

City Of Poth, Texas
Annual Financial Report
For the Year Ended
September 30, 2022

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INDEPENDENT AUDITOR'S REPORT

**To the City Council
City Of Poth, Texas**

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Prior Period Adjustments

As further discussed in Note F 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 know information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and Texas Retirement System Information on pages 3 through 10; page 45; and pages 46 through 49, respectively 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

October 27, 2023

Seal & Carter, P.C.

Management's Discussion and Analysis

As management of the City of Poth, Texas, we offer readers of the City of Poth, Texas' financial statements this narrative overview and analysis of the financial activities of the City of Poth, Texas for the fiscal year ended September 30, 2022.

Financial Highlights

The assets of the City of Poth, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$13,986,229 (Net Position). Of this amount, \$560,930 or 4% (unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total Net Position increased by \$6,545,947. This increase is primarily due to recognizing the Investment in Floresville Electric Light and Power of \$5,633,089.

The City of Poth, Texas' total restricted Net Position at September 30, 2022 is \$1,958,595 at September 30, 2021 or 14%. The City of Poth, Texas' total restricted Net Position increased by \$804,272.

The City of Poth, Texas' total Investment in Floresville Electric Light and Power at September 30, 2022 is \$5,633,089 or 40%.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Poth, Texas' basic financial statements. The City of Poth, Texas' basic financial statements comprises 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 of Poth, Texas' finances, in a manner like a private-sector business.

The statement of Net Position presents information on all the City of Poth, Texas' 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 of Poth, Texas is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of the City of Poth, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Poth, Texas include general administration, public safety, public works, and culture and recreation. The business-type activities of the City of Poth, Texas include the Utility fund.

The government-wide financial statements include only the City of Poth, Texas itself (known as the primary government).

The government-wide financial statements can be found on pages 11-13 of this report.

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

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

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

The City of Poth, Texas maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the CLFRF fund, the economic development EDC fund and the economic MMF fund, all of which are considered to be major funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Poth, Texas adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Proprietary funds: The City of Poth, Texas maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Poth, Texas uses enterprise funds to account for its Utility activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility fund which is a major fund of the City of Poth, Texas.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

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 21-42 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Poth, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 45-49 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and agency funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 50-51 of this report.

Government-wide Financial Analysis

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City of Poth, Texas, assets exceeded liabilities by \$13,986,229 at the close of the most recent fiscal year.

A portion of the City of Poth, Texas' Net Position (42 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Poth, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Poth, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF POTH, TEXAS
NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 717,320	\$ 752,419	\$ 405,045	\$ 378,907	\$ 1,122,365	\$ 1,131,326
Restricted Assets:	6,823,923	927,804	421,738	361,738	7,245,661	1,289,542
Capital Assets:	2,949,423	2,413,578	3,552,212	3,699,872	6,501,635	6,113,450
Total Assets	10,490,666	4,093,801	4,378,995	4,440,517	14,869,661	8,534,318
Total Deferred Inflows of Resources	17,203	28,972	36,156	49,992	53,359	78,964
Long-Term Liabilities	192,109	255,702	596,337	749,348	788,446	1,005,050
Other Liabilities	53,233	110,718	44,433	49,146	97,666	159,864
Total Liabilities	245,342	366,420	640,770	798,494	886,112	1,164,914
Total Deferred Inflows of Resources	20,411	3,300	30,268	4,786	50,679	8,086
Invested in Capital Assets, Net of Related Debt	2,810,005	2,222,263	3,023,610	3,043,922	5,833,615	5,266,185
Investment in Floresville Electric Light and Power	5,633,089	-	-	-	5,633,089	-
Restricted	1,536,857	792,085	421,738	361,738	1,958,595	1,153,823
Unrestricted	262,165	738,705	298,765	281,569	560,930	1,020,274
Total Net Position	\$ 10,242,116	\$ 3,753,053	\$ 3,744,113	\$ 3,687,229	\$ 13,986,229	\$ 7,440,282

An additional portion of the City of Poth, Texas' Net Position (14 percent) represents resources that are subject to external restrictions on how they may be used. The City of Poth, Texas' total Investment in Floresville Electric Light and Power at September 30, 2022 is \$5,633,089 or 40%. The remaining balance of unrestricted Net Position \$560,930 may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Poth, Texas reported a positive balance in the governmental activities and a positive balance in the business-type activities. For the prior fiscal year, the City of Poth, Texas reported positive balances in all three categories of Net Position, both for the government, as well as for its separate governmental and business-type activities.

The government's total Net Position increased by \$6,545,947. This increase is primarily due to recognizing the Investment in Floresville Electric Light and Power of \$5,633,089.

Governmental activities:

Governmental activities decreased the City of Poth, Texas' Net Position by \$2,739,593 thereby accounting for (20) percent of the total decrease in the Net Position of the City of Poth, Texas. This decrease is due to net loss from the Investment in Floresville Electric Light and Power of \$3,610,296.

**CITY OF POTH, TEXAS
CHANGE IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 139,349	\$ 147,325	\$ 1,230,520	\$ 1,111,070	\$ 1,369,869	\$ 1,258,395
Operating Grants and Contributions	360,832	495,009			360,832	495,009
Capital Grants and Contributions	-	-			-	-
General Revenues:						
Maintenance and Operations Taxes	232,245	257,148			232,245	257,148
Sales Taxes	280,633	241,143			280,633	241,143
Franchise Taxes	222,110	254,526			222,110	254,526
Investment in Floresville Electric Light and Power	(3,610,296)	-			(3,610,296)	-
Unrestricted Investment Earnings	502	1,197	-	572	502	1,769
Miscellaneous	28,864	21,349	34,640		63,504	21,349
Total Revenue	(2,345,761)	1,417,697	1,265,160	1,111,642	(1,080,601)	2,529,339
Expenses:						
General Administration	195,416	336,127			195,416	336,127
Public Safety	306,096	209,069			306,096	209,069
Public Works	52,833	230,269			52,833	230,269
Culture and Recreation	45,490	48,712			45,490	48,712
Interest and Fiscal Charges	6,075	7,402			6,075	7,402
Utility			973,898	975,423	973,898	975,423
Total Expenses	605,910	831,579	973,898	975,423	1,579,808	1,807,002
Increase in Net Position Before Transfers and Special Terms	(2,951,671)	586,118	291,262	136,219	(2,660,409)	722,337
Transfers	212,078	-	(212,078)	-	-	-
Increase in Net Position	(2,739,593)	586,118	79,184	136,219	(2,660,409)	722,337
Net Position at 09/30/2021	3,753,053	3,166,935	3,687,229	3,551,010	7,440,282	6,717,945
Prior Period Adjustment	9,228,656	-	(22,300)	-	9,206,356	-
Net Position at 09/30/2022	\$ 10,242,116	\$ 3,753,053	\$ 3,744,113	\$ 3,687,229	\$ 13,986,229	\$ 7,440,282

Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	\$ 195,416	\$ 44,942	\$ 287,564	\$ -
Public Safety	306,096	70,397	73,268	-
Public Works	52,833	12,151	-	-
Culture and Recreation	45,490	10,462	-	-
Interest and Fiscal Charges	6,075	1,397	-	-
Total Governmental Activities	\$ 605,910	\$ 139,349	\$ 360,832	\$ -

Revenues by Source - Governmental Activities

	Revenues	%
Charges for Services	\$ 139,349	-6%
Operating Grants and Contributions	360,832	-15%
Maintenance and Operations Taxes	232,245	-10%
Sales Taxes	280,633	-12%
Franchise Taxes	222,110	-9%
Investment in Floresville Electric Light and Power	(3,610,296)	154%
Unrestricted Investment Earnings	502	0%
Miscellaneous	28,864	-1%
	\$ (2,345,761)	100%

For the most part, increases and decreases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities:

Business-type activities increased the City of Poth, Texas' Net Position by \$79,184 hereby accounting for 1 percent of the total decrease in the Net Position of the City of Poth, Texas.

