



CITY OF LA VERNIA, TEXAS

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2023**



CITY OF LA VERNIA
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

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CITY OF LA VERNIA
PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

MARTIN POORE

MAYOR PRO TEM

DIANELL RECKER

CITY COUNCIL

GARRETT RABEL

ERIC RAUSCHUBER

JUSTIN OATES

GARY GILBERT

CITY ADMINISTRATOR

YVONNE GRIFFIN

ATTORNEY

DENTON, NAVARRO, ROCHA, BERNAL & ZECH, P.C.



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of La Vernia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate fund remaining information of the City of La Vernia, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of La Vernia, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 of La Vernia 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of La Vernia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of La Vernia'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 schedules of changes and contributions for net pension liability and total other post-employment benefit liability as referred to in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on 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 City of La Vernia's basic financial statements. The supplementary information (as identified in the table of contents) is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.
December 22, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of La Vernia’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2023. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

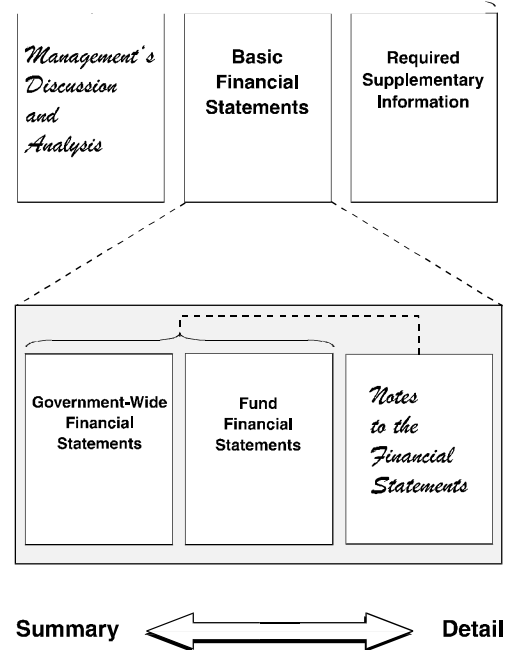
- The City’s total combined net position was \$8.3 million at September 30, 2023, an increase of \$403 thousand from the year prior.
- During the year, the City’s governmental expenses were \$795 thousand less than the \$3.3 million generated in general and program revenues for governmental activities. The total cost of the City’s governmental programs increased 21% from the prior year. A significant portion of the increase was from equipment and resources for the police department.
- The general fund reported an unassigned fund balance this year of \$1.2 million, a decrease of \$8 thousand.
- Utility charges for services increased \$118 thousand as development and new connections continue. Utilities costs were also up \$660 thousand for maintenance, increased sewer treatment costs and higher solid waste volume.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

Figure A-1, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
<i>Type of Statements</i>	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the city that are not proprietary or fiduciary	Activities the City operates similar to private businesses: utilities
<i>Required financial statements</i>	• Statement of net position	• Balance Sheet	• Statement of net position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses & changes in net position • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net position and how it has changed. Net position—the difference between the City’s assets and liabilities—is one way to measure the City’s financial health.

- Over time, increases or decreases in the City’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City’s tax base.
- The government-wide financial statements of the City include the *Governmental activities*. Most of the City’s basic services are included here, such as general government, public safety, streets, sanitation, municipal development, parks, and interest on long-term debt. Property taxes, sales taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position was \$8.3 million at September 30, 2023. (See Table A-1).

Table A-1
City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<i>Assets:</i>						
Current Assets	\$ 4,502,415	\$ 4,114,107	\$ 97,741	\$ 343,019	\$ 4,600,156	\$ 4,457,126
Other Assets	-	-	86,326	78,964	86,326	78,964
Capital Assets (net)	2,410,242	2,165,794	4,645,125	4,952,375	7,055,367	7,118,169
<i>Total Assets</i>	<u>6,912,657</u>	<u>6,279,901</u>	<u>4,829,192</u>	<u>5,374,358</u>	<u>11,741,849</u>	<u>11,654,259</u>
<i>Deferred Outflows</i>	118,978	53,183	-	-	118,978	53,183
<i>Liabilities:</i>						
Current Liabilities	128,543	293,903	467,740	379,882	596,283	673,785
Long-Term Liabilities	217,218	117,347	2,716,629	2,956,838	2,933,847	3,074,185
<i>Total Liabilities</i>	<u>345,761</u>	<u>411,250</u>	<u>3,184,369</u>	<u>3,336,720</u>	<u>3,530,130</u>	<u>3,747,970</u>
<i>Deferred Inflows</i>	41,552	72,883	-	-	41,552	72,883
<i>Net Position:</i>						
Net Investment in Capital Assets	2,410,242	2,165,794	1,703,512	1,778,138	4,113,754	3,943,932
Restricted	3,198,478	2,602,307	86,326	78,940	3,284,804	2,681,247
Unrestricted	1,035,602	1,080,850	(145,015)	180,560	890,587	1,261,410
<i>Total Net Position</i>	<u>\$ 6,644,322</u>	<u>\$ 5,848,951</u>	<u>\$ 1,644,823</u>	<u>\$ 2,037,638</u>	<u>\$ 8,289,145</u>	<u>\$ 7,886,589</u>

Governmental Activities

- Sales tax continues to be the main funding source for governmental activities at \$2.3 million. Tax revenues overall increased 14%.
- Governmental expenses increased 20% to \$2.6 million, mostly in police.
- Governmental net position increased by \$795 thousand.

Business-Type Activities

Revenues of the City's utility business-type activities increased to \$1.7 million. A portion of the increase was from grant revenues, but charges for services increased 8% as new connections are added. Operating costs increased significantly. This changed a prior year increase in net position of \$75 thousand into a loss of \$393 thousand.

Table A-2
Changes in City's Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
<i>Program Revenues:</i>						
Charges for Services	\$ 368,147	\$ 433,365	\$ 1,510,660	\$ 1,392,606	\$ 1,878,807	\$ 1,825,971
<i>Grants and Contributions:</i>						
Operating	66,471	59,622	-	-	66,471	59,622
Capital	-	-	185,156	112,485	185,156	112,485
<i>General Revenues:</i>						
Taxes	2,774,331	2,429,358	-	-	2,774,331	2,429,358
Interest Earnings	76,492	15,299	1,496	709	77,988	16,008
Miscellaneous	63,864	89,104	-	-	63,864	89,104
TOTAL REVENUES	3,349,305	3,026,748	1,697,312	1,505,800	5,046,617	4,532,548
<i>Program Expenses:</i>						
Code Enforcement	177,904	184,282	-	-	177,904	184,282
General	477,244	432,055	-	-	477,244	432,055
Municipal Development	191,052	164,984	-	-	191,052	164,984
Municipal Court	68,786	54,109	-	-	68,786	54,109
Police	1,219,012	985,319	-	-	1,219,012	985,319
Public Works	265,808	189,344	-	-	265,808	189,344
Parks	154,128	117,857	-	-	154,128	117,857
Utility	-	-	2,090,127	1,430,514	2,090,127	1,430,514
TOTAL EXPENSES	2,553,934	2,127,950	2,090,127	1,430,514	4,644,061	3,558,464
Increase (Decrease) in Net Position	795,371	898,798	(392,815)	75,286	402,556	974,084
Beginning Net Position	5,848,951	4,950,153	2,037,638	1,962,352	7,886,589	6,912,505
Ending Net Position	<u>\$ 6,644,322</u>	<u>\$ 5,848,951</u>	<u>\$ 1,644,823</u>	<u>\$ 2,037,638</u>	<u>\$ 8,289,145</u>	<u>\$ 7,886,589</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$3.3 million, an increase of 11% from the preceding year. The increase was primarily related to an increase in sales tax collections. Expenditures decreased from \$3.4 to \$2.7 million. Capital spending decreased, which more than offset an increase in police department expenditures

Budgetary Highlights

The City's actual expenditures in the general fund were \$29 thousand less than budgeted amounts. Revenues beat projections by \$97 thousand, primarily from sales tax. General fund balance decreased \$126 thousand less than anticipated.

