,250
-	-	106,895
-	-	327,529
1,028,021	-	1,028,021
253,812	-	253,812
-	50,429	514,223
1,281,833	225,509	7,216,861
(63,408)	112,793	(544,620)
-	-	6,244
-	-	459,087
-	-	16,737
-	(9,087)	(9,087)
-	(9,087)	472,981
(63,408)	103,706	(71,639)
407,404	219,079	714,486
-	64,805	395,282
\$ 343,996	\$ 387,590	\$ 1,038,129

CITY OF FLORESVILLE, TX
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ (71,639)
The city uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) the change in net position.	-0-
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase (decrease) the change in net position.	2,005,607
The entries required by GASB 68 resulted in adjustments to the Statement of Net Position and the Statement of Activities. For Fiscal Year 2021, the total impact to the change in net position for GASB 68 was an increase of \$64,188.	140,845
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(495,303)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.	313,897
Change in Net Position of Governmental Activities	\$ 1,893,407

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

CITY OF FLORESVILLE, TX
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-Type Activities	
	Water Fund	Sewer Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,070,664	\$ 953,001
Accounts Receivable, Net	406,117	306,576
Prepaid Items	1,016	5,758
Total Current Assets	<u>2,477,797</u>	<u>1,265,335</u>
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements	22,545	23,000
Infrastructure	3,007,455	1,932,880
Accumulated Depreciation - Infrastructure	(1,783,777)	(1,932,972)
Improvements other than Buildings	8,488,366	11,187,860
Accumulated Depreciation - Other Improvements	(3,373,593)	(2,133,515)
Construction in Progress	-	43,396
Total Noncurrent Assets	<u>6,360,996</u>	<u>9,120,649</u>
Total Assets	<u>8,838,793</u>	<u>10,385,984</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow Related to Pension Plan	(1,928)	55,649
Total Deferred Outflows of Resources	<u>(1,928)</u>	<u>55,649</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	140,195	19,984
Wages and Salaries Payable	17,423	11,415
Compensated Absences Payable	41,505	3,345
Claims and Judgments Payable	5,677	-
Due to Other Funds	-	9,600
Due to Others	199	126
Accrued Interest Payable	435	11,426
Notes Payable - Current	27,830	-
Bonds Payable - Current	65,000	140,000
Total Current Liabilities	<u>298,264</u>	<u>195,896</u>
Noncurrent Liabilities:		
Bonds Payable - Noncurrent	3,404,371	6,699,000
Net Pension Liability	(4,881)	163,444
Net OPEB Liability	1,810	1,402
Total Noncurrent Liabilities	<u>3,401,300</u>	<u>6,863,846</u>
Total Liabilities	<u>3,699,564</u>	<u>7,059,742</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow Related to Pension Plan	110,489	91,442
Total Deferred Inflows of Resources	<u>110,489</u>	<u>91,442</u>
NET POSITION		
Net Investment in Capital Assets	2,863,795	2,281,649
Unrestricted	2,163,017	1,008,800
Total Net Position	<u>\$ 5,026,812</u>	<u>\$ 3,290,449</u>

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

- Enterprise Funds		Governmental Activities
Refuse Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
\$ -	\$ 39,880	\$ 3,063,545
232,390	-	945,083
-	-	6,774
232,390	39,880	4,015,402
-	-	45,545
-	-	4,940,335
-	-	(3,716,749)
-	46,555	19,722,781
-	(28,216)	(5,535,324)
-	-	43,396
-	18,339	15,499,984
232,390	58,219	19,515,386
-	-	53,721
-	-	53,721
217,913	128	378,220
-	-	28,838
-	-	44,850
-	-	5,677
-	-	9,600
-	-	325
-	-	11,861
-	-	27,830
-	-	205,000
217,913	128	712,201
-	-	10,103,371
-	-	158,563
-	-	3,212
-	-	10,265,146
217,913	128	10,977,347
-	-	201,931
-	-	201,931
-	-	5,145,444
14,477	58,091	3,244,385
\$ 14,477	\$ 58,091	\$ 8,389,829

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

	Business-Type Activities	
	Water Fund	Sewer Fund
OPERATING REVENUES:		
Intergovernmental Revenue and Grants	\$ 190,712	\$ 83,593
Charges for Services	2,297,259	1,961,757
Investment Earnings	288	427
Total Operating Revenues	<u>2,488,259</u>	<u>2,045,777</u>
OPERATING EXPENSES:		
Personnel Services - Salaries and Wages	668,919	509,982
Purchased Professional & Technical Services	132,698	290,320
Other Operating Costs	45,532	246,724
Supplies	93,527	78,125
Depreciation	278,446	392,422
Debt Service	79,478	130,800
Total Operating Expenses	<u>1,298,600</u>	<u>1,648,373</u>
Operating Income (Loss)	<u>1,189,659</u>	<u>397,404</u>
NONOPERATING REVENUES (EXPENSES):		
Gain in Sale of Property	5,709	-
(Loss) on Sale of Real and Personal Property	-	800
Interest Expense - Nonoperating	(985)	-
Total Nonoperating Revenue (Expenses)	<u>4,724</u>	<u>800</u>
Income Before Transfers	1,194,383	398,204
Transfers Out	(150,000)	(200,000)
Change in Net Position	1,044,383	198,204
Total Net Position - October 1 (Beginning)	4,003,750	3,314,830
Prior Period Adjustment	(21,321)	(222,585)
Total Net Position - September 30 (Ending)	<u>\$ 5,026,812</u>	<u>\$ 3,290,449</u>