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary government			
Business-Type Activities:			
Utility	\$ 973,898	\$ 1,230,520	\$ -
Total Business-Type Activities	\$ 973,898	\$ 1,230,520	\$ -

Revenues by Source - Business-Type Activities

	Revenues	%
Charges for Services	\$1,230,520	100%
Capital Grants and Contributions	-	0%
Unrestricted Investment Earnings	-	0%
Miscellaneous	34,640	3%
	\$1,230,520	100%

Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the City of Poth, Texas' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Poth, Texas' financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Poth, Texas' governmental funds reported combined ending fund balances of \$1,826,841, an increase of \$319,202 in comparison with the prior year. Approximately 16 percent of this total amount \$289,984 constitutes unassigned fund balance, which is unavailable for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been restricted.

The general fund is the chief operating fund of the City of Poth, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$289,984, while total fund balance reached \$698,247. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43 percent of total general fund expenditures, while total fund balance represents 104 percent of that same amount.

The fund balance of the City of Poth, Texas' general fund increased by \$96,439 during the current fiscal year. This increase is primarily a result of good budget management.

There is no analysis of the CLFRF fund because it is a grant fund, and the budget is dictated by outside forces and will change from year to year. Therefore, any such analysis would be illusory.

There is no analysis of the economic development MMF fund and the economic development EDC fund because these budgets are dictated by the needs of the community which change from year to year. Therefore, any such analysis would be illusory.

Proprietary funds:

The City of Poth, Texas' proprietary funds provide the same type of information found in the government- wide financial statements, but in more detail.

Unrestricted Net Position of the Utility fund at the end of the year amounted to \$298,765. The increase in net position was \$17,196. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Poth, Texas' business-type activities.

General Fund Budgetary Highlights:

There was an increase of \$33,095 between the original budget and the final amended budget in the general fund.

Capital Asset and Debt Administration

Capital assets:

The City of Poth, Texas' investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$6,501,635 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Poth, Texas' investment in capital assets for the current fiscal year was 6 percent.

**CITY OF POTH, TEXAS
CAPITAL ASSETS (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 181,433	\$ 181,433	\$ 82,134	\$ 82,134	\$ 263,567	\$ 263,567
Construction in Progress	5,000	5,000	-	-	5,000	5,000
Building and Improvements	535,179	198,440	3,425,077	3,551,430	3,960,256	3,749,870
Machinery and Equipment	83,310	24,051	45,001	66,308	128,311	90,359
Infrastructure	2,144,501	2,004,654	-	-	2,144,501	2,004,654
Total	\$ 2,949,423	\$ 2,413,578	\$ 3,552,212	\$ 3,699,872	\$ 6,501,635	\$ 6,113,450

Additional information on the City of Poth, Texas' capital assets can be found in note III.C on the notes to the financial statements.

Long-term debt:

At the end of the current fiscal year, the City of Poth, Texas had total bonded debt outstanding of \$574,000 in bonds for street and drainage and water facility improvements. Of this amount, \$436,000 comprises debt backed by the full faith and credit of the City of Poth, Texas.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities						
Bonds Payable	\$191,315	-	\$45,995	\$145,320	\$47,330	\$97,990
Total	191,315	-	45,995	145,320	47,330	97,990
Business-Type Activities:						
Bonds Payable	382,685	-	92,005	290,680	94,670	196,010
Total	382,685	-	92,005	290,680	94,670	196,010
Grand Total	\$574,000	\$0	\$138,000	\$436,000	\$142,000	\$294,000

The City of Poth, Texas' total bonded debt decreased by \$138,000 during the current fiscal year. The key factor in this decrease was the payment of \$138,000 in bonds payable.

Additional information on the City of Poth, Texas' long-term debt can be found in note III E on the notes to the financial statements.

Economic Factors

As a result of the spread of the COVID-19 coronavirus and related variants, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the City. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Requests for Information:

This financial report is designed to provide a general overview of the City of Poth, Texas' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Secretary, P.O. Box 579, Poth, Texas 78147.

CITY OF POTH, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Cash Equivalents	684,363	301,421	985,784
Accounts Receivables, Net	32,957	103,624	136,581
Due from Other Funds	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	1,190,834	421,738	1,612,572
Investment in FELPS	5,633,089	-	5,633,089
Capital Assets:			
Land	181,433	82,134	263,567
Construction in Progress	5,000	-	5,000
Building and Improvements, Net	535,179	3,425,077	3,960,256
Machinery and Equipment, Net	83,310	45,001	128,311
Infrastructure, Net	2,144,501	-	2,144,501
Total Assets	<u>10,490,666</u>	<u>4,378,995</u>	<u>14,869,661</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Bond Refunding	5,903	19,397	25,300
Deferred Outflow Related to Pension Plan	8,469	12,560	21,029
Deferred Outflow Related to OPEB	2,831	4,199	7,030
Total Deferred Outflows of Resources	<u>17,203</u>	<u>36,156</u>	<u>53,359</u>
LIABILITIES:			
Accounts Payable	40,464	29,890	70,354
Accrued Wages Payable	10,540	12,523	23,063
Accrued Interest Payable	-	2,020	2,020
Unearned Revenue	2,229	-	2,229
Noncurrent Liabilities:			
Due Within One Year	54,255	139,790	194,045
Due in More Than One Year			
Note Payable - Noncurrent	-	201,413	201,413
Bonds Payable - Noncurrent	97,990	196,010	294,000
Net Pension Liability	19,975	29,624	49,599
Net OPEB Liability	19,889	29,500	49,389
Total Liabilities	<u>245,342</u>	<u>640,770</u>	<u>886,112</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	19,639	29,124	48,763
Deferred Inflow Related to OPEB	772	1,144	1,916
Total Deferred Inflows of Resources	<u>20,411</u>	<u>30,268</u>	<u>50,679</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,810,005	3,023,610	5,833,615
Restricted	7,169,946	421,738	7,591,684
Unrestricted	262,165	298,765	560,930
Total Net Position	<u>10,242,116</u>	<u>3,744,113</u>	<u>13,986,229</u>

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

CITY OF POTH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Government Activities				
General Administration	\$ 195,416	\$ 44,942	\$ 287,564	\$ 137,090
Public Safety	306,096	70,397	73,268	(162,431)
Public Works	52,833	12,151	-	(40,682)
Culture and Recreation	45,490	10,462	-	(35,028)
Interest and Fiscal Charges	6,075	1,397	-	(4,678)
Total Government Activities	605,910	139,349	360,832	(105,729)
Business-Type Activities:				
Utility	973,898	1,230,520	-	-
Total Business-Type Activities	973,898	1,230,520	-	-
Total Primary Government	\$ 1,579,808	\$ 1,369,869	\$ 360,832	\$ (105,729)
General Revenues				
Property Taxes, Levies for General Purposes				232,245
Sales Taxes				280,633
Franchise Taxes				222,110
Unrestricted Investment Earnings				502
Miscellaneous				28,864
Share in Net Position Change FELPS				(3,610,296)
Transfers				212,078
Total General Revenues and Transfers				(2,633,864)
Change in Net Position				(2,739,593)
Net Position - Beginning				3,753,053
Prior Period Adjustment				9,228,656
Net Position - Ending				\$ 10,242,116