The Municipal Development District's revenues were \$134 thousand more than budgeted amounts (sales tax), while expenditures were \$309 thousand less than budgeted amounts. This led to a net increase in fund balance of \$379 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2023, the City had invested \$13.8 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. Significant additions for 2023 include completion of the street improvements, park improvements and several vehicles. (See Table A-3.)

Table A-3
City's Capital Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 209,198	\$ 209,198	\$ 31,158	\$ 31,158	\$ 240,356	\$ 240,356
Buildings and Improvements	384,269	384,269	14,000	14,000	398,269	398,269
Equipment	1,191,582	911,308	594,079	463,372	1,785,661	1,374,680
Infrastructure	1,915,649	1,385,520	9,471,572	9,471,572	11,387,221	10,857,092
Construction in Progress	31,426	431,376	-	-	31,426	431,376
Totals at Historical Cost	3,732,124	3,321,671	10,110,809	9,980,102	13,842,933	13,301,773
Total Accumulated Depreciation	(1,321,882)	(1,155,877)	(5,465,684)	(5,027,727)	(6,787,566)	(6,183,604)
Net Capital Assets	\$ 2,410,242	\$ 2,165,794	\$ 4,645,125	\$ 4,952,375	\$ 7,055,367	\$ 7,118,169

More detailed information about the City's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end, the City had \$3.0 million in bonds outstanding as shown in Table A-4. No new debt was issued in 2023. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-4
City's Long-Term Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Bonds and Loans Payable	\$ -	\$ -	\$ 2,828,254	\$ 3,045,653	\$ 2,828,254	\$ 3,045,653
Total Bonds & Notes Payable	\$ -	\$ -	\$ 2,828,254	\$ 3,045,653	\$ 2,828,254	\$ 3,045,653

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's budget for 2024 is based on a property tax rate decrease from 0.1540 to 0.1308. However, increasing valuations and new properties are expected to offset the decrease in rate. The City intends to issue bonds for drainage improvements in 2024. Otherwise, no significant changes are expected to City services for fiscal year 2024.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at (830) 779-4541.



CITY OF LA VERNIA
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



CITY OF LA VERNIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,916,709	\$ -	\$ 3,916,709
Receivables (net of allowances):			
Ad Valorem Taxes	8,402	-	8,402
Other	505,298	146,291	651,589
Prepaid Items	23,456	-	23,456
Restricted Cash - Impact Fees	-	86,326	86,326
Internal Balances	48,550	(48,550)	-
Capital Assets (net)	2,410,242	4,645,125	7,055,367
TOTAL ASSETS	<u>6,912,657</u>	<u>4,829,192</u>	<u>11,741,849</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Related Outflows	110,057	-	110,057
Deferred OPEB Related Outflows	8,921	-	8,921
TOTAL DEFERRED OUTFLOWS	<u>118,978</u>	<u>-</u>	<u>118,978</u>
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	32,919	106,995	139,914
Accrued Wages	37,900	2,378	40,278
Accrued Interest Payable	-	10,163	10,163
Accrued Compensated Absences	57,724	7,321	65,045
Customer Deposits	-	100,213	100,213
Unearned Revenue	-	15,685	15,685
<i>Noncurrent Liabilities:</i>			
Due within One Year	-	224,985	224,985
Due in more than One Year	-	2,716,629	2,716,629
Net Pension Liability	188,717	-	188,717
Total OPEB Liability	28,501	-	28,501
TOTAL LIABILITIES	<u>345,761</u>	<u>3,184,369</u>	<u>3,530,130</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	23,516	-	23,516
Deferred OPEB Related Inflows	18,036	-	18,036
TOTAL DEFERRED INFLOWS	<u>41,552</u>	<u>-</u>	<u>41,552</u>
NET POSITION:			
Net Investment in Capital Assets	2,410,242	1,703,512	4,113,754
Restricted for:			
Street Repair	797,606	-	797,606
Municipal Development District	2,238,500	-	2,238,500
Municipal Court	18,885	-	18,885
Police	414	-	414
Tourism	143,073	-	143,073
Impact Fees	-	86,326	86,326
Unrestricted	1,035,602	(145,015)	890,587
TOTAL NET POSITION	<u>\$ 6,644,322</u>	<u>\$ 1,644,823</u>	<u>\$ 8,289,145</u>

See accompanying notes to basic financial statements.

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

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
<i>Governmental Activities:</i>				
Code Enforcement	\$ 177,904	\$ 121,606	\$ -	\$ -
General Government	477,244	48,356	-	-
Municipal Development	191,052	-	-	-
Municipal Court	68,786	73,600	-	-
Police	1,219,012	124,585	66,471	-
Public Works	265,808	-	-	-
Parks	154,128	-	-	-
<i>Total Governmental Activities</i>	<u>2,553,934</u>	<u>368,147</u>	<u>66,471</u>	<u>-</u>
<i>Business-Type Activities:</i>				
Water and Sewer Utility	2,090,127	1,510,660	-	185,156
<i>Total Business-Type Activities</i>	<u>2,090,127</u>	<u>1,510,660</u>	<u>-</u>	<u>185,156</u>
Total Primary Government	<u>\$ 4,644,061</u>	<u>\$ 1,878,807</u>	<u>\$ 66,471</u>	<u>\$ 185,156</u>

General Revenues:

Taxes
Ad Valorem Taxes
Franchise Taxes
Sales Taxes
Interest and Investment Earnings
Miscellaneous
Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Position
Primary Government

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ (56,298)		\$ (56,298)
(428,888)		(428,888)
(191,052)		(191,052)
4,814		4,814
(1,027,956)		(1,027,956)
(265,808)		(265,808)
(154,128)		(154,128)
<u>(2,119,316)</u>		<u>(2,119,316)</u>
	<u>\$ (394,311)</u>	<u>(394,311)</u>
	<u>(394,311)</u>	<u>(394,311)</u>
<u>(2,119,316)</u>	<u>(394,311)</u>	<u>(2,513,627)</u>
271,835	-	271,835
83,120	-	83,120
2,419,376	-	2,419,376
76,492	1,496	77,988
63,864	-	63,864
<u>2,914,687</u>	<u>1,496</u>	<u>2,916,183</u>
795,371	(392,815)	402,556
<u>5,848,951</u>	<u>2,037,638</u>	<u>7,886,589</u>
<u>\$ 6,644,322</u>	<u>\$ 1,644,823</u>	<u>\$ 8,289,145</u>

CITY OF LA VERNIA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Street Maintenance	Municipal Development District
ASSETS			
Cash and Cash Equivalents	\$ 897,158	\$ 740,288	\$ 2,123,177
Receivables (net of allowances for uncollectibles):			
Property Taxes	8,402	-	-
Other Receivables	325,493	57,318	116,200
Due From Other Funds	48,550	-	-
Prepaid Items	23,456	-	-
TOTAL ASSETS	\$ 1,303,059	\$ 797,606	\$ 2,239,377
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES			
<i>Liabilities</i>			
Accounts Payable	\$ 32,919	\$ -	\$ -
Accrued Wages	37,023	-	877
<i>Total Liabilities</i>	69,942	-	877
 <i>Deferred Inflows of Resources</i>			
Unavailable Property Tax Revenues	8,402	-	-
<i>Total Deferred Inflows of Resources</i>	8,402	-	-
 <i>Fund Balances:</i>			
Nonspendable Prepaid Items	23,456	-	-
Restricted for:			
Street Repair	-	797,606	-
Municipal Court	-	-	-
Police	-	-	-
Tourism Development	-	-	-
Municipal Development	-	-	2,238,500
Unassigned	1,201,259	-	-
<i>Total Fund Balances</i>	1,224,715	797,606	2,238,500
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	\$ 1,303,059	\$ 797,606	\$ 2,239,377

See accompanying notes to basic financial statements.