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

- Enterprise Funds

Refuse Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
\$ -	\$ -	\$ 274,305
1,281,540	-	5,540,556
-	-	715
1,281,540	-	5,815,576
-	-	1,178,901
1,066,065	-	1,489,083
-	2,683	294,939
-	503	172,155
-	521	671,389
-	-	210,278
1,066,065	3,707	4,016,745
215,475	(3,707)	1,798,831
-	15,500	21,209
-	-	800
-	-	(985)
-	15,500	21,024
215,475	11,793	1,819,855
(100,000)	-	(450,000)
115,475	11,793	1,369,855
(100,998)	46,298	7,263,880
-	-	(243,906)
\$ 14,477	\$ 58,091	\$ 8,389,829

CITY OF FLORESVILLE, TX
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities	
	Water Fund	Sewer Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 2,481,566	\$ 2,005,754
Cash Payments to Employees for Services	(699,060)	(540,802)
Cash Payments for Other Operating Expenses	(269,306)	(760,539)
Net Cash Provided by (Used for) Operating Activities	<u>1,513,200</u>	<u>704,413</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer Out	(150,000)	(200,000)
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Capital Assets	(662,549)	(14,207)
Debt Payments	(92,365)	(137,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(754,914)</u>	<u>(151,207)</u>
<u>Cash Flows from Investing Activities:</u>		
Gain (Loss) on Sale of Asset	5,709	(800)
Net Increase in Cash and Cash Equivalents	613,995	352,406
Cash and Cash Equivalents at Beginning of Year	1,477,990	823,180
Prior Period Adjustment	(21,321)	(222,585)
Cash and Cash Equivalents at End of Year	<u>\$ 2,070,664</u>	<u>\$ 953,001</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss)	\$ 1,189,659	\$ 397,404
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	278,446	392,422
Pension Expense	(33,767)	(29,213)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (Increase) in Receivables	(6,176)	(35,046)
Decrease (Increase) in Prepaid Expenses	(252)	(4,994)
Increase (Decrease) in Accounts Payable	81,897	(14,570)
Increase (Decrease) in Payroll Deductions	3,626	(1,607)
Increase (Decrease) in Claims Payable	(265)	-
Increase (Decrease) in DueTo/From Others	32	17
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,513,200</u>	<u>\$ 704,413</u>

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

		Governmental Activities -	
Refuse Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
\$ 1,289,412	\$ -	\$ 5,776,732	
-	(3,628)	(1,243,490)	
(1,189,412)	-	(2,219,257)	
100,000	(3,628)	2,313,985	
(100,000)	-	(450,000)	
-	(6,250)	(683,006)	
-	-	(229,365)	
-	(6,250)	(912,371)	
-	15,500	20,409	
-	5,622	972,023	
-	34,258	2,335,428	
-	-	(243,906)	
\$ -	\$ 39,880	\$ 3,063,545	
\$ 215,475	\$ (3,707)	\$ 1,798,831	
-	521	671,389	
-	-	(62,980)	
(13,004)	-	(54,226)	
20,876	-	15,630	
(123,347)	(442)	(56,462)	
-	-	2,019	
-	-	(265)	
-	-	49	
\$ 100,000	\$ (3,628)	\$ 2,313,985	

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Floresville, Texas, (the “City”) was incorporated under the provisions of the Acts of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation, culture and recreation, planning and zoning, general administrative services, water, and sewer services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

REPORTING ENTITY

In evaluating how to define the government, for financial purposes, management has considered all potential component units and associated component units. The decision to include component unit or associated component unit in the reporting entity was made by applying the criteria set forth in GASB 14, “*The Financial Reporting Entity*” and GASB Statement 39 “*Determine Whether Certain Organizations are Component Units*”. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

Component units:

Based on the criteria of GASB Nos. 14 and 39, the Floresville Economic Development Corporation (FEDC) and the Floresville 4A Corporation are considered to be discretely presented component units. FEDC and the Floresville 4A Corporation are financially accountable to the City because the City Council approves their budgets and must approve any debt issuance. The component unit boards are appointed by City Council and their activities benefit the City by promoting growth and development opportunities.

