

City Of Floresville, Texas

Annual Financial Report

For the Year Ended

September 30, 2023

City Of Floresville, Texas

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LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Frank J. Leal, CPA
Roberto Carter, CPA

16011 University Oak
San Antonio, Texas 78249-1409
Telephone: (210) 696-6206
Facsimile: (210) 492-6209

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements 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 unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter - Prior Period Adjustments

As further discussed in Note 12 Prior Period Adjustments, prior period adjustments were necessary to correct balances from prior years. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont.)

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing; and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Seal & Carter, P.C.

San Antonio, Texas
March 21, 2024

CITY OF FLORESVILLE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

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, 2023. 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 \$27,617,606 in net position is primarily due to recognizing the Investment in Floresville Electric Light and Power of \$25,907,936. In addition, there was an increase in charges for services, other taxes and other income.
- Included in total net position are the following components:
 - o \$8,533,853 net investment in capital assets.
 - o \$27,031,478 that is restricted for use.
 - o \$3,080,944 unrestricted.

Business-Type Activities:

- The net position increased by \$359,283 for a balance of \$9,682,893.
- Included in total net position are the following components:
 - o \$4,833,008 net investment in capital assets.
 - o \$4,849,885 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 9 through 12).

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 9 through 24.

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 governmentwide 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 19-24.

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 25 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 \$27,976,889 from \$20,352,279 to \$48,329,168. 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 \$7,930,829 at September 30, 2023.

Table 1
Statement of Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022	9/30/2023	9/30/2022
ASSETS						
Current assets	44,301,756	3,735,066	5,224,626	4,859,171	49,526,382	8,594,237
Noncurrent assets	777,773	628,954	-	-	777,773	628,954
Capital assets	13,853,929	13,444,849	17,240,451	15,919,011	31,094,380	29,363,860
Other assets	-	-	-	-	-	-
Total assets	58,933,458	17,808,869	22,465,077	20,778,182	81,398,535	38,587,051
Deferred outflows of resources	705,345	302,698	301,647	112,613	1,006,992	415,311
LIABILITIES						
Current liabilities	1,268,127	1,684,273	648,952	772,931	1,917,079	2,457,204
Long-term liabilities	19,673,688	4,898,383	12,402,203	10,550,532	32,075,891	15,448,915
Total liabilities	20,941,815	6,582,656	13,051,155	11,323,463	33,992,970	17,906,119
Deferred inflows of resources	50,713	500,242	32,676	243,722	83,389	743,964
NET POSITION						
Net investment in capital assets	8,533,853	7,847,898	4,833,008	5,185,640	13,366,861	13,033,538
Restricted	27,031,478	1,234,165	-	-	27,031,478	1,234,165
Unrestricted	3,080,944	1,946,606	4,849,885	4,137,970	7,930,829	6,084,576
Total net position	38,646,275	11,028,669	9,682,893	9,323,610	48,329,168	20,352,279

Table 2
Changes in Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022	9/30/2023	9/30/2022
REVENUES						
Program revenues						
Charges for services	880,837	507,238	6,116,517	5,641,157	6,997,354	6,148,395
Operating grants and contributions	724,954	2,167,722	-	-	724,954	2,167,722
Capital contribution	-	-	-	264,500	-	264,500
General revenues						
Property tax	2,263,298	2,034,361	-	-	2,263,298	2,034,361
Sales tax	3,049,850	2,977,827	-	-	3,049,850	2,977,827
HoteVmotel tax	404,304	161,429	-	-	404,304	161,429
Franchise tax	928,019	787,405	-	-	928,019	787,405
Unrestricted investment earnings	472,888	179	-	4,888	472,888	5,067
Other income	187,850	7,106	45,371	22,067	233,221	29,173
Total revenues	8,912,000	8,643,267	6,161,888	5,932,612	15,073,888	14,575,879
EXPENSES						
General government	2,873,473	1,665,166	-	-	2,873,473	1,665,166
Municipal court	-	-	-	-	-	-
Fire protection	-	-	-	-	-	-
Public safety	2,449,370	2,110,598	-	-	2,449,370	2,110,598
Public works	756,834	277,063	-	-	756,834	277,063
Culture and recreation	62,341	107,613	-	-	62,341	107,613
Mayor and council	-	-	-	-	-	-
Parks and recreation	662,674	549,145	-	-	662,674	549,145
Service department	-	-	-	-	-	-
Pool	-	-	-	-	-	-
Development department	-	-	-	-	-	-
Debt service	293,170	100	-	-	293,170	100
Interest on debt	488,221	192,498	-	-	488,221	192,498
Capital outlay	80,195	84,715	-	-	80,195	84,715
Water	-	-	2,255,232	1,741,705	2,255,232	1,741,705
Sewer	-	-	1,770,535	1,674,247	1,770,535	1,674,247
Refuse	-	-	1,314,329	1,132,157	1,314,329	1,132,157
Cemetery	-	-	19,555	6,726	19,555	6,726
Total expenses	7,666,278	4,986,898	5,359,651	4,554,835	13,025,929	9,541,733
Increase (decrease) in net position before transfers	1,245,722	3,656,369	802,237	1,377,777	2,047,959	5,034,146
TRANSFERS	507,000	466,000	(507,000)	(466,000)	-	-
Change in net position	1,752,722	4,122,369	295,237	911,777	2,047,959	5,034,146
NET POSITION AT BEGINNING OF YEAR	11,028,669	7,274,755	9,323,610	8,389,829	20,352,279	15,664,584
Prior period adjustment	25,864,884	(368,455)	64,046	22,004	25,928,930	(346,451)
NET POSITION AT END OF YEAR	38,646,275	11,028,669	9,682,893	9,323,610	48,329,168	20,352,279

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of \$20,148,800.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of fiscal year ended 2023, the City had \$31,094,380, 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 37 through 38).

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Land	719,179	719,179	91,291	75,816
Buildings	8,041,712	8,041,712	-	-
Property, plant and equipment	5,219,446	4,989,746	20,628,229	20,277,565
Infrastructure	4,513,637	4,495,767	4,940,335	4,940,335
Construction in progress	4,086,900	3,303,532	2,181,511	522,226
Less: accumulated depreciation	{8,726,945}	(8,105,087}	(10,600,915)	(9,896,931)
TOTAL CAPITAL ASSETS	13,853,929	13,444,849	17,240,451	15,919,011

Debt:

At year-end, the City had \$31,245,586 in bonds outstanding.