Total Nonmajor Funds	Total Governmental Funds
\$ 156,085	\$ 3,916,708
-	8,402
6,287	505,298
-	48,550
-	23,456
<u>\$ 162,372</u>	<u>\$ 4,502,414</u>

\$ -	\$ 32,919
-	37,900
<u>-</u>	<u>70,819</u>

<u>-</u>	<u>8,402</u>
-	8,402

-	23,456
-	797,606
18,885	18,885
414	414
143,073	143,073
-	2,238,500
-	1,201,259
<u>162,372</u>	<u>4,423,193</u>

<u>\$ 162,372</u>	<u>\$ 4,502,414</u>
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CITY OF LA VERNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 4,423,193

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 2,410,242

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 8,403

Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the funds. (57,724)

Net pension liabilities (and related deferred outflows of resources) do not provide or consume current financial resources and are not reported in the funds.

Net Pension Liability	(188,717)	
Pension Related Deferred Outflows	110,057	
Pension Related Deferred Inflows	<u>(23,516)</u>	(102,176)

Total OPEB liabilities (and related deferred outflows of resources) do not provide or consume current financial resources and are not reported in the funds.

Total OPEB Liability	(28,501)	
OPEB Related Deferred Outflows	8,921	
OPEB Related Deferred Inflows	<u>(18,036)</u>	(37,616)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 6,644,322

See accompanying notes to basic financial statements.

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

	General Fund	Street Maintenance	Municipal Development District
REVENUES			
Ad Valorem Taxes	\$ 271,606	\$ -	\$ -
Franchise Fees and Hotel Taxes	83,120	-	-
Sales Taxes	1,479,557	291,298	577,007
Fines and Penalties	70,352	-	-
Licenses and Permits	121,606	-	-
Interest Income	39,958	15,788	19,472
Grants and Donations	944	-	-
Miscellaneous	70,131	-	45,570
Police Services for School District	120,737	-	-
TOTAL REVENUES	<u>2,258,011</u>	<u>307,086</u>	<u>642,049</u>
EXPENDITURES			
<i>Current:</i>			
Code Enforcement	143,279	-	-
General Government	422,593	-	-
Municipal Court	68,745	-	-
Police	1,110,562	-	-
Public Works	181,953	21,464	-
Parks	153,965	-	-
Municipal Development	-	-	190,696
Capital Outlay	248,662	122,346	7,833
TOTAL EXPENDITURES	<u>2,329,759</u>	<u>143,810</u>	<u>198,529</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(71,748)</u>	<u>163,276</u>	<u>443,520</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	64,082	-	-
Transfer Out	-	-	(64,082)
TOTAL OTHER FINANCING SOURCES (USES)	<u>64,082</u>	<u>-</u>	<u>(64,082)</u>
Net Change in Fund Balance	(7,666)	163,276	379,438
Fund Balances at Beginning of Year	<u>1,232,381</u>	<u>634,330</u>	<u>1,859,062</u>
Fund Balances at End of Year	<u>\$ 1,224,715</u>	<u>\$ 797,606</u>	<u>\$ 2,238,500</u>

See accompanying notes to basic financial statements.

Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ 271,606
36,902	120,022
-	2,347,862
3,616	73,968
-	121,606
1,276	76,494
65,527	66,471
-	115,701
-	120,737
<u>107,321</u>	<u>3,314,467</u>
-	143,279
21,963	444,556
-	68,745
-	1,110,562
-	203,417
-	153,965
-	190,696
55,564	434,405
<u>77,527</u>	<u>2,749,625</u>
<u>29,794</u>	<u>564,842</u>
-	64,082
-	(64,082)
<u>-</u>	<u>-</u>
29,794	564,842
<u>132,578</u>	<u>3,858,351</u>
<u>\$ 162,372</u>	<u>\$ 4,423,193</u>



CITY OF LA VERNIA
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 564,842

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Purchases of Capital Assets	434,405	
Depreciation	<u>(189,957)</u>	244,448

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in those revenues from the prior year. 229

Governmental funds report required contributions to employee pensions and other post employment benefits (OPEB) as expenditures. However, in the Statement of Activities these benefits are recorded based on the actuarially determined cost of the plans. This is the amount that the actuarially determined expense exceeded (or was exceeded by) the contributions.

Pension Plan	403	
OPEB Plan	<u>(3,148)</u>	<u>(2,745)</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Compensated Absences		<u>(11,403)</u>
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CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 795,371

CITY OF LA VERNIA
STATEMENT OF NET POSITION
PROPRIETARY UTILITY FUND
SEPTEMBER 30, 2023

ASSETS

Current Assets:

Receivables (net of allowances for uncollectibles):	\$ 146,291
<i>Total Current Assets</i>	146,291

Other Assets:

Restricted Cash - Impact Fees	86,326
Capital Assets (net of depreciation)	4,645,125
<i>Total Other Assets</i>	4,731,451

TOTAL ASSETS	4,877,742
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LIABILITIES

Current Liabilities:

Accounts Payable	106,995
Accrued Wages	2,378
Accrued Compensated Absences	7,321
Customer Deposits	100,213
Due to Other Funds	48,550
Unearned Revenue	15,685
Accrued Interest Payable	10,163
Long-Term Debt - Current Portion	224,985
<i>Total Current Liabilities</i>	516,290

Noncurrent Liabilities:

Long-Term Debt - Net of Current Portion	2,716,629
TOTAL LIABILITIES	3,232,919

NET POSITION:

Net Investment in Capital Assets	1,703,512
Restricted Impact Fees	86,326
Unrestricted (Deficit)	(145,015)
TOTAL NET POSITION	\$ 1,644,823

See accompanying notes to basic financial statements.

CITY OF LA VERNIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY UTILITY FUND
FOR THE YEAR SEPTEMBER 30, 2023

OPERATING REVENUES	
Water Charges	\$ 812,414
Sewer Charges	239,371
Garbage Charges	382,591
Connection and Impact Fees	39,718
Other Charges	36,566
TOTAL OPERATING REVENUES	<u>1,510,660</u>
OPERATING EXPENSES	
Personnel	212,968
Water Purchase	191,735
Garbage Collection	374,626
Utilities	98,494
Office and Administrative	60,107
Repairs and Chemicals	368,022
Treatment Plant Contract	251,423
Depreciation	437,957
TOTAL OPERATING EXPENSES	<u>1,995,332</u>
OPERATING INCOME (LOSS)	<u>(484,672)</u>
NONOPERATING REVENUES (EXPENSES)	
Grant Revenue	185,156
Interest Income	1,496
Interest Expense	(94,795)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>91,857</u>
CHANGE IN NET POSITION	(392,815)
NET POSITION AT BEGINNING OF YEAR	<u>2,037,638</u>
NET POSITION AT END OF YEAR	<u><u>\$ 1,644,823</u></u>

See accompanying notes to basic financial statements.

CITY OF LA VERNIA
STATEMENT OF CASH FLOWS - PROPRIETARY UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 1,481,091
Cash Paid to Suppliers for Goods and Services	(1,264,636)
Cash Paid to Employees	<u>(211,326)</u>
Net Cash Provided (Used) by Operating Activities	<u>5,129</u>
 Cash Flows From Capital and Related Financing Activities:	
Capital Grants Received	185,156
Purchases of Capital Assets	(130,707)
Principal Payments	(217,399)
Interest Paid	<u>(110,834)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(273,784)</u>
 Cash Flows From Noncapital Financing Activities:	
Short-term cash advances from other funds	<u>48,550</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>48,550</u>
 Cash Flows From Investing Activities:	
Investment Interest Received	<u>1,496</u>
Net Cash Provided (Used) by Investing Activities	<u>1,496</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (218,609)
 Cash and Cash Equivalents at Beginning of Year	
Cash and Cash Equivalents	225,995
Restricted Cash	<u>78,940</u>
	<u>304,935</u>
 Cash and Cash Equivalents at End of Year	
Cash and Cash Equivalents	-
Restricted Cash	<u>86,326</u>
	<u>\$ 86,326</u>

See accompanying notes to basic financial statements.

CITY OF LA VERNIA
STATEMENT OF CASH FLOWS - PROPRIETARY UTILITY FUND (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Reconciliation of Operating Income to Net Cash

Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (484,672)
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation	437,957
(Increase) Decrease in Operating Assets:	
Accounts Receivable (net)	(30,474)
Prepaid Expenses	1,232
Increase (Decrease) in Current Liabilities:	
Accounts Payable	78,539
Accrued Wages	(2,224)
Accrued Compensated Absences	3,866
Customer Deposits	5,381
Unearned Revenue	(4,476)
Total Adjustments to Reconcile Operating Activities	<u>489,801</u>

Net Cash Provided (Used) by

Operating Activities	<u><u>\$ 5,129</u></u>
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See accompanying notes to basic financial statements.