Joint venture:

The City of Floresville Electric Light and Power System (F.E.L.P.S.) is a municipally owned electric light and power distribution system which serves most of Wilson County and portions of Bexar and Karnes Counties including the cities of Floresville, Stockdale, and Poth. Management and control of the system is vested in a five- member Board of Trustees composed of the Mayor of Floresville, one member for each of the cities of Floresville, Stockdale, and Poth appointed by the respective governing body, and one member appointed on a rotating basis by the City of Floresville, Stockdale, or Poth. The Board also includes two non-voting advisory members appointed by the cities of Falls City and La Vernia. The City of Floresville has a 66% interest in this joint venture. Based on the criteria of GASB Nos. 14 and 39 F.E.L.P.S. is considered to be a discretely presented component unit of the City of Floresville.

Separate financial statements of the F.E.L.P.S. were prepared and can be obtained by contacting the City Manager at the City of Floresville.

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. The value of interfund services provided and used are not eliminated in the government-wide financial statements, as elimination of those charges would distort the direct costs reported for the various functions. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed whole or in part by fees charged to external parties for goods and services.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Revenues are classified as program revenues and general revenues. Program revenues include 1) charge of customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Governmental activities and business type activities are reported as separate columns in the statement of net position.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred inflows of resources.

Property taxes which are levied prior to September 30, 2020, and became due October 1, 2020 have been assessed to finance the budget of the fiscal year beginning October 1, 2020 and, accordingly, have been reflected as deferred inflows of resources and taxes receivable in the fund financial statement at September 30, 2021.

Sales taxes, franchise taxes, hotel/motel taxes, and fees associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items received by the government are considered to be measurable and available only when the cash is received by the City.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The City reports the following major governmental and proprietary funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, and intergovernmental revenues. Primary expenditures are for general administration, public safety, streets and public recreation.

The debt service fund accounts for the tax revenues and various debt transactions.

The street maintenance tax fund is classified as a special revenue fund that is funded by ¼ cent sales tax revenue approved by voters for maintenance of City streets.

The capital projects fund is used to account for the proceeds of the tax note debt issued to pay for future city hall improvements, park improvements from capital contributions from the Floresville Economic Development Corporation, and transfers to the general fund for related capital projects expenditures.

Nonmajor funds include special revenue funds which are used to separately account for funds related to grants, contracts, and ordinances.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's proprietary funds consist of the water fund, sewer fund, refuse fund, and the cemetery fund.

The government reports the following major proprietary funds:

The water fund accounts for the City's operation of the water system and services provided to customers of the system.

The sewer fund accounts for the City's operation of the sewer system and services provided to customers of the system.

The refuse fund accounts for the City's garbage and waste management services to the customers of the refuse fund.

The proprietary funds are accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when liabilities are incurred.
- Current- year contributions, administrative expenses and benefit payment, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All other revenues and expenses are non-operating.

Discretely Presently Component Units and Investment in Joint Venture: Because of their significance to the City, amounts from the city's component units and its investment in the F.E.L.P.S. joint venture are individually reported within the City's Statement of Net Position.

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

CASH AND CASH EQUIVALENTS

For purposes of reporting cash and cash equivalents, the City considers all highly liquid investments including cash in banks, cash on hand, money market accounts, and deposits in local government investment pools to be cash equivalents.

INVESTMENTS

Investments for the City are stated at fair value. The fair value framework uses hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 2 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that City has the ability to access.

Level 2 – inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs other than quoted prices that are observable for the asset.
- Inputs that are derived principally from or corroborated by market data by correlation or other means.

If the asset has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligation of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by Federal Deposit Insurance Corporation (FDIC) or its successor, or secured by obligations mentioned above.

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2020 and past due after January 31, 2021. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements establish by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectible.

SHORT-TERM INTERFUND RECEIVABLE/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements.

BUDGETS

An operating budget is adopted each fiscal year for all City governmental funds. The budget is adopted on the GAAP basis of accounting.

The City exceeded the approval general fund budget with total general fund expenditures exceeding the approved budget by \$1,860,110. This budget variance is a statutory violation of the Texas Local Government Code, chapter 102.

CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset</u>	<u>Useful Life</u>
Buildings	40 years
Transportation and equipment	3-30 years
Infrastructure	40 years
Improvements other than building	10-40 years

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

COMPENSATED ABSENCES

Vested or accumulated vacation and compensatory time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation and compensatory time that is not expected to be liquidated with expendable available financial resources are reported in the government-wide statements.

Vested or accumulated vacation and compensatory time of the enterprise funds and the government-wide statements is recorded as an expense and liability as the benefits accrued to employees. Accumulated vacation and compensatory time at September 30, 2021 of \$44,850 and \$125,078 has been recorded in accrued liabilities of the business-type activities and governmental activities statements, respectively. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave outstanding following an employee's resignation or retirement). The general fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred inflows or resources represent an acquisition of net positions that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will be recognized as an outflow of resources (expense/expenditure) until then.

Property tax revenues are recognized when they become both measurable and available in fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues not expected to be available for the current period are reflected as deferred inflow or resources in the funds.

Additional information concerning deferred outflows or resources and deferred inflows or resources related to pensions can be found in note 9, Define Benefit Pension Plan.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities or business-type activities statement of net position. On new bond issues, bond premium and discounts are deferred and amortized over the life of the term of the related debt.