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Bonds payable	\$ 19,058,215	\$ 5,596,951	\$ 12,187,371	\$ 10,733,371
Net pension liability	1,223,538	354,740	480,832	72,949
Net OPEB liability	6,935	6,935	-	3,212
TOTAL OUTSTANDING DEBT	\$ 20,288,688	\$ 5,958,626	\$ 12,668,203	\$ 10,809,532

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 39 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 2024 budget and tax rates. The City's economic outlook remains positive due to the overall improvement in the economy and continued residential growth. This is evidenced by local economic indicators such as a significant increase in tax appraisal values, the increase in residential building permits, and continued sales tax growth. The budget was executed in pursuit of addressing the future needs of the City's infrastructure. The City has been able to obtain USDA and Certificates of Obligation 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. These factors were taken into account when adopting the general fund budget for 2024.

Amounts available for appropriation in the general fund budget are \$6,359,701 an increase of \$283,825 or 4.67% over (under) the final 2024 budget of \$6,075,876. In order to accomplish funding of the 2024 budget, the 2024 tax rate was set at \$0.207482/\$100 for general operations and \$0.223296/\$100 for debt service, for a total of \$0.430778/\$100.

The General Fund's unassigned fund balance increased to \$3,059,701 at September 30, 2023, due to the City Council's support and the staff's execution of our budget policies.

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
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,070,102	\$ 4,077,478	\$ 12,147,580
Investments - Current	9,724,928	-	9,724,928
Investment in FELPS	25,907,936	-	25,907,936
Taxes Receivable, Net	163,269	-	163,269
Accounts Receivable, Net	777,773	1,150,354	1,928,127
Due from Other Governments	409,948	-	409,948
Due from Other Funds	9,600	(9,600)	-
Due from Others	550	-	550
Inventories	-	-	-
Prepaid Items	15,423	6,394	21,817
Permanently Restricted:			
Cash and Cash Equivalents- Restricted	-	-	-
Capital Assets:			
Land Purchase and Improvements	719,179	91,291	810,470
Infrastructure, Net	2,481,977	1,149,833	3,631,810
Buildings, Net	5,077,431	-	5,077,431
Improvements other than Buildings, Net	-	-	-
Furniture and Equipment, Net	1,488,442	13,817,816	15,306,258
Construction in Progress	4,086,900	2,181,511	6,268,411
Other Assets	-	-	-
Total Assets	<u>58,933,458</u>	<u>22,465,077</u>	<u>81,398,535</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge for Refunding	-	-	-
Deferred Outflow Related to Pension Plan	726,588	301,647	1,028,235
Total Deferred Outflows of Resources	<u>726,588</u>	<u>301,647</u>	<u>1,028,235</u>
LIABILITIES			
Accounts Payable	302,518	293,374	595,892
Wages and Salaries Payable	46,921	27,284	74,205
Compensated Absences Payable	117,148	44,587	161,735
Claims and Judgments Payable	-	5,534	5,534
Due to Others	51,766	312	52,078
Accrued Interest Payable	-	11,861	11,861
Unearned Revenues	116,139	-	116,139
Bonds Payable - Current	615,000	-	615,000
Other Current Liabilities	25,570	-	25,570
Noncurrent Liabilities:			
Due Within One Year	-	213,000	213,000
Due in More Than One Year:			
Bonds Payable - Noncurrent	18,443,215	11,974,371	30,417,586
Other Long Term Debt Payable - Noncurrent	-	-	-
Net Pension Liability	1,269,374	480,832	1,750,206
Total Liabilities	<u>20,987,651</u>	<u>13,051,155</u>	<u>34,038,806</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	26,997	32,676	59,673
Deferred Inflows Related to Rate Stabilization	-	-	-
Deferred Resource Inflow Derivative Instruments	-	-	-
Total Deferred Inflows of Resources	<u>26,997</u>	<u>32,676</u>	<u>59,673</u>
NET POSITION			
Net Investment in Capital Assets and Lease Assets	8,533,853	5,053,080	13,586,933
Restricted:			
Investment in FELPS	25,907,936	-	25,907,936
Restricted - Expendable	-	-	-
Restricted for Other Purposes	1,123,542	-	1,123,542
Unrestricted	3,080,067	4,629,813	7,709,880
Total Net Position	<u>\$ 38,645,398</u>	<u>\$ 9,682,893</u>	<u>\$ 48,328,291</u>

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

Component Units		
Governmental Floresville4A Corporation	Governmental FloresvilleEDC Corporation	Business-Type 12/31/22FELPS Corporation
\$ 285,365	\$ 2,465,737	\$ 20,156,410
5,134	-	-
-	-	-
-	-	-
-	11,776	3,336,327
-	-	-
-	-	-
3,941	51	1,525,542
3,280	-	365,684
-	-	17,943,219
920,020	250,032	-
-	-	88,174,562
80,357	1,389,777	-
669,826	1,316,937	-
-	69,586	-
-	340,153	-
-	-	4,771,603
<u>1,967,923</u>	<u>5,844,049</u>	<u>136,273,347</u>
-	-	\$ 347,357
11,753	35,468	1,037,899
<u>11,753</u>	<u>35,468</u>	<u>1,385,256</u>
18,207	14,716	\$ 3,117,822
1,828	1,762	-
3,116	1,447	-
-	-	1,061,729
775,367	300	-
782	-	515,456
28,630	-	-
58,000	176,200	2,373,283
-	-	30,092,819
-	-	-
530,000	3,034,043	44,577,596
-	-	1,217,239
43,179	50,345	9,665,869
<u>1,459,109</u>	<u>3,278,813</u>	<u>92,621,813</u>
26,616	5,915	\$ 2,923,969
-	-	1,000,000
-	-	631,671
<u>26,616</u>	<u>5,915</u>	<u>4,555,640</u>
1,082,203	156,242	54,199,386
-	-	-
-	-	976,012
-	-	-
(588,252)	2,438,547	(14,694,248)
<u>\$ 493,951</u>	<u>\$ 2,594,789</u>	<u>\$ 40,481,150</u>

CITY OF FLORESVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government - Administration	\$ 2,873,473	\$ 387,568	\$ 403,757
Public Safety	2,449,370	273,060	321,197
Fire Protection	-	8,808	-
Public Works	756,834	140,934	-
Culture and Recreation	63,218	-	-
Recreation	130,566	8,808	-
Parks	532,108	61,659	-
Debt Service	213,308	-	-
Principal on Debt	400	-	-
Interest on Debt	488,221	-	-
Other Debt Service	79,462	-	-
Capital Outlay	80,195	-	-
Total Governmental Activities	7,667,155	880,837	724,954
BUSINESS-TYPE ACTIVITIES:			
Water Fund	2,255,232	2,638,730	-
Sewer Fund	1,770,535	2,052,493	-
Refuse Fund	1,314,329	1,425,294	-
Enterprise Funds - Cemetary	19,555	-	-
Total Business-Type Activities	5,359,651	6,116,517	-
TOTAL PRIMARY GOVERNMENT	\$ 13,026,806	\$ 6,997,354	\$ 724,954
Component Units:			
Floresville 4A Corporation	\$ 483,726	\$ 241,971	\$ -
Floresville EDC Corporation	942,721	-	-
FELPS Corporation	41,679,729	47,635,461	-
TOTAL COMPONENT UNITS	\$ 43,106,176	\$ 47,877,432	\$ -