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of La Vernia, Texas (“City”) operates under a Council-Mayor form of government and provides the following services: police protection, parks and recreation, municipal court, planning and zoning, general administrative services, and utility (water, sewer and garbage) services.

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

1. REPORTING ENTITY

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2023, the City had one component unit that is blended in these financial statements:

La Vernia Municipal Development District

The City appoints a voting majority to, and exerts significant control over, the Municipal Development District (MDD), a legally separate entity. This qualifies the MDD as a component unit, which is presented in a separate column in the governmental fund financial statements (blended presentation). The MDD collects a 1/2 cent sales tax to promote the economic growth and enhance overall quality of life in the City of La Vernia. The MDD does not issue standalone financial statements. The MDD is located in the City Hall.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Street Maintenance Fund, Grant Fund and Municipal Development District meet the criteria as *major governmental funds*.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

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

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

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The government reports the following major governmental funds:

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

The Street Maintenance Fund is used to account for the ¼ cent sales tax dedicated to maintaining the streets of the City.

Municipal Development District is used to account for the ½ cent sales tax to promote economic development and enhance overall quality of life in the City.

The City has the following nonmajor funds: Court Security, Court Technology, Grant Fund, Hotel Tax and Police Forfeiture.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Utility Fund (used to account for the provision of water, sewer, and garbage services to residents).

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

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

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City. Cash is only reported as restricted if it has a restriction narrower than the purpose of the fund that it is recorded in.

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City reports investments in local government pools at net asset value and certificates of deposit at amortized cost. Local government investment pools are reported as part of cash and cash equivalents.

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2022 and past due after January 31, 2023. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levy are shown net of an allowance for uncollectibles, which the City currently estimates to be \$1,891 for the general fund.

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

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

CITY OF LA VERNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2023

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. CAPITAL ASSETS

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

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

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

<u>Asset</u>	<u>Estimated Life</u>
Buildings and improvements	15 to 40 years
Streets and Infrastructure	10 to 30 years
Utility system in service	10 to 30 years
Machinery and equipment	3 to 25 years

10. COMPENSATED ABSENCES

Employees earn vacation leave at varying rates depending on length of service, ranging from 5 to 15 days per year. Accrued vacation leave must be taken within the employment year (based on anniversary date). Employees earn sick leave at the rate of 3.07 hours per pay period starting on date of employment. No sick leave days are paid when an employee leaves city employment and no liability is reported for unpaid sick leave. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

11. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resource in the period the amounts become available.

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. DEFERRED COMPENSATION PLAN

The City offers an Internal Revenue Code Section 457 deferred compensation plan. The City does not contribute to the plan, the plan is administered by an unrelated party, and the assets are invested at the direction of the employee.

13. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

14. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the discount. Bond issuance costs are expensed when incurred.

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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

15. PENSIONS

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

16. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. FUND EQUITY (CONT.)

Committed - Represents amounts that can only be used for a specific purpose by a resolution of City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints through the same formal action.

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council may make assignments and has chosen not to delegate that authority to any other individuals.

Unassigned - Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second and assigned third.

17. NET POSITION

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

18. OPERATING REVENUES AND EXPENSES

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

19. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

20. USE OF ESTIMATES

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

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE B -- DEPOSITS AND INVESTMENTS

Deposits

The City holds deposits at two institutions. At September 30, 2023, the City's deposits (including certificates of deposit) were fully collateralized by a combination of FDIC and pledged securities by the City's depositories.

Investments

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, the investment practices of the City were in accordance with local policies.

Public Funds Investment Pools

As of September 30, 2023, the City held \$1,179,886 in TexPool, a local government investment pool. Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City's investments in Pools are reported in an amount determined, by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

GASB Statement 40 requires additional disclosures addressing other common risks of deposits and investments as follows:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE B -- DEPOSITS AND INVESTMENTS (CONT.)

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City had no exposure to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

NOTE C -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Wilson County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. The total taxable value as of January 1, 2022, upon which the fiscal 2023 levy was based, was \$178.7 million (i.e., market value less exemptions). The tax rate to finance general governmental services for the year ended September 30, 2023, was \$0.154 per \$100 of assessed value. In general, the City may not increase the maintenance and operations portion of the property tax rate (that funds the General Fund) more than 3.5% annually (based on a three year average) without an election.

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE D -- OTHER RECEIVABLES

Other receivables for the City as of September 30, 2023 are as follows:

	General Fund	Street Maintenance	Municipal Development	Total Nonmajor Funds	Utility
Sales Tax	\$ 290,520	\$ 57,318	\$ 116,200	\$ -	\$ -
Franchise Taxes	26,286	-	-	-	-
Police Services	3,207	-	-	-	-
Other	5,480	-	-	6,287	-
Utility Services	-	-	-	-	153,942
Allowance for Uncollectible Accounts	-	-	-	-	(7,651)
Total Other Receivables	<u>\$ 325,493</u>	<u>\$ 57,318</u>	<u>\$ 116,200</u>	<u>\$ 6,287</u>	<u>\$ 146,291</u>

NOTE E -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

<u>Business-Type Activities</u>	Balance 10/1/2022	Additions	Disposals/ Transfers	Balance 9/30/2023
Land	\$ 31,158	\$ -	\$ -	\$ 31,158
Buildings and Improvements	14,000	-	-	14,000
Vehicles and Equipment	463,372	130,707	-	594,079
Infrastructure	9,471,572	-	-	9,471,572
	<u>9,980,102</u>	<u>130,707</u>	<u>-</u>	<u>10,110,809</u>
Less Accumulated Depreciation				
Buildings and Improvements	(13,379)	(550)	-	(13,929)
Equipment	(225,535)	(56,349)	-	(281,884)
Infrastructure	(4,788,813)	(381,058)	-	(5,169,871)
	<u>(5,027,727)</u>	<u>(437,957)</u>	<u>-</u>	<u>(5,465,684)</u>
Business-Type Capital Assets, Net	<u>\$ 4,952,375</u>	<u>\$ (307,250)</u>	<u>\$ -</u>	<u>\$ 4,645,125</u>

Land and Construction in Progress are not depreciated.

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE E -- CAPITAL ASSETS (Continued)

<u>Governmental Activities</u>	Balance 10/1/2022	Additions	Disposals/ Transfers	Balance 9/30/2023
Land	\$ 209,198	\$ -	\$ -	\$ 209,198
Buildings and Improvements	384,269	-	-	384,269
Vehicles and Equipment	911,308	304,226	(23,952)	1,191,582
Infrastructure	1,385,520	122,346	407,783	1,915,649
Construction in Progress	431,376	7,833	(407,783)	31,426
	<u>3,321,671</u>	<u>434,405</u>	<u>(23,952)</u>	<u>3,732,124</u>
Less Accumulated Depreciation				
Buildings and Improvements	(161,945)	(11,788)	-	(173,733)
Equipment	(604,374)	(113,126)	23,952	(693,548)
Infrastructure	(389,558)	(65,043)	-	(454,601)
	<u>(1,155,877)</u>	<u>(189,957)</u>	<u>23,952</u>	<u>(1,321,882)</u>
Governmental Capital Assets, Net	<u>\$ 2,165,794</u>	<u>\$ 244,448</u>	<u>\$ -</u>	<u>\$ 2,410,242</u>

Land and Construction in Progress are not depreciated.