In the fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

FUND BALANCE

The City adopted Governmental Accounting Standards Board Statement Number 54 (GASB 54) "*Fund Balance Reporting and Governmental Fund Type Definitions*". The statement provides guidance for fund for fund balance categories and classifications and governmental fund type definitions. GASB 54 changed the way we look at fund balances, specifically reporting what fund balances, by major governmental fund type, are or are not available for public purposes. Five categories of fund balances were created and defined by GASB 54. These five categories are as follows.

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FUND BALANCE (CONTINUED)

- Nonspendable – These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories and prepaid expenditures.
- Restricted – These funds are governed by externally enforceable restrictions.
- Committed – Fund balances in this category are limited by the government's highest level of decision making (in this case the City Council). Any changes of this designation must be done in the same manner that it was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- Assigned – For funds to be assigned, there must be an intended use which can be established by the City Council or an official delegated by the Council. Assigned fund balance is delegated by the City Council to the City Manager.
- Unassigned – This classification is the default for all funds that do not fit into the other categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considered restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned, as needed, unless the City's Council or its designated official has provided otherwise in its commitments or assignment actions.

NET PENSION

Net position represents the difference between the assets, deferred outflows, and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, those revenues are charges for water, sewer and refuse services. Operating expenses are necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting those definitions are reported as nonoperating.

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

PENSIONS

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

OTHER POST EMPLOYMENT BENEFITS (OPEB)

The OPEB position has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the OPEB liability and OPEB expense.

NOTE 2: CASH AND INVESTMENTS

The City’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City’s agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

Cash

At September 30, 2021, the carrying amount of the primary government’s (the City) cash on hand was \$225, deposits in the bank were \$4,309,132 and the book balance was \$4,562,974. The City had a balance of cash in bank that was \$442,111 greater than FDIC limits and pledged securities.

Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act (“PFIA”), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits.

The Public Funds Investment Act (“PFIA”) determines the types of investments which are allowable for the City. These include, with certain of restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 2: CASH AND INVESTMENTS (continued)

agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investments contracts, and (10) common trust funds.

Floresville 4A Corporation (4A) and Floresville Economic Development Corporation (FEDC) (Discretely presented component unit)

The Floresville 4A Corporation and Floresville Economic Development Corporation's cash deposits and investments at September 30, 2021, were held in the name of the 4A and FEDC at a depository bank. The FEDC maintains cash accounts at local financial institutions.

- a. Custodial Credit Risk – Deposits: in the case of deposits, this is the risk that in the event of a bank failure, the FEDC's deposits may not be returned to it. Certain deposits in excess of \$250,000 per institution are not covered by Federal Deposit Insurance. At September 30, 2021, FEDC had a balance of cash in bank that was \$410,758 greater than FDIC limits and pledged securities.
- b. Interest Rate Risk – The FEDC invest in short term certificates of deposits, consequently interest rate risk would not be applicable.
- c. Concentration of Credit Risk – The FEDC places no limit on the amount the FEDC may invest in any one issuer. At year-end the FEDC's investments consist of certificates of deposits.

The City's & the FEDC's cash and cash equivalents consist of cash on hand and demand deposits. The City's & the FEDC's cash and cash equivalents at September 30, 2021, are shown below.

	<u>Book Balance</u>	<u>Fair Value</u>
Primary Government - Cash and cash equivalents	\$ 3,999,073	\$ 3,999,073
Total Cash and Cash Equivalents (City)	\$ 3,999,073	\$ 3,999,073
FEDC - Cash and cash equivalents	\$ 1,978,520	\$ 1,978,520
Total Cash and Cash Equivalents (FEDC)	\$ 1,978,520	\$ 1,978,520

Investments

At year-end, the investment balances were as follows:

<u>Primary Government</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Texas CLASS (Valued at NAV)	564,126	564,126
Total Investments (City)	\$ 564,126	\$ 564,126
 <u>Discretely Presented Component Unit</u>		
Certificates of Deposits	\$ 5,121	\$ 5,121
Total Investments (4A)	\$ 5,121	\$ 5,121

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 2: CASH AND INVESTMENTS (continued)

The fair values of the U.S. Government and Agency Securities are based on quoted market prices. The investments are reported at fair value in accordance with Governmental Accounting Standards Board Statement No. 31 "Accounting and financial Reporting for Certain Investments and for External Investment Pools." The increase or decrease in the fair value of investments is recorded in investment income. The amount of increase or decreases in the fair value of investments during the year ended September 30, 2021, was not significant.