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

Net (Expense)
Revenue and
Changes in
Net Position

Business-Type		Total	
Activities			
\$	-	\$	137,090
	-		(162,431)
	-		(40,682)
	-		(35,028)
	-		(4,678)
	-		(105,729)
	256,622		256,622
	256,622		256,622
\$	256,622	\$	150,893
			232,245
			280,633
			222,110
			502
34,640			63,504
			(3,610,296)
(212,078)			-
(177,438)			(2,811,302)
79,184			(2,660,409)
3,687,229			7,440,282
(22,300)			9,206,356
\$	3,744,113	\$	13,986,229

CITY OF POTH, TEXAS
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	CLFRF Fund	Economic Development EDC Fund	Economic Development MMF Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	338,340	272,343	-	-	73,680	684,363
Receivables (Net of Allowance for Uncollectibles)	30,728	-	-	-	-	30,728
Restricted Assets:						-
Cash and Cash Equivalents	408,963	-	242,555	217,319	321,997	1,190,834
Total Assets	778,031	272,343	242,555	217,319	395,677	1,905,925
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	40,464	-	-	-	-	40,464
Accrued Wages	10,540	-	-	-	-	10,540
Total Liabilities	51,004	-	-	-	-	51,004
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	28,080	-	-	-	-	28,080
FUND BALANCES:						
Restricted	408,963	272,343	242,555	217,319	395,677	1,536,857
Unassigned	289,984	-	-	-	-	289,984
Total Fund Balance	698,947	272,343	242,555	217,319	395,677	1,826,841
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	778,031	272,343	242,555	217,319	395,677	1,905,925

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

City of Poth, Texas
 Reconciliation of the Governmental Funds Balance Sheet
 To the Statement of Net Position

September 30, 2022

Total Fund Balances- Governmental Funds	\$ 1,826,841
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds	4,071,389
Accumulated depreciation for capital assets recorded in governmental activities are not reported in the funds	(1,025,784)
Property taxes receivable not available to pay current period's expenditures are deferred in the funds	28,080
Compensated Absences are not reported as expenses in the statement of activities	(1,016)
Long Term Debt are recorded for governmental activities but not for the funds	(186,004)
Depreciation of capital assets used for governmental activities is not reported in the funds	(96,183)
Included in the items related to debt is the recognition of the City's proportionate share of the Net Pension Liabilities required by GASB 68. The City's recording of it's proportionate share of the TMRS plans resulted in a Increase in Net Position.	(8,296)
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.	5,633,089
Net postion of governmental activities - statement of net position	<u><u>\$ 10,242,116</u></u>

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

CITY OF POTH, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022

	General Fund	CLFRF Fund	Economic Development EDC Fund	Economic Development MMF Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	266,031	-	-	-	-	266,031
Sales	200,452	-	80,181	-	-	280,633
Franchise	222,110	-	-	-	-	222,110
Intergovernmental	-	284,090	-	3,474	73,268	360,832
Licenses and Permits	9,175	-	-	-	-	9,175
Charges for Services	-	-	-	-	18,368	18,368
Fines and Forfeitures	111,806	-	-	-	-	111,806
Interest	203	-	146	153	-	502
Miscellaneous	22,654	-	-	-	6,210	28,864
Total Revenues	832,431	284,090	80,327	3,627	97,846	1,298,321
EXPENDITURES						
Current:						
General Administration	166,118	294,719	7,466	37,138	9,001	514,442
Public Safety	245,876	-	-	60,560	49,728	356,164
Public Works	182,780	-	-	-	-	182,780
Culture and Recreation	77,107	-	-	-	-	77,107
Capital Projects	-	-	-	10,000	-	10,000
Debt Service						
Principal Retirement	-	-	-	45,995	-	45,995
Interest and Fiscal Charges	-	-	-	4,106	-	4,106
Total Expenditures	671,881	294,719	7,466	157,799	58,729	1,190,594
Excess (Deficiency) of Revenues Over (Under) Expenditures	160,550	(10,629)	72,861	(154,172)	39,117	107,727
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	-	-	-	375,105	-	375,105
Operating Transfers Out	(62,808)	-	-	(100,219)	-	(163,027)
Total Other Financing Sources (Uses)	(62,808)	-	-	274,886	-	212,078
Prior Period Adjustment	(603)	-	-	-	-	(603)
Net Changes in Fund Balances	97,139	(10,629)	72,861	120,714	39,117	319,202
Fund Balances - Beginning	601,808	282,972	169,694	96,605	356,560	1,507,639
Fund Balances - Ending	698,947	272,343	242,555	217,319	395,677	1,826,841

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

City of Poth, Texas
 Reconciliation of Statement of Revenues, Expenditures, And
 Changes in Fund Balances to The Statement of Activities

September 30,2022

Net changes in fund balances - total Governmental Funds	\$	319,202
Amounts reported for governmental activities in the statement of activities are different because:		
Compensated Absences are not reported as expenses in the statement of activities		(1,016)
Capital additions and Long Term Debt payments are not reported as expenses in the statement of activities		676,053
Depreciation of capital assets used for governmental activities is not reported in the funds		(96,183)
Changes in property taxes receivable not available to pay for current period's expenditures are deferred in the funds		(33,786)
Current year changes due to GASB 68 had an increase on the net effect on the change in ending net position.		5,830
Various other reclassifications and eliminations are necessary to convert from 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		(3,609,693)
Net changes in net position - Statement of Activities	\$	<u>(2,739,593)</u>

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

CITY OF POTH, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Utility Fund	Total Enterprise Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	301,421	301,421
Accounts Receivables (Net of Allowance for Uncollectibles)	103,624	103,624
Total Current Assets	405,045	405,045
Noncurrent Assets		
Restricted Assets:		
Cash and Cash Equivalents	421,738	421,738
	421,738	421,738
Capital Assets		
Land	82,134	82,134
Buildings and Improvements	7,347,241	7,347,241
Machinery and Equipment	513,471	513,471
Total Capital Assets	7,942,846	7,942,846
Less Accumulated Depreciation	(4,390,634)	(4,390,634)
Total Capital Assets (Net of Accumulated Depreciation)	3,552,212	3,552,212
Total Noncurrent Assets	3,973,950	3,973,950
TOTAL ASSETS	4,378,995	4,378,995
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Bond Refunding	19,397	19,397
Deferred Outflow Related to Pension Plan	12,560	12,560
Deferred Outflow Related to OPEB	4,199	4,199
Total Deferred Outflow of Resources	36,156	36,156
LIABILITIES		
Current Liabilities (Payable from Current Assets)		
Accounts Payable	29,890	29,890
Accrued Wages Payable	12,523	12,523
Accrued Interest Payable	2,020	2,020
Compensated Absences	8,610	8,610
Bonds Payable - Current	94,671	94,671
Note Payable - Current	36,509	36,509
Total Current Liabilities	184,223	184,223
Noncurrent Liabilities		
Net Pension Payable	29,624	29,624
Net OPEB Payable	29,500	29,500
Note Payable	201,413	201,413
Bonds Payable	196,010	196,010
Total Noncurrent Liabilities	456,547	456,547
Total Liabilities	640,770	640,770
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow Related to Pension Plan	29,124	29,124
Deferred Inflow Related to OPEB	1,144	1,144
Total Deferred Inflows of Resources	30,268	30,268
Net Position		
Invested in Capital Assets, Net of Related Debt	3,023,610	3,023,610
Restricted for:		
Special Projects - Expendable	421,738	421,738
Unrestricted	298,765	298,765
Total Net Position	3,744,113	3,744,113