Depreciation expense was charged to the governmental functions as follows:

General	\$ 49,082
Police	82,994
Public Works	<u>57,881</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 189,957</u>

NOTE F -- LONG-TERM DEBT

Changes in long-term debt for the year ending September 30, 2023 were as follows:

	Balance 10/1/2022	Additions	Reductions	Balance 9/30/2023
Bonds and Notes	\$ 3,174,237	\$ -	\$ (232,623)	\$ 2,941,614
Net Pension Liability	80,475	251,739	(143,497)	188,717
Total OPEB Liability	36,872	-	(9,523)	28,501
Compensated Absences	49,776	65,045	(49,776)	65,045
Totals	<u>\$ 3,341,360</u>	<u>\$ 316,784</u>	<u>\$ (435,419)</u>	<u>\$ 3,223,877</u>

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE F -- LONG-TERM DEBT (Continued)

Long-term debt and obligations payable at September 30, 2023, comprise the following individual issues:

Note Payable – San Antonio River Authority (SARA)

In April 2004, the City borrowed money from SARA to improve the wastewater treatment plant. The loan was for \$600,000 with an interest rate of 4.48%. The loan requires annual installments of \$46,046, maturing in June 2024. The loan is supported by a pledge of income and fees from the utility fund.

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016

In December 2015, the City issued \$3,025,000 in Combination Tax and Revenue Certificates of Obligation, Series 2016. The proceeds are to be used for water system improvements. The City intends to use utility revenues to service the debt but has the ability to levy property taxes for the debt service as well. The bonds mature September 1, 2036 and bear interest at rates ranging from 1.00% to 3.15%.

General Obligation Refunding Bonds, Series 2017

In November 2017, the City authorized \$564,000 in general obligation refunding bonds to advance refund a portion of the outstanding 2011 series. The debt service on the new bonds will be paid for from net utility fund revenues. The bonds mature March 1, 2030 and bear interest at rates ranging from 1.295% to 2.84%.

Changes in Bonds and Notes:

	Balance 10/1/2022	Additions	Reductions	Balance 9/30/2023	Due Within One Year
Business-Type Activities					
<i>Private Placements and Direct Borrowings:</i>					
San Antonio River Authority Refunding, 2017	\$ 237,653	\$ -	\$ (35,399)	\$ 202,254	\$ 36,985
	408,000	-	(47,000)	361,000	48,000
<i>Total Private Placements and Direct Borrowings</i>	<u>645,653</u>	<u>-</u>	<u>(82,399)</u>	<u>563,254</u>	<u>84,985</u>
<i>Public Offerings:</i>					
Certificates of Obligation, 2016	2,400,000	-	(135,000)	2,265,000	140,000
<i>Total Public Offerings</i>	<u>2,400,000</u>	<u>-</u>	<u>(135,000)</u>	<u>2,265,000</u>	<u>140,000</u>
Unamortized Premiums	128,584	-	(15,224)	113,360	-
<i>Total Business-Type Activities</i>	<u>3,174,237</u>	<u>-</u>	<u>(232,623)</u>	<u>2,941,614</u>	<u>224,985</u>
 Total Primary Government	<u>\$3,174,237</u>	<u>\$ -</u>	<u>\$ (232,623)</u>	<u>\$2,941,614</u>	<u>\$ 224,985</u>

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE F -- LONG-TERM DEBT (Continued)

The annual requirements to service long-term debt and obligations outstanding as of September 30, 2023, including interest payments, are as follows:

Year Ending September 30,	Business-Type Activities				
	Private Placements and Direct Borrowings		Public Offerings		Total
	Principal	Interest	Principal	Interest	
2024	\$ 84,985	\$ 17,584	\$ 140,000	\$ 86,250	\$ 328,819
2025	87,642	14,870	145,000	82,050	329,562
2026	90,373	11,989	150,000	77,700	330,062
2027	94,182	8,936	150,000	73,200	326,318
2028	97,072	5,705	160,000	67,200	329,977
2029-2033	109,000	3,081	895,000	235,400	1,242,481
2034-2036	-	-	625,000	50,600	675,600
	<u>\$ 563,254</u>	<u>\$ 62,165</u>	<u>\$ 2,265,000</u>	<u>\$ 672,400</u>	<u>\$ 3,562,819</u>

The City has a bond series and a note payable that were directly placed at local banking institutions. The bond documents do not contain subjective acceleration clauses, events of default with finance related consequences or termination events with finance-related consequences.

NOTE G -- DEFINED BENEFIT PENSION PLAN

Texas Municipal Retirement System

Plan Description

The City participates as one of 928 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

CITY OF LA VERNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2023

NOTE G -- DEFINED BENEFIT PENSION PLAN (Continued)

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

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

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	14
Active employees	21
	41
	41

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 1 to 1, 1.5 to 1, or 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For the year ending September 30, 2023, employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year and the City match is at 1.5 to 1. The contribution rates for the City were 5.4% and 5.17% in calendar years 2022 and 2023, respectively. The City’s contributions to TMRS for the year ended September 30, 2023 were \$60,061 which equaled required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.50% per year
Overall Payroll Growth	2.75
Investment Rate of Return*	6.75%

* Presented net of pension plan investment expense, including inflation

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE G -- DEFINED BENEFIT PENSION PLAN (Continued)

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of 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)
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
	<u>100.00%</u>	

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS (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

The below schedule presents the changes in the Net Pension Liability as of December 31, 2022:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2021	\$ 936,339	\$ 855,864	\$ 80,475
Changes for the year:			
Service Cost	119,138	-	119,138
Interest	65,384	-	65,384
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(6,800)	-	(6,800)
Changes of Assumptions	-	-	-
Contributions - Employer	-	57,442	(57,442)
Contributions - Employee	-	74,461	(74,461)
Net Investment Income	-	(62,528)	62,528
Benefit Payments, Including Refunds of Employee Contributions	(54,507)	(54,507)	-
Administrative Expense	-	(541)	541
Other Changes	-	646	(646)
Net Changes	<u>123,215</u>	<u>14,973</u>	<u>108,242</u>
Balance at December 31, 2022	<u>\$ 1,059,554</u>	<u>\$ 870,837</u>	<u>\$ 188,717</u>

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

	5.75%	6.75%	7.75%
Net Pension Liability (Asset)	\$ 345,017	\$ 188,717	\$ 59,833

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the year ended September 30, 2023, the City recognized pension expense of \$59,660. Also as of September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 2,063	\$ 23,516
Changes in Actuarial Assumptions	851	-
Differences Between Projected and Actual Investment Earnings	60,928	-
Contributions Subsequent to the Measurement Date	46,215	-
	\$ 110,057	\$ 23,516

Deferred outflows of resources in the amount of \$46,215 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the calendar year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,	
2023	\$ (1,301)
2024	6,494
2025	12,862
2026	22,806
2027	(535)
Thereafter	-
	\$ 40,326

CITY OF LA VERNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2023

NOTE H -- OTHER POSTEMPLOYMENT BENEFIT (OPEB)

The City also participates in the cost sharing single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB. Membership in the plan at December 31, 2022, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	1
Active employees	21
	27
	27

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. For calculating the OPEB liability and the OPEB contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%.

The assumptions are summarized below:

Inflation	2.50% per year
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	4.05% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under 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

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE H -- OTHER POSTEMPLOYMENT BENEFIT (Continued)

The SDBF required contribution rates, based on these assumptions, are as follows:

	Total SDBF Contribution Rate	Retiree Portion of SDBF Contribution Rate
For the Plan Year Ended December 31,		
2022	0.16%	0.06%
2023	0.28%	0.07%

The following presents the TOL of the City, calculated using the discount rate of 4.05% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate 3.05%	Discount Rate 4.05%	Discount Rate 5.05%
Total OPEB Liability (Asset)	\$ 33,835	\$ 28,501	\$ 24,260

The City's Total OPEB Liability (TOL), as of December 31, 2022 was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2021	\$ 36,872
Changes for the year:	
Service Cost	4,361
Interest	713
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	1,425
Changes of Assumptions or Other Inputs	(14,232)
Benefit Payments	(638)
Net Changes	(8,371)
Balance at December 31, 2022	\$ 28,501

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

CITY OF LA VERNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2023

NOTE H -- OTHER POSTEMPLOYMENT BENEFIT (Continued)

For the year ended September 30, 2023, the City recognized OPEB expense of \$3,927. Also as of September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 7,037	\$ 13,219
Difference in Expected and Actual Experience	1,258	4,817
Contributions Subsequent to the Measurement Date	626	-
	\$ 8,921	\$ 18,036

Deferred outflows of resources in the amount of \$626 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year ended December 31,	
2023	\$ (1,147)
2024	(1,147)
2025	(1,196)
2026	(1,242)
2027	(1,077)
Thereafter	(3,932)
	\$ (9,741)

NOTE I -- INTERFUND TRANSFERS

The Municipal Development Fund transferred \$39,082 to the General Fund in support of administrative overhead and \$25,000 to supplement other funding sources for events.