NOTE 3: RECEIVABLES

Receivables as of the year end for the City's individual major funds, including the applicable allowances for uncollectible accounts are as follows:

	Amount	Allowance for Doubtful	Net Receivable
Government funds:			
Property Tax	\$ 197,482	\$ (79,754)	\$ 117,728
4A Corportation	1,178,591	(1,178,591)	-
Sales Tax (Due From Other Gov)	358,867	-	358,867
Intergovernmental	269,474	-	269,474
Hotel/Motel Taxes	117,575	-	117,575
Accounts	70,256	-	70,256
Total government funds	<u>\$ 2,192,245</u>	<u>\$ (1,258,345)</u>	<u>\$ 933,900</u>
Enterprise funds:			
Uilty	1,068,141	(123,059)	945,082
Total enterprise funds	<u>\$ 1,068,141</u>	<u>\$ (123,059)</u>	<u>\$ 945,082</u>

Notes receivable

Notes receivable consist of amounts due from the Floresville Economic Development Corporation (FEDC) in the amount of \$684,843. These notes are a result of an Interlocal Agreement whereby the Floresville EDC has agreed to pay the City for a share of the bonded debt issued by the City in 2008. The payments to the City mirror the City's debt service requirements on the bonds.

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 3: RECEIVABLES (CONTINUED)

Notes receivable (continued)

Future payments under the Interlocal Agreements are as follows:

	<u>Interlocal Agreement Floresville EDC</u>
2022	\$ 92,400
2023	96,800
2024	101,200
2025	105,600
2026-2028	<u>288,843</u>
	<u>\$ 684,843</u>

The interest rate on the Floresville EDC Interlocal Agreement is 3.91%.

NOTE 4: PROPERTY TAX CALENDAR

Property taxes are levied by October 1 on the assessed valued listed of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Property taxes are recorded as receivables and deferred inflow of resources at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts collected within 60 days of the year end of the fiscal year are recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy state.

NOTE 5: INTERFUND TRANSACTIONS

Transfers at September 30, 2021 are noted below.

	<u>AMOUNT</u>	<u>PURPOSE</u>
Transfers to the general fund consisted of the following		
Water fund	\$ 150,000	Program supplement
Sewer fund	100,000	Program supplement
Refuse fund	<u>200,000</u>	Program supplement
	<u>\$ 450,000</u>	

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

The composition of due to and due from other funds as of September 30, 2021 is as follows due to the pooling of cash activity.

	Due From Other Funds/ Component Unit	Due To Other Funds/ Component Unit
General Fund	-	(1,370,405)
Debt service fund	-	-
Street maintenance fund	1,370,405	-
Capital projects fund	9,600	-
Other nonmajor funds	-	-
Water fund	-	-
Sewer fund	-	(9,600)
Refuse fund	-	-
Cemetery fund	-	-
Component units		
Floresville 4A Corporation	-	-
Floresville EDC	-	-
	<u>1,380,005</u>	<u>(1,380,005)</u>

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 719,179	-	-	\$ 719,179
Construction in Progress	3,261,864	44,843	(10,595)	3,296,112
Total capital assets not being depreciated:	3,981,043	44,843	(10,595)	4,015,291
Capital assets being depreciated:				
Buildings	8,036,162	-	-	8,036,162
Property, plant and equipment	5,213,877	458,107	(914,781)	4,757,203
Infrastructure	3,063,190	439,794	-	3,502,984
Total Depreciable Assets	16,313,229	897,901	(914,781)	16,296,349
Less: Accumulated depreciation for:				
Buildings	(2,259,817)	(237,035)	-	(2,496,852)
Property, plant and equipment	(4,152,660)	(132,793)	864,354	(3,421,099)
Infrastructure	(1,597,585)	(125,475)	-	(1,723,060)
Total Accumulated Depreciation	(8,010,062)	(495,303)	864,354	(7,641,011)
Total Capital Assets Depreciated, Net	8,303,167	402,598	(50,427)	8,655,338
<u>Governmental Activities capital assets, Net</u>	<u>\$ 12,284,210</u>	<u>\$ 447,441</u>	<u>\$ (61,022)</u>	<u>\$ 12,670,629</u>

Fixed Assets include a building constructed on land belonging to the City's discretely-presented component unit, the Floresville 4 Corporation. Counsel for the City has indicated that this separate entity was formed under state governmental statutes which provide for automatic transfer of all that entity's assets upon that entity's dissolution. Additionally, a special agreement between the City and that entity was enacted whereby the City shall approve any asset encumbrance by that entity.

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 77,707
Municipal court	21,543
Police department	209,695
Fire department	-
Streets department	86,442
Parks and recreation	34,958
Service department	11,018
Pool department	9,298
Community development	36,900
Mayor and council	7,742
Total Governmental Activities	<u>\$ 495,303</u>

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 6: CAPITAL ASSETS – CONTINUED

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 58,155	-	-	\$ 58,155
Construction in progress	246,552	410,355	(613,512)	43,395
Total capital assets not being depreciated:	304,707	410,355	(613,512)	101,550
Capital assets being depreciated:				
Property, plant and equipment	19,429,398	455,000	(130,836)	19,753,562
Infrastructure	4,368,626	262,091	309,619	4,940,336
Total Depreciable Assets	23,798,024	717,091	178,783	24,693,898
Less: Accumulated depreciation for:				
Property, plant and equipment	(4,928,680)	(706,468)	99,824	(5,535,324)
Infrastructure	(3,687,284)	(29,374)	-	(3,716,658)
Total Accumulated Depreciation	(8,615,964)	(735,841)	99,824	(9,251,981)
Total Capital Assets Depreciated, Net	15,182,060	(18,750)	278,607	15,441,917
<u>Business-Type Activities capital assets, Net</u>	<u>\$ 15,486,767</u>	<u>\$ 391,605</u>	<u>\$ (334,905)</u>	<u>\$ 15,543,467</u>