CITY OF POTH, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Utility Fund	Total Enterprise Funds
OPERATING REVENUES:		
Charges for Services - Water	602,272	602,272
Charges for Services - Sewer	353,589	353,589
Charges for Services - Garbage	274,659	274,659
Miscellaneous	34,640	34,640
Total Operating Revenues	<u>1,265,160</u>	<u>1,265,160</u>
OPERATING EXPENSES:		
Personal Services	381,516	381,516
Supplies	2,238	2,238
Other Services and Charges	418,460	418,460
Depreciation	154,460	154,460
Total Operating Expenses	<u>956,674</u>	<u>956,674</u>
Operating Income (Loss)	<u>308,486</u>	<u>308,486</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest Income	-	-
Interest Expense	(17,224)	(17,224)
Total Non-Operating Revenues (Expenses)	<u>(17,224)</u>	<u>(17,224)</u>
Income before Transfers		
Transfers In/Out (Net)	(212,078)	(212,078)
Change in Net Position	56,884	56,884
Total Net Position - Beginning	3,687,229	3,687,229
Prior Period Adjustment	(22,300)	(22,300)
Total Net Position - Ending	<u>3,744,113</u>	<u>3,744,113</u>

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

CITY OF POTH, TEXAS
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Utility Fund	Total Enterprise Funds
Cash Flows from Operating Activities		
Receipts from Customers and Users	1,238,807	1,238,807
Payments to Suppliers	(424,433)	(424,433)
Payments to Employees	(368,840)	(368,840)
Net Cash Provided (Used) by Operating Activities	<u>445,534</u>	<u>445,534</u>
Cash Flows from Non-Capital and Related Financing Activities		
Transfers In (Out)-Net	<u>(212,078)</u>	<u>(212,078)</u>
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>(212,078)</u>	<u>(212,078)</u>
Cash Flows from Capital and Related Financing Activities		
Principal Payment on Revenue Bonds, Notes and Capital Leases	(127,347)	(127,347)
Purchases of Capital Assets	<u>(6,800)</u>	<u>(6,800)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(151,371)</u>	<u>(151,371)</u>
Cash Flows from Investing Activities		
Interest Received	-	-
Net Cash Provided (Used) by Investment Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash Equivalents	<u>82,085</u>	<u>82,085</u>
Cash and Cash Equivalents at Beginning of Year	<u>641,074</u>	<u>641,074</u>
Cash and Cash Equivalents at End of Year	<u><u>723,159</u></u>	<u><u>723,159</u></u>
Unrestricted Assets:		
Cash and Cash Equivalents	301,421	301,421
Restricted Assets:		
Cash and Cash Equivalents	421,738	421,738
Total	<u><u>723,159</u></u>	<u><u>723,159</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	308,486	308,486
Adjustments to Reconcile to Net Cash Flow		
Non-Cash Items Included in Net Income		
Prior Period Adjustment	(22,300)	(22,300)
Depreciation	154,460	154,460
Changes in Current Items		
Decrease (Increase) in Accounts Receivable	(4,053)	(4,053)
Increase (Decrease) in Accounts Payable	(3,735)	(3,735)
Increase (Decrease) in Accrued Wages	(978)	(978)
Increase (Decrease) in Compensated Absences	-	-
Increase (Decrease) in Accrued Interest Payable	-	-
Decrease (Increase) in Loss on Bond Refunding	-	-
Differences in GASB 68	40,545	40,545
Differences in GASB 75	(1,227)	(1,227)
Increase (Decrease) in OPEB Payable	(27,729)	(27,729)
Increase (Decrease) in Net Pension Payable	2,065	2,065
Net Cash Provided (Used) by Operating Activities	<u><u>445,534</u></u>	<u><u>445,534</u></u>

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

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

I. Summary of significant accounting policies

A. Reporting entity/ Basis of Accounting/Measurement Focus

The City of Poth, Texas, was incorporated by an election. The City operates under a General Law type of government and provides the following services: public safety (fire, ambulance, and law enforcement), public transportation (streets), health, culture, recreation, public facilities, legal, election functions, and general administrative services. The accounting policies of the City of Poth, Texas, (the City) conform to generally accepted accounting principles. The City also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

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

B. Government-wide and fund financial statements

The City's Government-Wide Financial Statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column.

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

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, those transactions between governmental and business-type activities have not been eliminated. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

I. Summary of significant accounting policies (continued)

C. Governmental Fund Financial Statements (continued)

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. (The City’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, and franchise taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The CLFRF fund is used to administer grant monies to be used to help defray expenditures caused by COVID. The economic development fund MMF used for special projects and for debt service.

The economic development fund EDC used for special projects and for debt service.

D. Proprietary fund financial statements

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows for each major proprietary fund and for the non-major funds aggregated.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the utility fund (water, sewer, and garbage) are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major proprietary funds:

The utility fund accounts for the activities of the government's water, sewer, and garbage operations.

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

I. Summary of significant accounting policies (continued)

E. Blended Component Units

The Poth Economic Development EDC and MMF are governed by boards appointed by the City Council who can impose their will on the Poth Economic Development EDC and MMF. Although they are legally separate from the City, the Poth Economic Development EDC and MMF are reported as if they are a part of the primary government because their primary purpose is to provide services to the citizens of the City. They are reported as a special revenue fund of the City. Separate financial statements are not prepared for the blended component units.

F. Assets, liabilities, and Net Position or equity

1. Deposits and investments

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

State statutes authorize the government and the District to invest in obligations of the U.S. Treasury. Investments for the government are reported at fair value.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable allowance in excess of 30 days is equal to 5 percent of outstanding trade accounts receivable at September 30, 2022, the trade accounts receivable allowance in excess of 60 days is equal to 50 percent of outstanding trade accounts receivable at September 30, 2022, the trade accounts receivable allowance in excess of 90 days is equal to 100 percent of outstanding trade accounts receivable at September 30, 2022. The property tax receivable allowance is equal to 1 percent of current outstanding property taxes at September 30, 2022, and 10 percent of delinquent outstanding property taxes at September 30, 2022.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the City bills the taxpayers. The City begins to collect the taxes as soon as the taxpayers are billed.

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

I. Summary of significant accounting policies (continued)

F. Assets, liabilities, and Net Position or equity (continued)

3. Inventories and prepaid items

Inventories are considered immaterial and, therefore, there were no inventory items at September 30, 2022. There were no prepaid items at September 30, 2022.

4. Restricted assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Monies are set aside in the general fund for future projects and are maintained in a separate bank account.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20
Public Domain Infrastructure	50
System Infrastructure	30
Vehicles	5
Office Equipment	5

6. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds.

**CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

I. Summary of significant accounting policies (continued)

F. Assets, liabilities, and Net Position or equity (continued)

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental 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 costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Balances – Governmental Funds

As of September 30, 2022, fund balances of the governmental funds are classified as follows:

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

Unassigned — all other spendable amounts.

As of September 30, 2022, fund balances are composed of the following:

Fund Balances:	
Restricted	
Administration	614,631
Special Projects	115
Economic Development	459,874
Public Safety	53,274
Street Maintenance	408,963
Unassigned	289,984
Total Fund Balance	1,826,841

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

I. Summary of significant accounting policies (continued)

F. Assets, liabilities, and Net Position or equity (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is 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 funds, as needed, unless City Council or the finance committee has provided otherwise in its commitment or assignment actions.

The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 25 to 33 percent of the subsequent year's budgeted General Fund expenditures.

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has two items that qualify for reporting in this category. They are amounts deferred under GASB 68 and GASB 75.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government only has two items that qualify for reporting in this category. They are amounts deferred under GASB 68, GASB 75, and deferred loss on bond refunding.

The City reports unearned revenue on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the City and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Pursuant to GASB 65 we have included deferred ad valorem taxes as deferred inflows in the fund financial statements.

10. Net position flow assumption

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

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

I. Summary of significant accounting policies (continued)

11. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

II. Stewardship, compliance, and accountability

A. Budgetary information

The Mayor has been authorized by the council to prepare the budget. She is assisted by the City Secretary. The budget is adopted on budgetary basis in conformity with generally accepted accounting principles. After the budget is prepared, it is reviewed by the City Council. The budget is adjusted by the City Council if desired. Then a final budget is prepared by the Mayor. A public hearing is held on the budget by the City Council. Department heads may appear. Before determining the final budget, the City Council may increase or decrease the amounts requested by the various departments or citizens. Amounts finally budgeted may not exceed the estimate of revenues and available cash. Appropriations lapse at year end.

When the budget is adopted by the City Council, the Mayor is responsible for monitoring the expenditures of the various departments of the City to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the City Council advised of the conditions of the various funds and accounts. The level of control is the fund. Expenditures can exceed appropriations if they do not exceed available revenues and cash balances. The legal level of control (the level on which the City Council must approve over expenditures) is on an object class basis.

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no outstanding encumbrances at September 30, 2022.

B. Excess of expenditures over appropriations

For the year ended September 30, 2022, excess of expenditures over appropriations did not occur in the general fund. There was no budget adopted for the Economic Development MMF Fund, the Economic Development MMF Fund, and the CLFRF fund.

C. Deficit fund equity

The City had no deficit fund balances as of September 30, 2022.

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

III. Detailed notes on all funds

A. Deposits And Investments

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City 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 for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (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 agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is not in substantial compliance with the requirements of the Act and with local policies because, the City has adopted an investment policy but does not have a certified investment officer.

Policies Governing Deposits and Investments

The City's deposits and certificates of deposit are entirely with the city's one depository bank and are entirely covered by federal depository insurance (FDIC) or by collateral held by the government's agent in the government's name. The FDIC insures the first \$250,000 of checking accounts and \$250,000 of interest-bearing accounts. Deposit balances over the respective \$250,000 are insured by the collateral. As of year end, the carrying amount of the City's total bank balances totaled \$2,035,467 while the value of securities pledged at September 30, 2022 is \$2,853,069. The book amount of cash at September 30, 2022 is \$2,598,356.

The securities are held by the pledging financial institution's trust department.

B. Receivables

Receivables as of year end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Utility	Total
<u>Receivables</u>			
Taxes	30,728	-	30,728
Accounts		130,712	130,712
Fines	-	-	-
Other	-	-	-
Gross Receivables	30,728	130,712	161,440
Less: Allowance for Uncollectibles	-	27,088	27,088
Net Total Receivables	30,728	103,624	134,352

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

C. Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 181,433	-	-	\$ 181,433
Construction in Progress	5,000	-	-	5,000
Total capital assets not being depreciated:	<u>186,433</u>	<u>-</u>	<u>-</u>	<u>186,433</u>
Capital assets being depreciated:				
Buildings and Improvements	382,880	354,779	-	737,659
Machinery, Equipment and Vehicles	279,233	85,813	-	365,046
Infrastructure	2,590,816	191,436	-	2,782,252
Total Depreciable Assets	<u>3,252,929</u>	<u>632,028</u>	<u>-</u>	<u>3,884,957</u>
Less: Accumulated depreciation for:				
Buildings and Improvements	(184,440)	(18,040)	-	(202,480)
Machinery, Equipment and Vehicles	(255,182)	(26,554)	-	(281,736)
Infrastructure	(586,162)	(51,589)	-	(637,751)
Total Accumulated Depreciation	<u>(1,025,784)</u>	<u>(96,183)</u>	<u>-</u>	<u>(1,121,967)</u>
Total Capital Assets Depreciated, Net	<u>2,227,145</u>	<u>535,845</u>	<u>-</u>	<u>2,762,990</u>
<u>Governmental Activities capital assets, Net</u>	<u>\$ 2,413,578</u>	<u>\$ 535,845</u>	<u>\$ -</u>	<u>\$ 2,949,423</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 82,134	-	-	\$ 82,134
Construction in progress	-	-	-	-
Total capital assets not being depreciated:	<u>82,134</u>	<u>-</u>	<u>-</u>	<u>82,134</u>
Capital assets being depreciated:				
Buildings and Improvements	7,347,241	-	-	7,347,241
Machinery, Equipment and Vehicles	506,671	6,800	-	513,471
Infrastructure	-	-	-	-
Total Depreciable Assets	<u>7,853,912</u>	<u>6,800</u>	<u>-</u>	<u>7,860,712</u>
Less: Accumulated depreciation for:				
Buildings and Improvements	(3,795,811)	(126,353)	-	(3,922,164)
Machinery, Equipment and Vehicles	(440,363)	(28,106)	-	(468,469)
Infrastructure	-	-	-	-
Total Accumulated Depreciation	<u>(4,236,174)</u>	<u>(154,459)</u>	<u>-</u>	<u>(4,390,633)</u>
Total Capital Assets Depreciated, Net	<u>3,617,738</u>	<u>(147,659)</u>	<u>-</u>	<u>3,470,079</u>
<u>Business-Type Activities capital assets, Net</u>	<u>\$ 3,699,872</u>	<u>\$ (147,659)</u>	<u>\$ -</u>	<u>\$ 3,552,213</u>

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

C. Capital assets (continued)

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

Governmental Activities	
General Administration	\$ 2,929
Public Safety	20,745
Public Transportation	51,489
Culture and Recreation	21,020
Total Governmental Activities	<u>\$ 96,183</u>

Business Type Activities	
Utility	\$ 154,459
	<u>\$ 154,459</u>

D. Inter-fund receivables, payables, and transfers

The City had no due to/from other funds at September 30, 2022. The intra-fund transfers for the year are non-recurring and are as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ (62,808)
Economic Development MMF	\$ 375,105	\$ (100,219)
Utility Fund	100,219	(312,297)
	<u>\$ 475,324</u>	<u>\$ (475,324)</u>

E. Long-term debt

Note Payable

The Note Payable consists of one contract for utility meters that has been capitalized into the Business-type Activities Capital Assets at \$286,432. The debt is serviced by the Utility Fund. The pledged security for the note payable is the equipment financed.