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE J -- TEXAS HIGHER EDUCATION AUTHORITY

In September 2006, the City created a nonprofit corporation under Section 53.35(b) of The Texas Education code. The creation of this nonprofit corporation established a Higher Education Authority (the Authority) for the purpose of assisting in the financing of accredited primary and secondary schools as provided by state law. In accordance with the terms establishing the nonprofit corporation, the city is not liable for any expenses incurred in establishing or administering the Higher Education Authority. The Texas Higher Education Authority is not consolidated into the financial statements of City of La Vernia because it does not meet the requirements of being treated as a component unit of the City under governmental accounting standards. The Authority has no outstanding bonds as of the date of this report.

NOTE K -- ABATEMENTS FOR ECONOMIC DEVELOPMENT

The City entered into an agreement on March 31, 2018 with a hotel in the community in accordance with Article III, Section 52-a of the Texas Constitution and Chapter 380 of the Texas Local Government Code to promote state or local economic development and to stimulate business and commercial activity in the City. Ongoing commitments of the City include a 75% annual property tax abatement and rebate of 50% of annual occupancy taxes collected for each calendar year from 2019 through 2028 with no obligation for a refund for any calendar year after 2028. The percentages abated gradually decrease over the life of the agreement to 5% in the final year. During the year ended September 30, 2023, the City abated \$3,533 in property taxes and \$33,150 in occupancy taxes.

The City's Municipal Development District (MDD) entered into an agreement on September 24, 2019, with a business in the community in accordance with Article III, Section 52-a of the Texas Constitution and Chapter 377 of the Texas Local Government Code to promote state or local economic development and to stimulate business and commercial activity in the MDD. Under the terms of the agreement, the MDD will make yearly grant payments of \$5,000 for the term of the agreement or until the maximum total amount of \$25,000 is achieved. During the year ended September 30, 2023, the MDD paid \$5,000 to the business with a remaining abatement obligation of \$5,000.

In September 2021, the MDD sold land to an entity to construct a business. The land was sold in exchange for a forgivable note of \$110,000. If certain performance metrics are achieved, the loan will be forgiven in four annual amounts of \$27,500. Management fully expects to forgive the entire loan and thus has not recorded a receivable on these financial statements. However, construction is still in progress, so no amounts have been officially forgiven as of September 30, 2023.

NOTE L -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to \$1,000,000.

CITY OF LA VERNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE M – COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

NOTE N – SUBSEQUENT EVENT

In October 2023, the City approved issuing \$1.25 million in taxpayer supported bonds to perform drainage improvements. The sale of the bonds is anticipated to occur in January 2024.



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Municipal Development District
- Schedule of Changes – Net Pension Liability and Related Ratios
- Schedule of Contributions – Defined Benefit Pension Plan
- Schedule of Changes – Total Other Post-Employment Benefit Liability and Related Ratios

CITY OF LA VERNIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 291,467	\$ 341,500	\$ 271,606	\$ (69,894)
Franchise Fees	72,000	72,000	83,120	11,120
Sales Taxes	1,293,350	1,293,350	1,479,557	186,207
Fines and Penalties	104,820	105,920	70,352	(35,568)
Licenses and Permits	117,350	122,000	121,606	(394)
Interest Income	4,000	19,000	39,958	20,958
Grants and Donations	950	950	944	(6)
Miscellaneous	30,925	39,925	70,131	30,206
Police Services for School District	161,087	166,087	120,737	(45,350)
TOTAL REVENUES	<u>2,075,949</u>	<u>2,160,732</u>	<u>2,258,011</u>	<u>97,279</u>
EXPENDITURES				
<i>Code Enforcement</i>				
Personnel	22,337	22,337	5,009	17,328
Operations	123,450	127,050	138,270	(11,220)
<i>General Government</i>				
Personnel	188,722	188,722	187,273	1,449
Operations	291,217	238,095	235,320	2,775
<i>Municipal Court</i>				
Personnel	52,210	52,210	50,103	2,107
Operations	18,950	17,350	18,642	(1,292)
<i>Police Department</i>				
Personnel	925,990	941,990	851,237	90,753
Operations	226,750	275,900	259,326	16,574
<i>Public Works</i>				
Personnel	89,730	90,230	82,680	7,550
Operations	72,160	80,360	99,272	(18,912)
<i>Parks</i>				
Personnel	59,815	59,815	76,731	(16,916)
Operations	43,700	66,700	77,234	(10,534)
<i>Capital Outlay</i>	-	197,500	248,662	(51,162)
TOTAL EXPENDITURES	<u>2,115,031</u>	<u>2,358,259</u>	<u>2,329,759</u>	<u>28,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(39,082)</u>	<u>(197,527)</u>	<u>(71,748)</u>	<u>125,779</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	<u>39,082</u>	<u>64,082</u>	<u>64,082</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>39,082</u>	<u>64,082</u>	<u>64,082</u>	<u>-</u>
Net Change in Fund Balance	-	(133,445)	(7,666)	125,779
BEGINNING FUND BALANCE	<u>1,232,381</u>	<u>1,232,381</u>	<u>1,232,381</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 1,232,381</u>	<u>\$ 1,098,936</u>	<u>\$ 1,224,715</u>	<u>\$ 125,779</u>

CITY OF LA VERNIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL – MUNICIPAL DEVELOPMENT DISTRICT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Sales Tax	\$ 485,000	\$ 485,000	\$ 577,007	\$ 92,007
Interest Income	2,000	8,000	19,472	11,472
Grants and Donations	15,000	15,000	45,570	30,570
TOTAL REVENUES	<u>502,000</u>	<u>508,000</u>	<u>642,049</u>	<u>134,049</u>
EXPENDITURES				
Personnel	54,971	54,971	43,489	11,482
Operations	462,918	444,918	147,207	297,711
Capital Outlay	-	8,000	7,833	167
TOTAL EXPENDITURES	<u>517,889</u>	<u>507,889</u>	<u>198,529</u>	<u>309,360</u>
Excess of Revenues Over Expenditures	<u>(15,889)</u>	<u>111</u>	<u>443,520</u>	<u>443,409</u>
OTHER FINANCING USES				
Transfer Out	<u>(39,082)</u>	<u>(64,082)</u>	<u>(64,082)</u>	<u>-</u>
Net Change in Fund Balance	<u>(54,971)</u>	<u>(63,971)</u>	<u>379,438</u>	<u>443,409</u>
Fund Balance at Beginning of Year	<u>1,859,062</u>	<u>1,859,062</u>	<u>1,859,062</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 1,804,091</u></u>	<u><u>\$ 1,795,091</u></u>	<u><u>\$ 2,238,500</u></u>	<u><u>\$ 443,409</u></u>



CITY OF LA VERNIA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2023

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund and Municipal Development Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The City does not use encumbrances.