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 7: LONG-TERM LIABILITIES

Long-term liabilities and obligations payable at September 30, 2021 were comprised of the following:

Governmental activities:	Balance 9/30/2020	Additions	Refunded or Payments	Balance 9/30/2021	Due Within One Year
<u>Long-term liabilities</u>					
Certificates of Obligation - Series 2008					
Original amount of \$8,500,000					
Interest rate 3.91% - private placement debt	\$1,885,000	\$ -	\$ (200,000)	\$ 1,685,000	\$ 210,000
General Obligation Refunding Bonds Series 2015					
Interest rate 2.0% to 4.0% - private placement debt	4,115,000	-	(350,000)	3,765,000	360,000
Premium on GO Refunding Bonds, Series 2015	352,437	-	(35,243)	317,194	35,243
Tax Note Series 2015					
Original amount of \$1,250,000					
Interest rate 1.74% - private placement debt	116,370	-	(57,780)	58,590	58,590
Tax Note Series 2016					
Original amount of \$2,505,000					
Interest rate 1.61% - private placement debt	1,280,000	-	(420,000)	860,000	425,000
Subtotal bonds and notes	7,748,807	-	(1,063,023)	6,685,784	1,088,833
<u>Other Long-term liabilities</u>					
Compensated absences	150,318	125,078	(150,318)	125,078	125,078
Total Governmental activities	7,899,125	125,078	(1,213,341)	6,810,862	1,213,911
Business-type activities:	Balance 9/30/2020	Additions	Refunded or Payments	Balance 9/30/2021	Due Within One Year
<u>Long-term liabilities</u>					
Tax Note Series 2015					
Original amount of \$1,250,000, Interest rate 1.74% Waterworks fund - private placement debt	\$ 56,630	\$ -	\$ (28,220)	\$ 28,410	\$ 28,410
Utility System Revenue Bond Series 2017					
Water fund - private placement debt	3,532,371	-	(63,000)	3,469,371	65,000
Utility System Revenue Bond Series 2016					
Sewer fund - private placement debt	6,976,000	-	(137,000)	6,839,000	140,000
<u>Other Long-term liabilities</u>					
Compensated absences	44,851	44,850	(44,851)	44,850	44,850
Total Business-type activities	10,609,852	44,850	(273,071)	10,381,631	278,260

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Component unit activities - 4A	Balance 9/30/2020	Additions	Refunded or Payments	Balance 9/30/2021	Due Within One Year
Sales Tax Rev Refunding Bonds Series 2017					
Original amount of \$905,000,					
Interest rate 2.88% - private placement debt	\$ 753,000	\$ -	\$ (53,000)	\$ 700,000	\$ 55,000
Total	<u>753,000</u>	<u>-</u>	<u>(53,000)</u>	<u>700,000</u>	<u>55,000</u>

Component unit activities - FEDC	Balance 9/30/2020	Additions	Refunded or Payments	Balance 9/30/2021	Due Within One Year
Certificates of Obligation - Series 2008					
Original amount of \$1,500,000					
Interest rate 3.91% - private placement debt	\$ 772,843	\$ -	\$ (88,000)	\$ 684,843	\$ 92,400
Sales Tax Revenue Bonds Series 2017					
Original amount of \$1,430,000					
Interest rate 2.63% - private placement debt	1,160,000	-	(70,000)	1,090,000	70,000
Total	<u>1,932,843</u>	<u>-</u>	<u>(158,000)</u>	<u>1,774,843</u>	<u>162,400</u>

In the past, the general fund and the water and sewer fund were used to liquidate compensated absences.

The annual requirements to amortize all long-term liabilities and obligations outstanding as of September 30, 2021 including interest payments, are as follows:

For the Year Ended September 30	Governmental Activities Private Placement Debt			Business-Type Activities Private Placement Debt		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,053,590	\$ 227,749	\$ 1,281,339	\$ 233,410	\$ 208,218	\$ 441,628
2023	1,025,000	200,877	1,225,877	209,000	203,636	412,636
2024	615,000	170,470	785,470	213,000	200,016	413,016
2025	640,000	146,077	786,077	217,000	195,221	412,221
2026	665,000	120,694	785,694	222,000	190,894	412,894
2027-2031	2,370,000	218,871	2,588,871	1,176,000	886,834	2,062,834
2032-2036			-	1,298,000	764,974	2,062,974
2037-2041			-	1,433,000	629,549	2,062,549
2042-2046			-	1,583,000	480,346	2,063,346
2047-2051			-	1,747,000	315,477	2,062,477
2052-2056			-	1,928,000	133,439	2,061,439
2057				77,371	3,172	80,543
Total	<u>\$ 6,368,590</u>	<u>\$ 1,084,738</u>	<u>\$ 7,453,328</u>	<u>10,336,781</u>	<u>4,211,776</u>	<u>\$ 14,548,557</u>

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 8: FUND BALANCE AND NET POSITION DEFICITS

The general fund had an unassigned fund deficit at year end of (\$577,934). The City's plan to improve the fund balance in these funds is to implement a Zero-Base Budget Policy and achieve fund deficit reduction of not less than 25% per year beginning with fiscal year 2020/2021.