The future debt payments as of September 30, 2022, were as follows:

<u>Year end:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	36,509	7,844	44,353
2024	37,712	6,641	44,353
2025	38,956	5,397	44,353
2026	40,240	4,113	44,353
2027	41,567	2,786	44,353
Thereafter	42,937	1,416	44,353
Totals	<u>237,921</u>	<u>28,197</u>	<u>221,765</u>

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

E. Long-term debt (continued)

Bonds

The Tax and Revenue Refunding Bonds are direct obligations and pledge the full faith and credit of the government and are secured by both the ad valorem taxes and utility revenue sources. The refunding bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>	<u>Collateral</u>
Governmental Activities	2.40	\$ 145,320	Ad Valorem Taxes and Utility Revenues
Business-type Activities	2.40	\$ 290,680	Ad Valorem Taxes and Utility Revenues

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<u>Governmental Activities:</u>						
Bonds Payable	191,315	-	(45,995)	145,320	47,330	97,990
	191,315	-	(45,995)	145,320	47,330	97,990
<u>Business-Type Activities:</u>						
Bonds Payable	382,685	-	(92,005)	290,680	94,670	196,010
	382,685	-	(92,005)	290,680	94,670	196,010
Grant Total	574,000	-	(138,000)	436,000	142,000	294,000

The future debt payments as of September 30, 2022, were as follows:

<u>Year end:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	142,000	8,760	150,760
2024	145,000	5,316	150,316
2025	149,000	1,788	150,788
2026	-	-	-
2027	-	-	-
Thereafter	-	-	-
Totals	436,000	15,864	451,864

The general fund (33.33%) and the utility funds (66.67%) are used to service the bonds.

**CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

E. Long-term debt (continued)

The changes in long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
Bonds Payable	191,315	-	(45,995)	145,320	47,330	97,990
Compensated Absences	5,908	6,924	(5,908)	6,924	6,924	-
Net Pension Payable	39,557	19,975	(39,557)	19,975	-	19,975
Net OPEB Liability	18,922	19,889	(18,922)	19,889	-	19,889
Total Government Long Term Debt	<u>255,702</u>	<u>46,788</u>	<u>(110,382)</u>	<u>192,108</u>	<u>54,254</u>	<u>137,854</u>
<u>Business-Type Activities:</u>						
Bonds Payable	382,685	-	(92,005)	290,680	94,670	196,010
Note Payable	273,265	-	(35,343)	237,922	36,509	201,413
Compensated Absences	8,610	-	-	8,610	8,610	-
Net Pension Payable	57,353	29,624	(57,353)	29,624	-	29,624
Net OPEB Liability	27,435	29,500	(27,435)	29,500	-	29,500
Total Business Type Long Term Debt	<u>749,348</u>	<u>59,124</u>	<u>(212,136)</u>	<u>596,336</u>	<u>139,789</u>	<u>456,547</u>
Grant Total	<u>1,005,050</u>	<u>105,912</u>	<u>(322,518)</u>	<u>788,444</u>	<u>194,043</u>	<u>594,401</u>

The general fund and the business type funds are used to service the compensated absences. The estimated amount due in the 2022-23 year is \$15,534. The government-wide statement of activities includes \$194,045 as "noncurrent liabilities, due within one year". There was no interest capitalized in the utility fund but rather all the interest was expensed.

F. Prior Period Adjustments

A prior period adjustment in the governmental activities and business type activities was made of \$9,228,656 and (\$22,300), respectively, primarily to correct equity balance in FELPS from prior year.

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

IV. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage, and subrogation).

General Liability Insurance

The City is insured for general, police officers and automobile liability. Expenditures for self-insured liabilities are accounted for in the General Fund, which will pay any liabilities incurred.

The City has joined with other governments in the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for auto vehicle insurance coverage. The agreement with TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than \$500,000 to \$1,000,000 for each insurance event. The City anticipates no contingent losses.

TML has published its own financial report that can be obtained from the Texas Municipal League Intergovernmental Risk Pool, Austin, Texas.

The City carries commercial fidelity bonds for elected officials and for management.

Property and Casualty Insurance

Property, casualty, mobile equipment, boiler, and machinery insurance is provided by TML.

Workers' Compensation Insurance

The City insures against workers' compensation claims through TML.

Group Health and Life Insurance

The City maintains a group health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid.

Unemployment Compensation Insurance

The City self-insures for unemployment compensation claims through an agreement with the Texas Workforce Commission (TWC). Under the agreement, TWC administers all claims and is reimbursed by the City for claims incurred plus administrative charges.

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

B. Related party transaction

Staff in the Utility Department, is related to Roland Molina who owns RM Services. The City paid \$27,630.75 for the 2021-22 fiscal year.

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 18% undivided equity interest in FELPS. For the year ended September 30, 2022, the City received \$188,707 in distributions from FELPS.

At year's end there were no amounts owed to any of the above nor did any of the above owe any amounts to the City.

C. Subsequent events

Management has evaluated subsequent events through October 27, 2023 the date which the financial statements were available to be issued.

On July 17, 2023, the City accepted the bid of \$95,8500.00 for the 2023 Street Seal Coat Project submitted by SLP Constructors.

The December 31, 2022 FELPS audited financial statements reported a \$9,186,210 Net Change in Net Position resulting in an ending Net Position of \$40,481,150. The City's 18% equity share of this Net Position will be \$7,286,607 at that date. This will be an increase of \$1,653,518 over the equity reported as of September 30, 2022.

D. Contingent liabilities

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

**CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

E. 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 18% 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, 2021, the City received \$188,707 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, 2022 this equity balance amounted to \$5,633,089, a \$3,610,296 reduction from the \$9,243,385 September 30, 2021 balance. These equity amounts were based upon the City's share in equity as reported within the December 31, 2021 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, 2021.

Total Assets & Deferred Outflows	<u>\$ 119,411,149</u>
Equity - City of Poth	5,633,089
Equity - Other Participants	<u>25,661,851</u>
<u>Total Equity</u>	31,294,940
Total Liabilities & Deferred Inflows	<u>88,116,189</u>
<u>Liabilities, Deferred Inflows</u>	
<u>& Net Position</u>	<u>\$ 119,411,129</u>
 <u>City of Poth - Share</u>	
Share Net Income & Capital Contributions	\$ (3,390,600)
Share - Cash Distributions	<u>(21,696)</u>
Net Change in Share of Equity	(3,412,296)
Beg. Balance - Equity	<u>9,243,385</u>
Ending Equity Balance	<u>\$ 5,831,089</u>

As indicated within the Subsequent Events disclosure note of these financial statements, the December 31, 2022 FELPS audited financial statements reported a \$9,186,210 Net Change in Net Position resulting in an ending Net Position of \$40,481,150. The City's 18% equity share of this Net Position will be \$7,286,607 at that date. This will be an increase of \$1,653,518 over the equity reported as of September 30, 2022. The City's equity and related changes thereon for the year ended September 30, 2022 is also reported within the Related Party Disclosure note of these financial statements.

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

F. Retirement Plan

Plan Description

The City pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www. TMRS.com](http://www.TMRS.com).