CITY OF LA VERNIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE CALENDER YEARS

Total Pension Liability				
	2014	2015	2016	2017
Service Cost	\$ 30,199	\$ 39,505	\$ 40,465	\$ 42,472
Interest (on the Total Pension Liability)	22,134	24,686	28,107	30,518
Changes of Benefit Terms	-	-	5,235	-
Difference between Expected and Actual Experience	340	(3,519)	(6,327)	(10,600)
Change of Assumptions	-	13,921	-	-
Benefit Payments, Including Refunds of Employee Contributions	(19,304)	(22,438)	(10,693)	(44,361)
Net Change in Total Pension Liability	33,369	52,155	56,787	18,029
Total Pension Liability - Beginning	310,755	344,124	396,279	453,066
Total Pension Liability - Ending	<u>\$ 344,124</u>	<u>\$ 396,279</u>	<u>\$ 453,066</u>	<u>\$ 471,095</u>
Plan Fiduciary Net Position				
	2014	2015	2016	2017
Contributions - Employer	\$ 14,042	\$ 16,604	\$ 15,213	\$ 16,427
Contributions - Employee	27,720	31,604	31,175	32,422
Net Investment Income	11,700	352	17,891	44,113
Benefit Payments, Including Refunds of Employee Contributions	(19,304)	(22,438)	(10,693)	(44,361)
Administrative Expense	(122)	(214)	(202)	(228)
Other	(10)	(10)	(11)	(12)
Net Change in Plan Fiduciary Net Position	34,026	25,898	53,373	48,361
Plan Fiduciary Net Position - Beginning	204,378	238,404	264,302	317,675
Plan Fiduciary Net Position - Ending	<u>\$ 238,404</u>	<u>\$ 264,302</u>	<u>\$ 317,675</u>	<u>\$ 366,036</u>
Net Pension Liability (Asset) - Ending	\$ 105,720	\$ 131,977	\$ 135,391	\$ 105,059
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.28%	66.70%	70.12%	77.70%
Covered Payroll	\$ 554,405	\$ 632,086	\$ 623,503	\$ 540,360
Net Pension Liability as a Percentage of Covered Payroll	19.07%	20.88%	21.71%	19.44%

Information for this schedule is being accumulated until ten years is presented.

Total Pension Liability				
2018	2019	2020	2021	2022
\$ 67,609	\$ 108,497	\$ 113,253	\$ 119,718	\$ 119,138
33,415	43,381	48,823	57,287	65,384
-	28,198	-	-	-
29,933	(43,164)	(4,609)	(5,475)	(6,800)
-	2,883	-	-	-
(19,738)	(44,149)	(22,556)	(48,062)	(54,507)
111,219	95,646	134,911	123,468	123,215
471,095	582,314	677,960	812,871	936,339
<u>\$ 582,314</u>	<u>\$ 677,960</u>	<u>\$ 812,871</u>	<u>\$ 936,339</u>	<u>\$ 1,059,554</u>

Plan Fiduciary Net Position				
2018	2019	2020	2021	2022
\$ 31,359	\$ 30,972	\$ 57,421	\$ 58,275	\$ 57,442
61,748	56,656	69,541	73,900	74,461
(10,986)	66,446	40,975	89,317	(62,528)
(19,738)	(44,149)	(22,556)	(48,062)	(54,507)
(212)	(374)	(264)	(412)	(541)
(11)	(11)	(11)	4	646
62,160	109,540	145,106	173,022	14,973
366,036	428,196	537,736	682,842	855,864
<u>\$ 428,196</u>	<u>\$ 537,736</u>	<u>\$ 682,842</u>	<u>\$ 855,864</u>	<u>\$ 870,837</u>

\$ 154,118	\$ 140,224	\$ 130,029	\$ 80,475	\$ 188,717
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73.53%	79.32%	84.00%	91.41%	82.19%
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\$ 833,655	\$ 944,273	\$ 993,449	\$ 1,055,715	\$ 1,063,735
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18.49%	14.85%	13.09%	7.62%	17.74%
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CITY OF LA VERNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN
 LAST TEN FISCAL YEARS

Fiscal Year Ending September 30,	Actuarially Determined Contribution (ARC)	Contributions in Relation to ARC	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions As Percent of Covered Payroll
2014	\$ 12,852	\$ 12,852	\$ -	\$ 494,024	2.60%
2015	15,785	15,785	-	614,311	2.57%
2016	17,500	17,500	-	704,602	2.48%
2017	16,862	16,862	-	587,825	2.87%
2018	24,229	24,229	-	797,021	3.04%
2019	29,291	29,291	-	910,636	3.22%
2020	51,415	51,415	-	1,008,536	5.10%
2021	57,718	57,718	-	1,033,407	5.59%
2022	59,133	59,133	-	1,088,806	5.43%
2023	60,061	60,061	-	1,150,319	5.22%

Notes to Pension Schedules

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of payroll, Closed
Remaining Amortization Period	22 Years (longest amortization factor)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50% per year
Salary Increases	3.50% to 11.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality Post-retirement	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality 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.
Benefit Changes:	None
Changes in Assumptions:	None

CITY OF LA VERNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY AND
 RELATED RATIOS
 LAST SIX CALENDER YEARS

	Total OPEB Liability		
	2017	2018	2019
Service Cost	\$ 1,621	\$ 2,834	\$ 2,077
Interest	671	728	850
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	-	(573)	(765)
Changes in Assumptions or Other Inputs	1,499	(1,528)	5,152
Benefit Payments	(108)	(167)	(189)
Net Change in Total OPEB Liability	3,683	1,294	7,125
Total OPEB Liability - Beginning	16,987	20,670	21,964
Total OPEB Liability - Ending	<u>\$ 20,670</u>	<u>\$ 21,964</u>	<u>\$ 29,089</u>
 Covered Employee Payroll	 \$ 540,360	 \$ 833,655	 \$ 944,273
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 3.83%	 2.63%	 3.08%

Notes to Schedule of Contributions

Changes in Benefits: None

Changes in Assumptions:

- 2022: Discount rate increased to 4.05%
- 2021: Discount rate reduced to 1.84%
- 2020: Discount rate reduced to 2.00%
- 2019: Discount rate reduced to 2.75%
- 2018: Discount rate increased to 3.71%
- 2017: Discount rate reduced to 3.31%

Trust:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

Information is being accumulated until ten years are presented.

Total OPEB Liability		
2020	2021	2022
\$ 3,179	\$ 4,328	\$ 4,361
841	722	713
-	-	-
(2,932)	(2,904)	1,425
4,283	1,098	(14,232)
(199)	(633)	(638)
5,172	2,611	(8,371)
29,089	34,261	36,872
<u>\$ 34,261</u>	<u>\$ 36,872</u>	<u>\$ 28,501</u>
\$ 993,449	\$ 1,055,715	\$ 1,063,735
3.45%	3.49%	2.68%



SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Comparative Statements – Municipal Development District
- Comparative Statements – Street Maintenance Fund
- Combining Statements – Nonmajor Governmental Funds
- Comparative Statements – Proprietary Utility Fund

CITY OF LA VERNIA
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 897,158	\$ 964,971
Receivables (net of allowances for uncollectibles):		
Property Taxes	8,402	8,173
Other Receivables	325,493	307,069
Due from Other Funds	48,550	-
Prepaid Items	23,456	15,107
TOTAL ASSETS	\$ 1,303,059	\$ 1,295,320
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 32,919	\$ 15,135
Accrued Wages	37,023	39,631
<i>Total Liabilities</i>	69,942	54,766
 <i>Deferred Inflows of Resources</i>		
Unavailable Property Tax Revenues	8,402	8,173
<i>Total Deferred Inflows of Resources</i>	8,402	8,173
 <i>Fund Balances:</i>		
<i>Nonspendable:</i>		
Prepaid Items	23,456	15,107
Unassigned	1,201,259	1,217,274
<i>Total Fund Balances</i>	1,224,715	1,232,381
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	\$ 1,303,059	\$ 1,295,320

CITY OF LA VERNIA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
REVENUES		
Ad Valorem Taxes	\$ 271,606	\$ 254,051
Franchise Fees	83,120	76,538
Sales Taxes	1,479,557	1,284,234
Fines and Penalties	70,352	73,158
Licenses and Permits	121,606	210,580
Interest Income	39,958	7,880
Grants and Donations	944	940
Miscellaneous	70,131	39,467
Police Services for School District	120,737	124,134
TOTAL REVENUES	2,258,011	2,070,982
EXPENDITURES		
<i>Current:</i>		
Code Enforcement	143,279	152,919
General Government	422,593	398,499
Municipal Court	68,745	54,606
Police	1,110,562	950,506
Public Works	181,953	139,962
Parks	153,965	118,601
Capital Outlay	248,662	926,495
TOTAL EXPENDITURES	2,329,759	2,741,588
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,748)	(670,606)
OTHER FINANCING SOURCES		
Sales of Capital Assets	-	25,025
Transfer In	64,082	39,082
TOTAL OTHER FINANCING SOURCES	64,082	64,107
Net Change in Fund Balance	(7,666)	(606,499)
Fund Balances at Beginning of Year	1,232,381	1,838,880
Fund Balances at End of Year	\$ 1,224,715	\$ 1,232,381