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes
General Sales and Use Taxes
Franchise Tax
Other Taxes
Grants and Contributions
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 12/31/22FELPS Corporation
\$ (2,082,148)	\$ -	\$ (2,082,148)	\$ -	\$ -	\$ -
(1,855,113)	-	(1,855,113)	-	-	-
8,808	-	8,808	-	-	-
(615,900)	-	(615,900)	-	-	-
(63,218)	-	(63,218)	-	-	-
(121,758)	-	(121,758)	-	-	-
(470,449)	-	(470,449)	-	-	-
(213,308)	-	(213,308)	-	-	-
(400)	-	(400)	-	-	-
(488,221)	-	(488,221)	-	-	-
(79,462)	-	(79,462)	-	-	-
(80,195)	-	(80,195)	-	-	-
(6,061,364)	-	(6,061,364)	-	-	-
-	383,498	383,498	-	-	-
-	281,958	281,958	-	-	-
-	110,965	110,965	-	-	-
-	(19,555)	(19,555)	-	-	-
-	756,866	756,866	-	-	-
(6,061,364)	756,866	(5,304,498)	-	-	-
-	-	-	(241,755)	-	-
-	-	-	-	(942,721)	-
-	-	-	-	-	5,955,732
-	-	-	(241,755)	(942,721)	5,955,732
2,263,298	-	2,263,298	-	-	-
3,049,850	-	3,049,850	609,970	1,219,940	-
928,019	-	928,019	-	-	-
404,304	-	404,304	-	-	-
-	-	-	572,138	-	-
187,850	45,371	233,221	6,510	14,868	3,105,820
472,888	-	472,888	-	28,616	124,658
507,000	(507,000)	-	-	-	-
7,813,209	(461,629)	7,351,580	1,188,618	1,263,424	3,230,478
1,751,845	295,237	2,047,082	946,863	320,703	9,186,210
11,028,669	9,323,610	20,352,279	(455,409)	2,279,781	31,294,940
25,864,884	64,046	25,928,930	2,497	(5,695)	-
\$ 38,645,398	\$ 9,682,893	\$ 48,328,291	\$ 493,951	\$ 2,594,789	\$ 40,481,150

CITY OF FLORESVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Capital PrQjects
ASSETS			
Cash and Cash Equivalents	\$ 3,153,415	\$ 146,004	\$ 4,369,576
Investments - Current	1,016,455	-	8,708,473
Taxes Receivable	107,586	135,437	-
Allowance for Uncollectible Taxes (credit)	(53,035)	(26,719)	-
Accounts Receivable, Net	379,562	-	-
Due from Other Governments	409,948	-	-
Due from Other Funds	-	-	9,600
Due from Others	550	-	-
Prepaid Items	15,089	-	-
Total Assets	\$ 5,029,570	\$ 254,722	\$ 13,087,649
LIABILITIES			
Accounts Payable	\$ 274,424	\$ -	\$ 24,167
Wages and Salaries Payable	43,690	-	-
Due to Other Funds	1,370,405	-	-
Due to Others	44,239	-	-
Unearned Revenues	-	-	110,916
Other Current Liabilities	24,795	-	-
Total Liabilities	1,757,553	-	135,083
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	54,552	108,718	-
Deferred Resource Inflow Warrants	138,956	-	-
Total Deferred Inflows of Resources	193,508	108,718	-
FUND BALANCES			
Other Assigned Fund Balance	-	146,004	12,952,566
Unassigned Fund Balance	3,078,509	-	-
Total Fund Balances	3,078,509	146,004	12,952,566
Total Liabilities, Deferred Inflows & Fund Balances	\$ 5,029,570	\$ 254,722	\$ 13,087,649

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

Other Funds	Total Governmental Funds
\$ 401,107	\$ 8,070,102
-	9,724,928
-	243,023
-	(79,754)
5,013	384,575
-	409,948
1,370,405	1,380,005
-	550
334	15,423
<u>\$ 1,776,859</u>	<u>\$ 20,148,800</u>
\$ 3,927	\$ 302,518
3,231	46,921
-	1,370,405
592	44,831
5,223	116,139
775	25,570
<u>13,748</u>	<u>1,906,384</u>
-	163,270
-	138,956
-	<u>302,226</u>
1,763,111	14,861,681
-	3,078,509
<u>1,763,111</u>	<u>17,940,190</u>
<u>\$ 1,776,859</u>	<u>\$ 20,148,800</u>

CITY OF FLORESVILLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$	17,940,190
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.		7,781,822
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 2023 capital outlays and debt principal payments is to increase (decrease) net position.		(12,430,326)
Per the implementation of GASB 68 for the TMRS Pension plans, this fiscal year required that the City report their net pension liabilities in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$1,222,538. Deferred Resource Outflows of \$705,345 and Deferred Resource Inflows of \$50,713. The net effect of these was to decrease the ending net position by \$16,622.		(17,499)
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position;		(621,858)
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.		25,993,069
Net Position of Governmental Activities	\$	38,645,398

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

CITY OF FLORESVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Capital Projects
REVENUES:			
Taxes:			
Property Taxes	\$ 985,698	\$ 1,220,495	\$ -
General Sales and Use Taxes	2,439,880	-	-
Franchise Tax	928,019	-	-
Other Taxes	10,724	-	-
Intergovernmental Revenue and Grants	185,036	-	136,161
Charges for Services	640,031	-	-
Fines	233,173	-	-
Investment Earnings	137,504	-	334,652
Contributions & Donations from Private Sources	403,757	-	-
Other Revenue	800	135,212	-
Total Revenues	5,964,622	1,355,707	470,813
EXPENDITURES:			
Current:			
General Government - Administration	1,753,759	-	158,600
Public Safety	2,162,059	-	-
Public Works	445,120	-	-
Culture and Recreation	-	-	-
Recreation	122,700	-	-
Parks	474,323	-	-
Debt Service:			
Debt Service	-	-	213,308
Principal on Debt	-	1,025,400	-
Interest on Debt	-	523,464	-
Other Debt Service	-	200	-
Capital Outlay:			
Capital Outlay	308,665	-	783,368
Total Expenditures	5,266,626	1,549,064	1,155,276
Excess (Deficiency) of Revenues Over (Under) Expenditures	697,996	(193,357)	(684,463)
OTHER FINANCING SOURCES (USES):			
Issuance of Bonds	-	-	14,442,245
Transfers In	507,000	-	-
Payment to Component Unit	-	-	(572,138)
Total Other Financing Sources (Uses)	507,000	-	13,870,107
Net Change in Fund Balances	1,204,996	(193,357)	13,185,644
Fund Balance - October 1 (Beginning)	1,906,517	339,361	(233,078)
Prior Period Adjustment	(33,004)	-	-
Fund Balance - September 30 (Ending)	\$ 3,078,509	\$ 146,004	\$ 12,952,566