Benefits Provided

Members can retire at ages 60 and above with 5 or more years of service or with 25 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	12
Active employees	11
	<hr/>
	27

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 of Poth were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City of Poth were 5.14% and 5.09% in plan years 2022 and 2021, respectively. The City's contributions to TMRS for the year ending September 30, 2022 were \$21,766.

Net Pension Liability

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

**CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

F. Retirement Plan (continued)

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.50% including inflation
Investment Rate of Return inflation	6.75%, net of pension plan investment expense, including inflation
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.

Actuarial assumptions used in the December 31, 2021, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018.

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	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	10.0%	7.51%
Non-Core Fixed Income	20.0%	3.16%
Global Public Equity	30.0%	16.25%
Real Estate	10.0%	1.39%
Real Return	10.0%	2.26%
Absolute Return	10.0%	8.25%
Private Equity	10.0%	16.23%
Total	100.0%	

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

F. Retirement 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, 2020	\$ 843,204	\$ 746,294	\$ 96,910
Changes for the year:			-
Service Cost	43,627	-	43,627
Interest	57,370	-	57,370
Change of benefits	-	-	-
Difference between expected and actual experience	3,354	-	3,354
Changes of assumptions	-	-	-
Contributions - employer	-	21,766	(21,766)
Contributions - employee	-	33,051	(33,051)
Net investment income	-	97,292	(97,292)
Benefit payments, including refunds of employee contributions	(30,179)	(30,179)	-
Administrative expense	-	(450)	450
Other changes	-	3	(3)
Net Changes	74,172	121,483	(47,311)
Balance at December 31, 2021	\$ 917,376	\$ 867,777	\$ 49,599

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	\$ 142,532	\$ 49,599

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.

CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

F. Retirement Plan (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.

For the year ended September 30, 2022, the City recognized pension expense of \$7,216.

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

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences Between Expected and Actual Experience	\$ 3,109	\$ -
Changes in Assumptions	663	-
Net Difference Between Projected and Actual Investment Earnings	-	48,764
Contributions paid to TRS subsequent to the Measurement Date	17,257	-
Totals	<u>\$ 21,029</u>	<u>\$ 48,764</u>

Contributions subsequent to the measurement date of \$17,257 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts of reported deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net Deferred Outflows/ (Inflows) of Resources
2022	\$ (5,616)
2023	(19,480)
2024	(10,515)
2025	(9,381)
2026	-
Thereafter	-
Total	<u>\$ (44,992)</u>

**CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

G. Other Post Employment Benefits – Supplemental Death Benefits Plan

Plan Description

The City of Poth, utilizes the Texas Municipal Retirement System (“TMRS”) to administer a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities (such as the City of Poth, Texas) may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan. Under the provisions of paragraph 4 of GASB Statement No. 75, unfunded OPEBs are plans in which no assets are accumulated. For purposes of reporting under GASB 75, (*GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*) the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. GASB No. 75 establishes standards for OPEB accounting and financial reporting for local governments, which applies to local governments acting as employers participating in the TMRS SDBF, with retiree coverage, and is effective for fiscal years beginning after June 15, 2017.

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

Under GASB No. 75, the employer must report the total OPEB liability, OPEB expense, and related deferred inflows and outflows of resources associated with providing OPEB benefits to their employees (and former employees) in their basic financial statements, as well as note disclosures and related Required Supplementary Information. GASB 75 requires employers to recognize the total OPEB liability and the OPEB expense on their financial statements. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability.

In the year of implementation, the employer should make a prior period adjustment for the total OPEB liability as of the 12/31/2016 measurement date (provided) and record a deferred outflow of resources for contributions recorded by the city (retiree portion of SDB rate only) from December 31, 2016 to its prior fiscal year end. TMRS has elected to not calculate other deferrals as of the December 31, 2016 measurement date.

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

Inactive employees currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	0
Active employees	11
	<hr style="width: 100%; border: 0.5px solid black;"/>
	16

**CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

G. Other Post Employment Benefits – Supplemental Death Benefits Plan (continued)

Total OPEB Liability

The City's total liability for its TMRS SDBF was \$49,389 was measured at September 30, 2022 and was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions and Other Inputs

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

Inflation:	2.5%
Salary Increases	3.50% to 11.5% including inflation
Discount Rate*	1.84%- the discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021
Retiree's share of benefit-related costs	\$-0-
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – Disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

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

	1% Decrease in Discount Rate 0.84%	Discount Rate 1.84%	1% Increase in Discount Rate 2.84%
Total OPEB Liability	\$ 56,469	\$ 49,389	\$ 43,444

**CITY OF POTH, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

G. Other Post Employment Benefits – Supplemental Death Benefits Plan (continued)

Changes in the total OPEB Liability

Balance at December 31, 2020	\$	46,357
Changes for the year:		
Service cost		2,786
Interest on Total OPEB Liability		938
Changes of benefit terms		-
Difference between expected and actual experience		(13)
Changes in assumptions or other inputs		1,021
Benefit payments		(1,700)
Net changes		<u>3,032</u>
Balance at December 31, 2021	\$	<u>49,389</u>

OPEB Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized OPEB expense of \$4,586.

1. In the year of implementation, the beginning of year liability is rolled back from the measurement date, so there will be no experience loss/(gain)
2. Generally, this will only be the annual change in the municipal bond index rate.

Deferred (Inflows)/Outflows of resources

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 2,268
Changes in Assumptions and Other Inputs	5,943	440
Contributions paid to TRS subsequent to the Measurement Date	1,880	-
Totals	<u>\$ 7,823</u>	<u>\$ 2,708</u>

Contributions subsequent to the measurement date of \$1,880 reported as deferred outflows of resources related to OPEB will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts of reported deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2022	\$ 477
2023	1,289
2024	1,265
2025	203
2026	1
Thereafter	<u>-</u>
Total	\$ 3,235

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

To the City Council
City of Poth, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poth, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Poth's basic financial statements and have issued our report thereon dated October 27, 2023.

Report on Internal Control over Financial Reporting

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

October 27, 2023

City of Poth, Texas
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis) - Budget and Actual
for the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<i>REVENUES</i>				
Taxes				
Property	267,000.00	265,910.00	266,031.00	(121.00)
Sales	120,000.00	160,360.00	200,452.00	(40,092.00)
Franchise	239,100.00	222,170.00	222,110.00	60.00
Intergovernmental	-	-	-	-
Licenses and Permits	5,000.00	9,175.00	9,175.00	-
Fines and Forfeitures	160,000.00	161,940.00	111,806.00	50,134.00
Interest	75.00	75.00	203.00	(128.00)
Miscellaneous	17,990.00	22,630.00	22,654.00	(24.00)
Total Revenues	809,165.00	842,260.00	832,431.00	9,829.00
 <i>EXPENDITURES</i>				
Current:				
General Administration				
General administration	203,765.00	167,275.00	166,118.00	1,157.00
Public Safety				
Municipal Court	99,465.00	80,170.00	28,517.00	51,653.00
Fire	10,560.00	10,560.00	10,561.00	(1.00)
Police Department	206,650.00	206,572.00	206,798.00	(226.00)
Public Transportation				
Streets	192,925.00	237,250.00	182,780.00	54,470.00
Culture and Recreation:				
Parks	33,000.00	77,633.00	77,107.00	526.00
Total Expenditures	746,365.00	779,460.00	671,881.00	107,579.00
Excess (Deficiency) of Revenues Over (Under) Expenditures				
 OTHER FINANCING SOURCES (USES):				
Operating Transfer Out	(62,800.00)	(62,800.00)	(62,808.00)	8.00
Total Other Financing Sources (Uses)	(62,800.00)	(62,800.00)	(62,808.00)	8.00
Net Changes in Fund Balances	-	-	97,742.00	(97,742.00)
Fund Balances - Beginning	601,808.00	601,808.00	601,808.00	-
Prior Period Adjustment			(603.00)	603.00
Fund Balances - Ending	601,808.00	601,808.00	698,947.00	(97,139.00)