NOTE 9: DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plans administered by the Texas Municipal Retirement System (TMRS). TMRS is an agent created by the State of Texas and administered in accordance with the TMRS Act, subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoint the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

B. Benefits Provided

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

At retirement, the 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. Member may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 14, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The contribution rate for the employees is 5%, and the City matching percent is currently 2 to 1.

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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	32
Inactive employees entitled to but not yet receiving benefits	46
Active employees	55
	<u>133</u>

C. Contributions

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

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.39% and 10.26% in plan years 2021 and 2020, respectively. The City's contributions to TMRS for the year ending September 30, 2021 were \$295,325 and were equal to the actuarially determined required contributions.

D. Net Pension Liability

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

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions:

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

Inflation	2.50% per year
Overall payroll growth	3.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Actuarial assumptions: (continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RB2000 Combined Healthy 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. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period December 31, 2014 through December 31, 2019. 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 rates (APRs) are based on a Morality 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 (EAN) 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 weighing 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) geometric mean (conservative) with an adjustment for time (aggressive).

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private	5.0%	8.00%
Total	100.0%	

Discount Rate:

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at December 31, 2019	\$ 8,312,380	\$ 7,206,981	\$ 1,105,399
Changes for the year:			
Service Cost	373,445	-	373,445
Interest	563,131	-	563,131
Change of benefit terms	-	-	-
Difference between expected and actual experience	(253,608)	-	(253,608)
Changes of assumptions	-	-	-
Contributions - employer	-	326,056	326,056
Contributions - employee	-	158,374	158,374
Net investment income	-	547,496	547,496
Benefit payments, including refunds of employee contributions	(312,851)	(312,851)	-
Administrative expense	-	(3,540)	(3,540)
Other changes	-	(138)	(138)
Net Changes	370,117	715,397	(345,280)
Balance at December 31, 2020	\$ 8,682,497	\$ 7,922,378	\$ 760,119

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	(5.75%)	(6.75%)	(7.75%)
City's net pension liability	\$ 2,102,405	\$ 760,119	\$ (328,962)

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, 2021, the City recognized pension expense of \$82,720.

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

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences Between Expected and Actual Experience	\$ 6,373	\$ 456,608
Changes in Assumptions	21,256	-
Net Difference Between Projected and Actual Investment Earnings	-	204,770
Contributions paid to TRS subsequent to the Measurement Date	211,650	
Totals	<u>\$ 239,279</u>	<u>\$ 661,378</u>

The City reported \$211,650 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Sept 30:	Amounts
2021	\$ (242,017)
2022	(171,613)
2023	(207,914)
2024	(12,205)
2025	-
Thereafter	-
Total	<u>\$ (633,749)</u>

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

NOTE 10: CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be material.

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contribution's amounts. During the past years, no settlements have exceeded insurance coverage.

NOTE 12: PRIOR PERIOD ADJUSTMENTS

For the fiscal year end 2021, prior period adjustments were made as follows: 1) Adjustments to record prior year activity in the Governmental Funds in the amounts of \$334,260 Adjustments to record prior year activity in the Enterprise Funds in the amounts of \$(243,906).

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 4, 2022 the date which the financial statements were available to be issued.

LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the City Council of
Floresville, 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, the discretely-presented component units, each major fund, and the aggregate remaining fund information of the City of Floresville, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Floresville's basic financial statements and have issued our report thereon dated May 4, 2022. Our report includes a reference to other auditors who audited the financial statements of the City of Floresville Electric Light and Power System (FELPS), as described in our report on the City of Floresville, Texas's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Floresville'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 of Floresville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Floresville'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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Floresville'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*.

We noted certain matters that we reported to the management of the City in a separate letter dated May 4, 2022.