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

Other Funds	Total Governmental Funds
\$ -	\$ 2,206,193
609,970	3,049,850
-	928,019
393,580	404,304
-	321,197
97,611	737,642
6,823	239,996
732	472,888
-	403,757
51,837	187,849
<u>1,160,553</u>	<u>8,951,695</u>
223,784	2,136,143
1,735	2,163,794
229,544	674,664
60,213	60,213
-	122,700
-	474,323
-	213,308
-	1,025,400
-	523,464
-	200
-	1,092,033
<u>515,276</u>	<u>8,486,242</u>
<u>645,277</u>	<u>465,453</u>
-	14,442,245
-	507,000
-	(572,138)
-	14,377,107
<u>645,277</u>	<u>14,842,560</u>
1,127,882	3,140,682
(10,048)	(43,052)
<u>\$ 1,763,111</u>	<u>\$ 17,940,190</u>

CITY OF FLORESVILLE
 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, 2023

Total Net Change in Fund Balances - Governmental Funds	\$ 14,842,560
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 2023 capital outlays and debt principal payments is to increase (decrease) the change in net position.	(12,430,326)
The entries required by GASB 68 resulted in adjustments to the Statement of Net Position and the Statement of Activities. For Fiscal Year 2023, the total impact to the change in net position for GASB 68 was an decrease of \$16,622.	(17,499)
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.	(621,858)
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.	(21,032)
Change in Net Position of Governmental Activities	\$ 1,751,845

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

CITY OF FLORESVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-Type Activities	
	Water Fund	Sewer Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,231,732	\$ 1,925,127
Accounts Receivable, Net	545,630	332,601
Prepaid Items	1,657	4,737
Total Current Assets	<u>2,779,019</u>	<u>2,262,465</u>
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements	38,020	23,000
Infrastructure, net	1,149,833	-
Furniture and Equipment, net	4,989,413	8,804,699
Construction in Progress, net	2,181,511	-
Total Noncurrent Assets	<u>8,358,777</u>	<u>8,827,699</u>
Total Assets	<u>11,137,796</u>	<u>11,090,164</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow Related to Pension Plan	143,129	158,518
Total Deferred Outflows of Resources	<u>143,129</u>	<u>158,518</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	155,378	19,213
Wages and Salaries Payable	14,855	12,339
Compensated Absences Payable	44,354	233
Claims and Judgments Payable	5,534	-
Due to Other Funds	-	9,600
Due to Others	-	312
Accrued Interest Payable	435	11,426
Bonds Payable - Current	68,000	145,000
Total Current Liabilities	<u>288,556</u>	<u>198,123</u>
Noncurrent Liabilities:		
Bonds Payable - Noncurrent	5,563,371	6,411,000
Net Pension Liability	181,902	298,930
Total Noncurrent Liabilities	<u>5,745,273</u>	<u>6,709,930</u>
Total Liabilities	<u>6,033,829</u>	<u>6,908,053</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow Related to Pension Plan	12,356	20,320
Total Deferred Inflows of Resources	<u>12,356</u>	<u>20,320</u>
NET POSITION		
Net Investment in Capital Assets and Lease Assets	2,727,406	2,271,699
Unrestricted	2,507,334	2,048,610
Total Net Position	<u>\$ 5,234,740</u>	<u>\$ 4,320,309</u>

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

- Enterprise Funds

Refuse Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
\$ (98,566)	\$ 19,185	\$ 4,077,478
272,123	-	1,150,354
-	-	6,394
173,557	19,185	5,234,226
-	30,211	-
-	-	1,149,833
-	23,704	13,817,816
-	-	2,181,511
-	53,975	17,240,451
173,557	73,160	22,474,677
-	-	301,647
-	-	301,647
118,598	185	293,374
-	90	27,284
-	-	44,587
-	-	5,534
-	-	9,600
-	-	312
-	-	11,861
-	-	213,000
118,598	275	605,552
-	-	11,974,371
-	-	480,832
-	-	12,455,203
118,598	275	13,060,755
-	-	32,676
-	-	32,676
-	53,975	5,053,080
54,959	18,910	4,629,813
\$ 54,959	\$ 72,885	\$ 9,682,893

CITY OF FLORESVILLE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities	
	Water Fund	Sewer Fund
OPERATING REVENUES:		
Charges for Services	\$ 2,638,730	\$ 2,052,493
Investment Earnings	15,171	13,933
Other Revenue	542	-
Total Operating Revenues	2,654,443	2,066,426
OPERATING EXPENSES:		
Personnel Services - Salaries and Wages	857,659	598,517
Purchased Professional & Technical Services	342,481	270,143
Other Operating Costs	471,873	261,470
Supplies	161,698	103,756
Depreciation	310,917	411,043
Debt Service	110,604	125,606
Total Operating Expenses	2,255,232	1,770,535
Income (Loss) Before Transfers	399,211	295,891
Transfers Out	(122,500)	(219,500)
Change in Net Position	276,711	76,391
Total Net Position - October 1 (Beginning)	5,481,243	3,665,658
Prior Period Adjustment	(523,214)	578,260
Total Net Position - September 30 (Ending)	\$ 5,234,740	\$ 4,320,309

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

- Enterprise Funds

Refuse Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
\$ 1,425,294	\$ -	\$ 6,116,517
-	-	29,104
-	15,725	16,267
<u>1,425,294</u>	<u>15,725</u>	<u>6,161,888</u>
-	3,315	1,459,491
1,314,329	1,848	1,928,801
-	11,581	744,924
-	-	265,454
-	2,811	724,771
-	-	236,210
<u>1,314,329</u>	<u>19,555</u>	<u>5,359,651</u>
110,965	(3,830)	802,237
<u>(165,000)</u>	<u>-</u>	<u>(507,000)</u>
(54,035)	(3,830)	295,237
108,994	67,715	9,323,610
-	9,000	64,046
<u>\$ 54,959</u>	<u>\$ 72,885</u>	<u>\$ 9,682,893</u>