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

	12/31/2018	12/31/2019	12/31/2020	12/31/2021
A. Total pension liability				
Service Cost	\$ 40,976	\$ 38,349	\$ 40,720	\$ 43,627
Interest (on the Total Pension Liability)	46,033	47,850	52,553	57,370
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(10,657)	4,212	5,493	3,354
Changes of assumptions	-	4,161	-	-
Benefit payments, including refunds of employee contributions	(71,563)	(24,649)	(27,531)	(30,179)
Net change in total pension liability	4,789	69,923	71,235	74,172
Total pension liability - beginning	697,257	702,046	771,969	843,204
Total pension liability - ending	<u>\$ 702,046</u>	<u>\$ 771,969</u>	<u>\$ 843,204</u>	<u>\$ 917,376</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 18,606	\$ 18,353	\$ 18,838	\$ 21,766
Contributions - employee	30,645	28,741	30,882	33,051
Net investment income	(18,117)	87,164	51,098	97,292
Benefit payments, including refunds of employee contributions	(71,563)	(24,649)	(27,531)	(30,179)
Administrative Expense	(350)	(493)	(331)	(450)
Other	(18)	(15)	(13)	3
Net change in plan fiduciary net position *	(40,797)	109,101	72,943	121,483
Plan fiduciary net position - beginning	605,046	564,249	673,350	746,293
Plan fiduciary net position - ending	<u>\$ 564,249</u>	<u>\$ 673,350</u>	<u>\$ 746,293</u>	<u>\$ 867,776</u>
C. Net pension liability	<u>\$ 137,797</u>	<u>\$ 98,619</u>	<u>\$ 96,911</u>	<u>\$ 49,600</u>
D. Plan fiduciary net position as a percentage of the total pension liability	80.37%	87.23%	88.51%	94.59%
E. Covered-employee payroll	\$ 437,779	\$ 410,591	\$ 441,170	\$ 472,153
F. Net pension liability as a percentage of covered employee payroll	31.48%	24.02%	21.97%	10.50%

* May be off due to rounding

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

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

	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Actuarially Determined Contribution	\$ 30,645	\$ 28,741	\$ 30,882	\$ 33,051
Contributions in relation to the actuarially determined contribution	<u>30,645</u>	<u>28,741</u>	<u>30,882</u>	<u>33,051</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 437,779	\$ 410,591	\$ 441,170	\$ 472,153
Contributions as a Percentage of Covered Employee Payroll	31.48%	24.02%	21.97%	10.50%

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

City of Poth, Texas
Schedule of Changes in Other Postemployment Benefit Liability (OPEB)
Texas Municipal Retirement System

	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Total OPEB liability				
Service Cost	\$ 1,532	\$ 1,273	\$ 2,073	\$ 2,786
Interest (on the Total OPEB Liability)	1,289	1,284	1,128	938
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(4,741)	(1,204)	(941)	(13)
Changes in assumptions or other inputs	(1,848)	5,108	4,365	1,021
Benefit payments, including refunds of employee contributions	(394)	(452)	(485)	(1,700)
Net change in total OPEB liability	(4,162)	6,009	6,140	3,032
Total OPEB liability - beginning	38,370	34,208	40,217	46,357
Total OPEB liability - ending	<u>\$ 34,208</u>	<u>\$ 40,217</u>	<u>\$ 46,357</u>	<u>\$ 49,389</u>
Covered-employee payroll	\$ 437,779	\$ 410,591	\$ 441,170	\$ 472,153
Net OPEB liability as a percentage of covered employee payroll	7.81%	9.79%	10.51%	10.46%

Note: Only four years of data is presented in accordance with GASBS #75, since this is the only information available that is measureable in accordance with this statement.

City of Poth, Texas
Schedule of Contributions - Other Postemployment
Texas Municipal Retirement System

	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Actuarially Determined Contribution	\$ (394)	\$ (452)	\$ (485)	\$ (1,700)
Contributions in relation to the actuarially determined contribution	<u>(394)</u>	<u>(452)</u>	<u>(485)</u>	<u>(1,700)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 437,779	\$ 410,591	\$ 441,170	\$ 472,153
Contributions as a Percentage of Covered Employee Payroll	7.81%	9.79%	10.51%	10.46%

Note: Only four years of data is presented in accordance with GASBS #75, since this is the only information available that is measureable in accordance with this statement.

CITY OF POTH, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2022

SPECIAL REVENUE										
Agency Fund	Court Technology Fund	Emergency Facility Fund	Capital Projects EDC Fund	Park Project EDC Fund	Police Grant Fund	Ride to Remember	TXCDBG	Total		
(575)	1,206	-	-	-	53,274	19,660	115	73,680		
-	-	-	-	-	-	-	-	-		
-	-	129,948	58,477	133,572	-	-	-	321,997		
(575)	1,206	129,948	58,477	133,572	53,274	19,660	115	395,677		
ASSETS										
Cash and Cash Equivalents										
Receivables (Net of Allowance for Uncollectibles)										
Restricted Assets:										
Cash and Cash Equivalents										
Total Assets										
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts Payable										
Total Liabilities										
Fund Balances:										
Restricted										
Committed										
Unassigned										
Total Fund Balances										
Total Liabilities and Fund Balances										

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

CITY OF POTH, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2022

	SPECIAL REVENUE										Total
	Agency Fund	Court Technology Fund	Emergency Facility Fund	Capital Projects EDC Fund	Park Project EDC Fund	Police Grant Fund	Ride to Remember	TXCDBG			
Revenues											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Property	-	-	-	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-	-	-	-
Franchise	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	46,894.43	26,373.92	-	-	-	-	73,268.35
License and Permits	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	5,805.51	-	-	-	-	12,563.17	-	-	-	18,368.68
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	6,210.00	-	-	-	6,210.00
Total Revenues	-	5,805.51	-	-	46,894.43	26,373.92	18,773.17	-	-	-	97,847.03
Expenditures											
General Administration	1,051.69	-	-	-	-	-	7,949.45	-	-	-	9,001.14
Public Safety	-	8,704.18	-	-	17,754.50	23,269.67	-	-	-	-	49,728.35
Public Transportation	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	1,051.69	8,704.18	-	-	17,754.50	23,269.67	7,949.45	-	-	-	58,729.49
Other Financing Sources (Uses)											
Operating Transfers In	-	-	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-
Net Changes in Fund Balances	(1,051.69)	(2,898.67)	-	-	29,139.93	3,104.25	10,823.72	-	-	-	39,117.54
Fund Balance - Beginning	477.00	4,104.00	129,948.00	58,477.00	104,432.00	50,170.00	8,837.00	115.00	115.00	115.00	356,560.00
Fund Balance - Ending	(574.69)	1,205.33	129,948.00	58,477.00	133,571.93	53,274.25	19,660.72	115.00	115.00	115.00	395,677.54