Purpose of this Report

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

May 4, 2022

CITY OF FLORESVILLE, TX
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 668,500	\$ 668,500	\$ 641,328	\$ (27,172)
General Sales and Use Taxes	1,680,000	1,805,646	2,121,598	315,952
Franchise Tax	847,900	847,900	885,419	37,519
Other Taxes	5,000	5,000	9,398	4,398
Intergovernmental Revenue and Grants	-	-	349,312	349,312
Charges for Services	343,375	343,375	493,506	150,131
Fines	200,000	200,000	91,033	(108,967)
Contributions & Donations from Private Sources	-	-	7,675	7,675
Other Revenue	100	100	(908)	(1,008)
Total Revenues	3,744,875	3,870,521	4,598,361	727,840
EXPENDITURES:				
Current:				
General Government - Administration	1,248,178	1,268,063	1,486,179	(218,116)
Public Safety	1,928,791	1,815,599	1,929,685	(114,086)
Public Works	401,412	444,575	462,110	(17,535)
Culture and Recreation:				
Recreation	113,715	113,714	106,895	6,819
Parks	261,522	320,000	327,529	(7,529)
Capital Outlay:				
Capital Outlay	143,500	269,900	463,794	(193,894)
Total Expenditures	4,097,118	4,231,851	4,776,192	(544,341)
Excess (Deficiency) of Revenues Over Expenditures	(352,243)	(361,330)	(177,831)	183,499
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	100	100	6,244	6,144
Transfers In	350,000	359,087	459,087	100,000
Other Resources	5,000	5,000	16,737	11,737
Total Other Financing Sources (Uses)	355,100	364,187	482,068	117,881
Net Change	2,857	2,857	304,237	301,380
Fund Balance - October 1 (Beginning)	(1,212,648)	(1,212,648)	(1,212,648)	-
Prior Period Adjustment	-	-	330,477	330,477
Fund Balance - September 30 (Ending)	\$ (1,209,791)	\$ (1,209,791)	\$ (577,934)	\$ 631,857

City of Floresville, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
A. Total pension liability						
Service Cost	\$ 282,963	\$ 344,928	\$ 370,247	\$ 397,567	\$ 403,902	\$ 373,445
Interest (on the Total Pension Liability)	401,700	428,521	471,143	515,200	552,274	563,131
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	133,224	132,971	108,317	(28,996)	(483,546)	(253,608)
Changes of assumptions	34,740	-	-	-	39,822	-
Benefit payments, including refunds of employee contributions	(278,060)	(269,387)	(305,896)	(315,445)	(359,930)	(312,851)
Net change in total pension liability	574,567	637,033	643,811	568,326	152,522	370,117
Total pension liability - beginning	5,736,121	6,310,688	6,947,721	7,591,532	8,159,858	8,312,380
Total pension liability - ending	<u>\$ 6,310,688</u>	<u>\$ 6,947,721</u>	<u>\$ 7,591,532</u>	<u>\$ 8,159,858</u>	<u>\$ 8,312,380</u>	<u>\$ 8,682,497</u>
B. Plan fiduciary net position						
Contributions - employer	\$ 281,096	\$ 293,547	\$ 332,178	\$ 364,329	\$ 368,107	\$ 326,056
Contributions - employee	28,854	147,028	158,497	170,483	174,547	158,374
Net investment income	6,699	316,002	715,203	(181,481)	941,887	547,496
Benefit payments, including refunds of employee contributions	(278,060)	(269,387)	(305,896)	(315,445)	(359,930)	(312,851)
Administrative Expense	(4,080)	(3,568)	(3,705)	(3,505)	(5,318)	(3,540)
Other	(202)	(192)	(188)	(182)	(160)	(138)
Net change in plan fiduciary net position	134,307	483,430	896,089	34,199	1,119,133	715,397
Plan fiduciary net position - beginning	4,539,823	4,674,130	5,157,560	6,053,649	6,087,848	7,206,982
Plan fiduciary net position - ending	<u>\$ 4,674,130</u>	<u>\$ 5,157,560</u>	<u>\$ 6,053,649</u>	<u>\$ 6,087,848</u>	<u>\$ 7,206,981</u>	<u>\$ 7,922,379</u>
C. Net pension liability	<u>\$ 1,636,558</u>	<u>\$ 1,790,161</u>	<u>\$ 1,537,883</u>	<u>\$ 2,072,010</u>	<u>\$ 1,105,399</u>	<u>\$ 760,119</u>
D. Plan fiduciary net position as a percentage of the total pension liability	74.07%	74.23%	79.74%	74.61%	86.70%	91.25%
E. Covered-employee payroll	\$ 2,577,073	\$ 2,490,566	\$ 3,169,923	\$ 3,363,560	\$ 3,490,946	\$ 3,167,474
F. Net pension liability as a percentage of covered employee payroll	63.50%	60.88%	48.51%	61.60%	31.66%	24.00%

Note: Only six years of data is presented in accordance with GASBS #68, paragraph 138, since this is the only information available that is measureable in accordance with this statement.

City of Floresville, Texas
Schedule of Contributions
Texas Municipal Retirement System

	2016	2017	2018	2019	2020	2021
Actuarially Determined Contribution	\$ 307,466	\$ 320,911	\$ 359,332	\$ 356,898	\$ 341,064	\$ 295,325
Contributions in relation to the actuarially determined contribution	307,466	320,911	359,332	356,898	341,064	295,325
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 3,009,314	\$ 3,095,462	\$ 3,379,080	\$ 3,363,860	\$ 3,490,946	\$ 3,167,474
Contributions as a Percentage of Covered Employee Payroll	10.22%	10.37%	10.63%	10.61%	9.77%	9.32%

Note: Only six years of data is presented in accordance with GASBS #68, paragraph 138, since this is the only information available that is measureable in accordance with this statement.