CITY OF FLORESVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities	
	Water Fund	Sewer Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 2,678,034	\$ 2,054,524
Cash Payments to Employees for Services	(856,910)	(601,633)
Cash Payments for Suppliers	(997,663)	(995,161)
Net Cash Provided by (Used for) Operating Activities	<u>823,461</u>	<u>457,730</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer Out	(122,500)	(219,500)
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Capital Assets	(1,878,789)	(145,422)
Debt Payments	(161,000)	(143,000)
Bond Proceeds	1,758,000	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(281,789)</u>	<u>(288,422)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	419,172	(50,192)
Cash and Cash Equivalents at Beginning of Year	2,335,774	1,397,059
Prior Period Adjustment	(523,214)	578,260
Cash and Cash Equivalents at End of Year	<u>\$ 2,231,322</u>	<u>\$ 1,925,127</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss)	\$ 399,211	\$ 295,891
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:</u>		
Depreciation	310,917	411,043
Pension Expense	2,735	1,856
<u>Effect of Increases and Decreases in Current Assets and Liabilities:</u>		
Decrease (Increase) in Receivables	17,857	(19,521)
Decrease (Increase) in Prepaid Expenses	7,870	7,795
Increase (Decrease) in Accounts Payable	1,004	(126,411)
Increase (Decrease) in Payroll Deductions	(1,986)	(4,972)
Increase (Decrease) in Claims Payable	(2,136)	-
Increase (Decrease) in Due To/From Others	87,989	(107,951)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 823,461</u>	<u>\$ 457,730</u>

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

		Governmental Activities -	
Refuse Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	
\$ 1,407,030	\$ 15,725	\$ 6,155,313	
-	(3,225)	(1,461,768)	
(1,300,670)	(13,728)	(3,307,222)	
<u>106,360</u>	<u>(1,228)</u>	<u>1,386,323</u>	
(165,000)	-	(507,000)	
-	(22,000)	(2,046,211)	
-	-	(304,000)	
-	-	1,758,000	
<u>-</u>	<u>(22,000)</u>	<u>(592,211)</u>	
(58,640)	(23,228)	287,112	
(39,926)	33,413	3,726,320	
-	9,000	64,046	
<u>\$ (98,566)</u>	<u>\$ 19,185</u>	<u>\$ 4,077,478</u>	
\$ 110,965	\$ (3,830)	\$ 802,237	
-	2,811	724,771	
-	-	4,591	
(18,264)	-	(19,928)	
-	594	16,259	
13,659	(893)	(112,641)	
-	-	(6,958)	
-	90	(2,046)	
-	-	(19,962)	
<u>\$ 106,360</u>	<u>\$ (1,228)</u>	<u>\$ 1,386,323</u>	

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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"* as amended. 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 as amended, 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 64% interest in this joint venture based on the criteria of GASB Nos. 14 as amended, 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, 2023

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, 2022, and became due October 1, 2022 have been assessed to finance the budget of the fiscal year beginning October 1, 2022 and, accordingly, have been reflected as deferred inflows of resources and taxes receivable in the fund financial statement at September 30, 2023.

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, 2023

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, 2023

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, investments with maturities of 3 months or less, 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 of 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, 2023

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, 2022 and past due after January 31, 2023. 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 established 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.

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, 2023

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, 2023 of \$44,587 and \$117,148 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, 2023

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 are 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, 2023

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, 2023, the carrying amount of the primary government's (the City) cash on hand was \$225, deposits in the bank were \$5,016,970 and the book balance was \$11,551,008. The City had a balance of cash in bank that was \$110,934 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 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, 2023

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, 2023, 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, 2023, FEDC had a balance of cash in bank that was within 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, 2023, are shown below.

	<u>Book Balance</u>	<u>Fair Value</u>
Primary Government- Cash and cash equivalents	\$ 11,551,008	\$ 11,551,008
Total Cash and Cash Equivalents (City)	\$ 11,551,008	\$ 11,551,008
FEDC - Cash and cash equivalents	\$ 2,597,814	\$ 2,597,814
Total Cash and Cash Equivalents (FEDC)	\$ 2,597,814	\$ 2,597,814

Investments

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

<u>Primary Government</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of Deposits	\$ 9,724,928	\$ 9,724,928
Texas CLASS (Valued at NAV)	596,572	596,572
Total Investments (City)	\$ 10,321,500	\$ 10,321,500
<u>Discretely Presented Component Unit</u>		
Certificates of Deposits	\$ 5,134	\$ 5,134
Total Investments (4A)	\$ 5,134	\$ 5,134

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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.

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	\$ 243,023	\$ (79,754)	\$ 163,269
4A Cotportation	-	-	-
Sales Tax (Due From Other Gov)	418,988	-	418,988
Intergovernmental		-	-
HoteVMotel Taxes	-	-	-
Accounts	384,575	-	384,575
Total government funds	\$ 1,046,586	\$ (79,754)	\$ 966,832
Enterprise funds:			
Uilty	1,274,569	(124,215)	1,150,354
Total entetprise funds	\$ 1,274,569	\$ (124,215)	\$ 1,150,354

Notes receivable

Notes receivable consist of amounts due from the Floresville Economic Development Coiporation (FEDC) in the amount of \$552,200. 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, 2023

NOTE 3: RECEIVABLES (CONTINUED)

Notes receivable (continued)

Future payments under the Interlocal Agreements are as follows:

	<u>Interlocal Agreement</u>
	Floresville EDC
2024	\$ 101,200
2025	105,600
2026	110,000
2027	110,980
2028	124,420
	<u>\$ 552,200</u>

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

NOTE4: 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, 2023 are noted below.