CITY OF LA VERNIA
 COMPARATIVE BALANCE SHEETS
 STREET MAINTENANCE FUND
 SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 740,288	\$ 588,156
Other Receivables	57,318	46,174
TOTAL ASSETS	\$ 797,606	\$ 634,330
 LIABILITIES & FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ -
<i>Total Liabilities</i>	-	-
 <i>Fund Balance:</i>		
Restricted for Street Maintenance	797,606	634,330
<i>Total Fund Balance</i>	797,606	634,330
 TOTAL LIABILITIES & FUND BALANCE	\$ 797,606	\$ 634,330

CITY OF LA VERNIA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 STREET MAINTENANCE FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
REVENUES		
Sales Taxes	\$ 291,298	\$ 252,528
Interest Income	15,788	2,085
TOTAL REVENUES	307,086	254,613
 EXPENDITURES		
Public Works	21,464	-
Capital Outlay	122,346	407,783
TOTAL EXPENDITURES	143,810	407,783
 Net Change in Fund Balance	163,276	(153,170)
 Fund Balances at Beginning of Year	634,330	787,500
 Fund Balances at End of Year	\$ 797,606	\$ 634,330

CITY OF LA VERNIA
 COMPARATIVE BALANCE SHEETS
 MUNICIPAL DEVELOPMENT DISTRICT
 SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 2,123,177	\$ 1,614,058
Certificates of Deposit	-	161,985
Other Receivables	116,200	90,185
Prepaid Items	-	495
TOTAL ASSETS	\$ 2,239,377	\$ 1,866,723
 LIABILITIES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ 6,919
Accrued Wages	877	742
<i>Total Liabilities</i>	877	7,661
 <i>Fund Balances:</i>		
Nonspendable Prepaid Items	-	495
Restricted for Municipal Development	2,238,500	1,858,567
<i>Total Fund Balances</i>	2,238,500	1,859,062
 TOTAL LIABILITIES & FUND BALANCES	\$ 2,239,377	\$ 1,866,723

CITY OF LA VERNIA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 MUNICIPAL DEVELOPMENT DISTRICT
 FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
REVENUES		
Sales Tax	\$ 577,007	\$ 493,957
Interest Income	19,472	5,129
Grants and Donations	45,570	39,739
TOTAL REVENUES	642,049	538,825
 EXPENDITURES		
Personnel	43,489	72,196
Operations	147,207	92,990
Operations	7,833	-
TOTAL EXPENDITURES	198,529	165,186
 Excess of Revenues Over Expenditures	443,520	373,639
 OTHER FINANCING USES		
Transfer Out	(64,082)	(39,082)
 Net Change in Fund Balance	379,438	334,557
 Fund Balances at Beginning of Year	1,859,062	1,524,505
 Fund Balances at End of Year	\$ 2,238,500	\$ 1,859,062

CITY OF LA VERNIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	Court Security	Court Technology	Grant Fund	Hotel Tax	Forfeiture	Total
ASSETS						
Cash and Cash Equivalents	\$ 4,332	\$ 14,553	\$ -	\$ 136,786	\$ 414	\$ 156,085
Accounts Receivable	-	-	-	6,287	-	6,287
TOTAL ASSETS	\$ 4,332	\$ 14,553	\$ -	\$ 143,073	\$ 414	\$ 162,372
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES						
<i>Liabilities:</i>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total Liabilities</i>	-	-	-	-	-	-
<i>Fund Balances:</i>						
Restricted for:						
Municipal Court	4,332	14,553	-	-	-	18,885
Police	-	-	-	-	414	414
Tourism Development	-	-	-	143,073	-	143,073
<i>Total Fund Balances</i>	4,332	14,553	-	143,073	414	162,372
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	\$ 4,332	\$ 14,553	\$ -	\$ 143,073	\$ 414	\$ 162,372

CITY OF LA VERNIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEARS ENDED SEPTEMBER 30, 2023

	Court Security	Court Technology	Grant Fund	Hotel Tax	Police Forfeiture	Total
REVENUES						
Hotel Taxes	\$ -	\$ -	\$ -	\$ 36,902	\$ -	\$ 36,902
Fines and Penalties	1,742	1,507	-	-	367	3,616
Grants and Donations	-	-	65,527	-	-	65,527
Interest Income	32	132	-	1,073	39	1,276
TOTAL REVENUES	<u>1,774</u>	<u>1,639</u>	<u>65,527</u>	<u>37,975</u>	<u>406</u>	<u>107,321</u>
EXPENDITURES						
<i>Current:</i>						
General Government	-	-	21,963	-	-	21,963
Capital Outlay	-	-	43,564	-	12,000	55,564
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>65,527</u>	<u>-</u>	<u>12,000</u>	<u>77,527</u>
Net Change in Fund Balance	1,774	1,639	-	37,975	(11,594)	29,794
Beginning Fund Balances	<u>2,558</u>	<u>12,914</u>	<u>-</u>	<u>105,098</u>	<u>12,008</u>	<u>132,578</u>
Ending Fund Balances	<u>\$ 4,332</u>	<u>\$ 14,553</u>	<u>\$ -</u>	<u>\$ 143,073</u>	<u>\$ 414</u>	<u>\$ 162,372</u>

CITY OF LA VERNIA
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY UTILITY FUND
 SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ -	\$ 225,995
Receivables (net of allowances for uncollectibles):	146,291	115,817
Prepaid Expenses	-	1,232
<i>Total Current Assets</i>	146,291	343,044
 <i>Other Assets:</i>		
Restricted Cash - Impact Fees	86,326	78,939
Capital Assets (net of depreciation)	4,645,125	4,952,375
<i>Total Other Assets</i>	4,731,451	5,031,314
 TOTAL ASSETS	4,877,742	5,374,358
 LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	106,995	28,456
Accrued Wages	2,378	4,602
Accrued Compensated Absences	7,321	3,455
Accrued Interest Payable	10,163	10,977
Due to Other Funds	48,550	-
Customer Deposits	100,213	94,832
Unearned Revenue	15,685	20,161
Current Portion of Long-term Debt	224,985	217,399
<i>Total Current Liabilities</i>	516,290	379,882
 <i>Noncurrent Liabilities:</i>		
Long-Term Debt, net of current portion	2,716,629	2,956,838
TOTAL LIABILITIES	3,232,919	3,336,720
 NET POSITION		
Net Investment in Capital Assets	1,703,512	1,778,138
Restricted for Impact Fees	86,326	78,940
Unrestricted	(145,015)	180,560
TOTAL NET POSITION	\$ 1,644,823	\$ 2,037,638

CITY OF LA VERNIA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY UTILITY FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Water Charges	\$ 812,414	\$ 740,720
Sewer Charges	239,371	225,018
Garbage Charges	382,591	322,900
Connection and Impact Fees	39,718	66,148
Miscellaneous Income	36,566	37,820
TOTAL OPERATING REVENUES	1,510,660	1,392,606
OPERATING EXPENSES		
Personnel	212,968	170,876
Water Purchase	191,735	58,823
Garbage Collection	374,626	291,944
Utilities	98,494	93,745
Office and Administrative	60,107	50,193
Repairs and Chemicals	368,022	155,386
Treatment Plant Contract	251,423	90,681
Depreciation	437,957	422,547
TOTAL OPERATING EXPENSES	1,995,332	1,334,195
OPERATING INCOME (LOSS)	(484,672)	58,411
NONOPERATING REVENUES (EXPENSES)		
Capital Grants	185,156	112,485
Interest Income	1,496	709
Interest Expense	(94,795)	(96,319)
TOTAL NONOPERATING	91,857	16,875
CHANGE IN NET POSITION	(392,815)	75,286
NET POSITION AT BEGINNING OF YEAR	2,037,638	1,962,352
NET POSITION AT END OF YEAR	\$ 1,644,823	\$ 2,037,638