	AMOUNT	PURPOSE
Transfers to the general fund		
consisted of the following		
Water fund	122,500	Program supplement
Sewer fund	219,500	Program supplement
Refuse fund	<u>165,000</u>	Program supplement
	<u>\$ 507,000</u>	

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

The composition of due to and due from other funds as of September 30, 2023 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	-
Sewer fund	-	(9,600)
	1,380,005	(1,380,005)

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 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	3,303,532	1,355,506	(572,138)	4,086,900
Total capital assets not being depreciated:	4,022,711	1,355,506	(572,138)	4,806,079
Capital assets being depreciated:				
Buildings	8,041,712	-	-	8,041,712
Property, plant and equipment	4,989,746	229,700	-	5,219,446
Infrastructure	4,495,767	17,870	-	4,513,637
Total Depreciable Assets	17,527,225	247,570	-	17,774,795
Less: Accumulated depreciation for:				
Buildings	(2,730,335)	(233,946)	-	(2,964,281)
Property, plant and equipment	(3,502,191)	(219,514)	(9,299)	(3,731,004)
Infrastructure	(1,872,561)	(168,398)	9,299	(2,031,660)
Total Accumulated Depreciation	(8,105,087)	(621,858)	-	(8,726,945)
Total Capital Assets Depreciated, Net	9,422,138	(374,288)	-	9,047,850
<u>Governmental Activities Capital Assets, Net</u>	<u>\$ 13,444,849</u>	<u>\$ 981,218</u>	<u>\$ (572,138)</u>	<u>\$ 13,853,929</u>

Fixed Assets include a building constructed on land belonging to the City's discretely-presented component unit, the Floresville 4 Corporation. Council 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	\$ 92,306
Municipal court	28,394
Police department	275,646
Fire department	-
Streets department	80,273
Parks and recreation	57,785
Service department	16,185
Pool department	7,866
Community development	48,554
Mayor and council	14,849
Total Governmental Activities	<u>\$ 621,858</u>

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

NOTE 6: CAPITAL ASSETS - CONTINUED

Business-Type Activities:	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 75,816	15,475	-	\$ 91,291
Construction in progress	522,226	1,659,285	-	2,181,511
Total capital assets not being depreciated:	598,042	1,674,760	-	2,272,802
Capital assets being depreciated:				
Property, plant and equipment	20,278,528	370,489	(20,788)	20,628,229
Infrastructure	4,940,335	-	-	4,940,335
Total Depreciable Assets	25,218,863	370,489	(20,788)	25,568,564
Less: Accumulated depreciation for:				
Property, plant and equipment	(6,143,351)	(687,849)	20,788	(6,810,412)
Infrastructure	(3,753,580)	(36,923)	-	(3,790,503)
Total Accumulated Depreciation	{9,896,931}	{724,772}	20,788	{10,600,915}
Total Capital Assets Depreciated, Net	15,321,932	(354,283)	-	14,967,649
<u>Business-Type Activities Capital assets, Net</u>	<u>\$ 15,919,974</u>	<u>\$ 1,320,477</u>	<u>\$ -</u>	<u>\$ 17,240,451</u>

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

NOTE 7: LONG-TERM LIABILITIES

Long-term liabilities and obligations payable at September 30, 2023 were comprised of the following:

Governmental activities:	Balance 9/30/2022	Additions	Refunded or Payments	Balance 9/30/2023	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	\$ 1,475,000	\$ -	\$ (220,000)	\$ 1,255,000	\$ 230,000
General Obligation Refunding Bonds Series 2015 Interest rate 2.0% to 4.0% • private placement debt	3,405,000	-	(370,000)	3,035,000	385,000
Premium on GO Refunding Bonds, Series 2015	281,951	-	(35,243)	246,708	35,243
Certificates of Obligation • Series 2023 Original amount of \$13,865,000 Interest rate 3.91% • private placement debt	-	13,865,000	-	13,865,000	-
Tax Note Series 2016 Original amount of \$2,505,000 Interest rate 1.61% • private placement debt	435,000	-	(435,000)	-	-
Subtotal bonds and notes	5,596,951	13,865,000	(1,060,243)	18,401,708	650,243
<u>Other Long-term liabilities</u>					
Compensated absences	135,811	117,148	(135,811)	117,148	58,574
Total Governmental activities	5,732,762	13,982,148	(1,196,054)	18,518,856	708,817
<u>Business-type activities:</u>					
<u>Long-term liabilities</u>					
Tax Note Series 2015 Original amount of \$1,250,000, Interest rate 1.74% Waterworks fund • private placement debt	\$ -	\$ -	\$ -	\$ -	\$ -
Utility System Revenue Bond Series 2017 Water fund • private placement debt	3,404,371	-	(66,000)	3,338,371	68,000
Utility System Revenue Bond Series 2016 Sewer fund • private placement debt	6,699,000	-	(143,000)	6,556,000	145,000
Utility System Revenue Bond Series 2021 Water fund • private placement debt	615,000	1,353,000	(87,000)	1,881,000	45,000
Utility System Revenue Bond Series 2021A Water fund • private placement debt	15,000	405,000	(8,000)	412,000	8,000
<u>Other Long-term liabilities</u>					
Compensated absences	44,849	44,586	(44,849)	44,586	22,293
Total Business-type activities	10,778,220	1,802,586	(348,849)	12,231,957	288,293

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Component unit activities - 4A	Balance 9/30/2022	Additions	Refunded or Payments	Balance 9/30/2023	Due Within One Year
Sales Tax Rev Refunding Bonds Series 2017 Original amount of \$905,000, Interest rate 2.88% - private placement debt	\$ 645,000	\$ -	\$ (57,000)	\$ 588,000	\$ 58,000
Total	<u>645,000</u>	<u>-</u>	<u>(57,000)</u>	<u>588,000</u>	<u>58,000</u>

Component unit activities - FEDC	Balance 9/30/2022	Additions	Refunded or Payments	Balance 9/30/2023	Due Within One Year
Certificates of Obligation - Series 2008 Original amount of \$1,500,000 Interest rate 3.91% - private placement debt	\$ 592,443	\$ -	\$ (96,800)	\$ 495,643	\$ 101,200
Sales Tax Revenue Bonds Series 2017 Original amount of \$1,430,000 Interest rate 2.63% - private placement debt	1,020,000	-	(70,000)	950,000	75,000
Sales Tax Revenue Bonds Series 2021 Original amount of \$2,000,000 Interest rate 2.45% - private placement debt	1,880,000	-	(115,400)	1,764,600	115,000
Total	<u>3,492,443</u>	<u>-</u>	<u>(282,200)</u>	<u>3,210,243</u>	<u>291,200</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, 2023 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
2024	\$ 650,243	\$ 170,470	\$ 820,713	\$ 266,000	\$ 248,975	\$ 514,975
2025	675,243	146,077	821,320	270,000	243,119	513,119
2026	700,243	120,694	820,937	276,000	237,864	513,864
2027	725,243	94,319	819,562	281,000	232,490	513,490
2028	760,243	38,200	798,443	286,000	227,642	513,642
2029-2033	1,025,493	19,400	1,044,893	1,520,000	1,049,704	2,569,704
2034-2038	-	-	-	1,673,000	895,688	2,568,688
2039-2043	-	-	-	1,843,000	725,925	2,568,925
2044-2048	-	-	-	2,030,000	529,012	2,559,012
2049-2053	-	-	-	2,236,000	332,372	2,568,372
2054-2058	-	-	-	1,464,371	84,236	1,548,607
2059-2061	-	-	-	42,000	1,471	43,471
Total	<u>\$ 4,536,708</u>	<u>\$ 589,160</u>	<u>\$ 5,125,868</u>	<u>12,187,371</u>	<u>4,808,498</u>	<u>\$ 16,995,869</u>

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

A summary of bond discounts premiums and accumulated amortization are as follows:

Description	Original Amount	10/1/2022	<u>Additions</u> (Deletions)	Current Year Amortization	Unamortized Premium/ Discount 9/30/2023
Series 2023 Premium	656,507	-	656,507	-	656,507
Total	<u>\$ 656,507</u>	<u>\$ -</u>	<u>\$ 656,507</u>	<u>\$ -</u>	<u>\$ 656,507</u>

NOTE 8: FUND BALANCE AND NET POSITION

The general fund had an opening unassigned fund balance of \$1,906,517, at fiscal year end the fund balance was \$3,078,509.

NOTE 9: DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City participates as one of 919 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.tmr.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, 2023

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	40
Active employees	<u>62</u>
	<u>139</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 9.33% and 8.86% in plan years 2023 and 2022, respectively. The City's contributions to TMRS for the year ending September 30, 2023 were \$305,491 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, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014, to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. There were no benefit changes during the year.

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

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

There were no benefit changes during the year.

The long-term expected rate of return on pension plan investment is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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 investment is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Minimum%	Target%	Maximum%
Core fixed Income	1%	6%	11%
Non-core fixed Income	15%	20%	25%
Global public equity	25%	35%	45%
Real estate	7%	12%	17%
Other public & private markets	7%	12%	7%
Hedge funds	0%	5%	10%
Private equity	5%	10%	15%
Cash equivalents	0%	0%	3%
Total	60%	100%	133%

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2021	\$9,602,063	\$9,132,023	\$470,040
Changes for the year:			
Service Cost	402,379	-	402,379
Interest	647,969	-	647,969
Change of benefit terms	-	-	-
Difference between expected and actual experience	134,958	-	134,958
Changes of assumptions	-	-	-
Contributions - employer	-	305,491	(305,491)
Contributions - employee	-	172,399	(172,399)
Net investment income	-	(667,391)	667,391
Benefit payments, including refunds of employee contributions	(407,437)	(407,437)	-
Administrative expense	-	(5,768)	5,768
Other changes	-	6,883	(6,883)
Net Changes	777,869	-595,823	1,373,692
Balance at December 31, 2022	\$10,379,932	\$8,536,200	\$1,843,732

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$3,426,420	\$1,843,732	\$558,495

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.tmr.com.

Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$260,422.

At September 30, 2023, 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	\$ 228,673	\$ 92,606
Changes in Assumptions	2,690	-
Net Difference Between Projected and Actual Investment Earnings	596,987	-
Contributions paid to TRS subsequent to the Measurement Date	247,107	
Totals	\$ 1,075,457	\$ 92,606

The City reported \$247,107 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, 2023. Other amounts reported deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net Deferred Outflows/ (Inflows) of Resources
2023	\$ 67,920
2024	226,110
2025	185,356
2026	256,758
2027	-
Thereafter	-
Total	\$ 736,144

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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.

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 2023, prior period adjustments were made as follows: 1) Adjustments to record prior year activity in the Governmental Funds in the amounts of \$43,052. 2) Adjustments to record prior year activity in the Enterprise Funds in the amounts of \$64,046. & 3) Beginning government-wide Net Unrestricted balance was increased by \$25,907,936 to report the City's majority equity interest in the Floresville Electric Light and Power System ("FELPS"), a component unit of the City. Under GASB reporting standards, the City must now include its majority equity interest in FELPS. This majority equity interest consists of a percentage of FELPS equity, as reported within FELPS' audited annual financial statements and agreed to in FELPS' founding documents. The City's percentage in FELPS' equity is reported as an asset within the accompanying City government-wide Statement of Net Position. This asset is entitled "Investment in FELPS." This asset represents the City's 64% interest in the FELPS ending equity balance as reported within the latest available audited FELPS financial statements, which are those for the year ended December 31, 2022. Thereafter, changes in this balance will be reported within the government-wide "Statement of Activities" as "Changes in FELPS Equity". These changes will be based on audited FELPS financial statements as they become available. Current cash payments from FELPS are reported as "franchise Revenue" within the City's general fund. FELPS annual financial statements will report these cash payments as equity reductions and are thereby included in the City's final related net change in FELPS equity.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 21, 2024 the date which the financial statements were available to be issued.

NOTE 14: RELATED PARTY TRANSACTIONS

The City is one of three joint venture investors (investors) in the Floresville Electric Light and Power System (FELPS). In an agreement signed during the fiscal year ending September 30, 1996, the City acquired a permanent 64% undivided equity interest in FELPS. For the year ended September 30, 2023, the City received \$615,867 in distributions from FELPS.

CITY OF FLORESVILLE, TEXAS
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

NOTE 15: INVESTMENT IN FLORESVILLE ELECTRIC LIGHT AND POWER

The City is one of three joint venture investors (investors) in the Floresville Electric Light and Power System (FELPS). In an agreement signed during the fiscal year ending September 30, 1996, the City acquired a permanent 64% undivided equity interest in FELPS. This interest shall remain constant regardless of subsequent differences in rates of growth, population, or consumption. Also, under the agreement, FELPS agreed to annually distribute in the aggregate to the investors an amount not greater than 3% of the dollar value of annual electric sales for the entire system for the year. The amount distributed to each investor is based on the respective equity percentage applied to the total amount approved for distribution by the FELPS board. Distributions are paid monthly in amounts equal to one-twelfth (1/12) of the total distribution amount determined based on sales for the previous year. For the year ended September 30, 2023, the City received \$615,867 in distributions from FELPS.

The City records its equity in this Joint Venture within its governmental funds and reports this equity and changes thereon within the governmental-wide Statements. Accordingly, this equity is reported within the Statement of Net Position and related annual equity changes are reported within the Statement of Activities. As of September 30, 2023 this equity balance amounted to \$25,907,936, a \$5,879,174 increase from the \$20,028,762 September 30, 2022 balance. These equity amounts were based upon the City's share in equity as reported within the December 31, 2022 FELPS audited financial statements. The FELPS audited financial statements can be separately obtained from FELPS management in Floresville, Texas.

The following represents an excerpt of the audited balance sheet of FELPS as of December 31, 2022.

Total Assets & Deferred Outflows	\$ <u>137,658,603</u>
Equity- City of Floresville	25,907,936
Equity- Other Participants	<u>14,573,214</u>
Total Equity	40,481,150
Total Liabilities & Deferred Inflows	<u>97,177,453</u>
Liabilities, Deferred Inflows & Net Position	<u>\$ 137,658,603</u>
<u>City of Floresville - Share</u>	
Share Net Income & Capital Contributions	\$ 6,495,042
Share - Cash Distributions	<u>(615,867)</u>
Net Change in Share of Equity	5,879,175
Beginning Balance - Equity	<u>20,028,761</u>
Ending Equity Balance	<u>\$ 25,907,936</u>

LEAL & CARTER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Frank J. Leal, CPA
Roberto Carter, CPA

16011 University Oak
San Antonio, Texas 78248-1408
Telephone: (210) 686-6206
Facsimile : (21 0) 482-6208

**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 Honorable Mayor and
Members of the City Council
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, Business activities, the discretely presented component unit and aggregate remaining fund information of the City of Floresville, Texas (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 21, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified

Report on Compliance and Other Matters

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

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.

Seal & Carter, P.C.

San Antonio, Texas
March 21, 2024

CITY OF FLORESVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original.	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 1,242,900	\$ 1,242,900	\$ 985,698	\$ (257,202)
General Sales and Use Taxes	2,590,000	2,590,000	2,439,880	(150,120)
Franchise Tax	735,067	735,067	928,019	192,952
Other Taxes	10,000	10,000	10,724	724
Intergovernmental Revenue and Grants	65,000	65,000	185,036	120,036
Charges for Services	413,483	413,483	640,031	226,548
Fines	200,000	200,000	233,173	33,173
Investment Earnings	-	-	137,504	137,504
Contributions & Donations from Private Sources	-	-	403,757	403,757
Other Revenue	7,750	7,750	800	(6,950)
Total Revenues	<u>5,264,200</u>	<u>5,264,200</u>	<u>5,964,622</u>	<u>700,422</u>
EXPENDITURES:				
Current:				
General Government - Administration	1,635,672	1,635,672	1,753,759	(118,087)
Public Safety	2,546,763	2,546,763	2,162,059	384,704
Public Works	651,975	651,975	445,120	206,855
Culture and Recreation:				
Recreation	135,886	135,886	122,700	13,186
Parks	474,605	474,605	474,323	282
Capital Outlay:				
Capital Outlay	331,299	331,299	308,665	22,634
Total Expenditures	<u>5,776,200</u>	<u>5,776,200</u>	<u>5,266,626</u>	<u>509,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(512,000)</u>	<u>(512,000)</u>	<u>697,996</u>	<u>1,209,996</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	507,000	507,000	507,000	-
Other Resources	5,000	5,000	-	(5,000)
Total Other Financing Sources (Uses)	<u>512,000</u>	<u>512,000</u>	<u>507,000</u>	<u>(5,000)</u>
Net Change	-	-	1,204,996	1,204,996
Fund Balance - October 1 (Beginning)	1,906,517	1,906,517	1,906,517	-
Prior Period Adjustment	-	-	(33,004)	(33,004)
Fund Balance - September 30 (Ending)	<u>\$ 1,906,517</u>	<u>\$ 1,906,517</u>	<u>\$ 3,078,509</u>	<u>\$ 1,171,992</u>

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	12/31/2021	12/31/2022
A. Total pension liability								
Service Cost	\$ 282,963	\$ 344,928	\$ 370,247	\$ 397,567	\$ 403,902	\$ 373,445	\$ 375,755	\$ 402,379
Interest (on the Total Pension Liability)	401,700	428,521	471,143	515,200	552,274	563,131	587,293	647,969
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	133,224	132,971	108,317	(28,996)	(483,546)	(253,608)	295,981	134,958
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)	(339,463)	(407,437)
Net change in total pension liability	574,567	637,033	643,811	568,326	152,522	370,117	919,566	777,869
Total pension liability - beginning	5,736,121	6,310,688	6,947,721	7,591,532	8,159,858	8,312,380	8,682,497	9,602,063
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>\$ 12,380</u>	<u>\$ 8,882,497</u>	<u>\$ 9,602,063</u>	<u>\$ 10,379,932</u>
B. Plan fiduciary net position								
Contributions - employer	\$ 281,096	\$ 293,547	\$ 332,178	\$ 364,329	\$ 368,107	\$ 326,056	\$ 325,544	\$ 305,491
Contributions - employee	28,854	147,028	158,497	170,483	174,547	158,374	194,463	172,399
Net investment income	6,699	316,002	715,203	(181,481)	941,887	547,496	1,033,847	(667,391)
Benefit payments, including refunds of employee contributions	(278,060)	(269,387)	(305,896)	(315,445)	(359,930)	(312,851)	(339,463)	(407,437)
Administrative Expense	(4,080)	(3,568)	(3,705)	(3,505)	(5,318)	(3,540)	(4,779)	(5,768)
Other	(202)	(192)	(188)	(182)	(160)	(138)	33	6,883
Net change in plan fiduciary net position	134,307	483,430	896,089	34,199	1,119,133	715,397	1,209,645	(595,823)
Plan fiduciary net position - beginning	4,539,823	4,674,130	5,157,560	6,053,649	6,087,848	7,206,981	7,922,378	9,132,023
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>\$ 7,922,378</u>	<u>\$ 9,132,023</u>	<u>\$ 8,536,200</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>	<u>\$ 470,040</u>	<u>\$ 1,843,732</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%	95.10%	82.24%
E. Covered-employee payroll	\$ 2,577,073	\$ 2,490,566	\$ 3,169,923	\$ 3,363,560	\$ 3,490,946	\$ 3,167,474	\$ 3,214,329	\$ 3,447,952
F. Net pension liability as a percentage of covered employee payroll	63.50%	60.88%	48.51%	61.60%	31.66%	24.00%	14.62%	53.47%

Note: Only eight years of data is presented in accordance with GASES #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	2022	2023
Actuarially Determined Contribution	\$ 307,466	\$ 320,911	\$ 359,332	\$ 356,898	\$ 341,064	\$ 295,325	\$ 304,316	\$ 301,878
Contributions in relation to the actuarially determined contribution	307,466	320,911	359,332	356,898	341,064	295,325	304,316	—101,878
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$3,009,314	\$3,095,462	\$3,379,080	\$3,363,860	\$3,490,946	\$3,167,474	\$3,214,329	\$3,447,952
Contributions as a Percentage of Covered Employee Payroll	10.22%	10.37%	10.63%	10.61%	9.77%	9.32%	9.47%	8.76%

Note: Only eight 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.