



Armstrong, Vaughan *e3* Associates, P.C.

Certified Public Accountants

# City of Leon Valley Comprehensive Annual Financial Report

Year Ended September 30, 2023



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# What is in the Annual Comprehensive Financial Report (ACFR)

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- Introduction
- Independent Auditor's Report
- Management Discussion & Analysis
- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information
- Supplemental Combining & Individual Financial Statements & Schedules
- Statistical Tables



# Independent Auditor's Report

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- Audit Standards to follow
  - Generally Accepted Auditing Standards
  - Government Auditing Standards
- Purpose
  - To form an independent opinion on whether the financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP).
- Independent opinion on the financial statements
  - Audit in “unmodified”
    - This is the best opinion that can be given for an independent audit. It means we have no modifying statements in our opinion letter.



# Management Discussion & Analysis

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- Financial Highlights
- Overview of the Financial Statements
- Government-wide Financial Analysis
- Financial Analysis of the City's Funds
- Budgetary Highlights
- Capital Assets and Debt
- Requests for Information



# Financial Highlights

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- Government-Wide Financial Statement

- Governmental Activities

- Assets of the City exceeded its liabilities by \$24.4 million at September 30, 2023.
    - Net position increased by \$5.1 million. This was due to grants and contributions primarily.

- Business Type Activities

- Assets of the Water and Sewer Fund exceeded its liabilities by \$12.6 million at September 30, 2023; an increase of \$2.5 million.
    - Unrestricted Net Position increased \$277 thousand to \$2.06 million at September 30, 2023 due to an increase in Cash and Fixed Assets.



# Financial Highlights (Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>NET POSITION</b>			
Net Investment In Capital Assets	16,514,310	8,519,400	25,033,710
Restricted For:			
Public, Educational and Governmental	298,380	-	298,380
Red Light Camera Traffic Safety	1,077,147	-	1,077,147
Debt Service	438,662	-	438,662
Street Maintenance	1,820,388	-	1,820,388
Crime Control and Prevention District	624,621	-	624,621
Public Safety	389,638	-	389,638
Community Center/Parks	503,051	-	503,051
Water Supply	-	593,467	593,467
Storm Water Fee	-	1,418,398	1,418,398
Unrestricted	2,779,400	2,062,571	4,841,971
<b>TOTAL NET POSITION</b>	<b>\$ 24,445,597</b>	<b>\$ 12,593,836</b>	<b>\$ 37,039,433</b>

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# Financial Highlights (Continued)

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- Fund Financial Statements
  - The General Fund’s fund balance at the end of the 2023 fiscal year was \$8.2 million and the combined fund balance for all funds was \$14.9 million.
    - Unassigned Fund Balance for the General Fund was \$5.9 million or approximately 5.7 months average operating expenditures.
  - Fund balance for the General Fund increased \$899 thousand. The budgeted decrease was \$2.5 million. The difference was due to better than expect grant revenues; overall revenues were \$2.9 million more than budgeted.
  - The combined fund balance increased by \$4.7 million.



# Financial Highlights (Continued)

	General Fund	Red Light Camera Fund	Capital Projects Fund	Debt Service	Street Maintenance Tax Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<i>Fund Balances:</i>							
Nonspendable:							
Inventory	5,472	-	-	-	-	-	5,472
Restricted for:							
Public, Educational and Governmental	298,380	-	-	-	-	-	298,380
Red Light Camera Traffic Safety	-	1,077,147	-	-	-	-	1,077,147
Debt Service	-	-	-	428,334	-	-	428,334
Street Maintenance	-	-	-	-	1,820,388	-	1,820,388
Crime Control and Prevention District	-	-	-	-	-	624,621	624,621
Federal Police Forfeitures	-	-	-	-	-	389,638	389,638
Other	6,543	-	-	-	-	496,508	503,051
Committed for Disaster Emergencies	1,000,000	-	-	-	-	-	1,000,000
Assigned for:							
Tree Mitigation and Replacement	231,325	-	-	-	-	-	231,325
Economic Development	775,069	-	-	-	-	-	775,069
Unassigned	5,919,097	-	138,228	-	-	-	6,057,325
<i>Total Fund Balances</i>	<u>8,235,886</u>	<u>1,077,147</u>	<u>138,228</u>	<u>428,334</u>	<u>1,820,388</u>	<u>1,510,767</u>	<u>13,210,750</u>





# TMRS

	Total Pension Liability				
	2018	2019	2020	2021	2022
Service Cost	\$ 1,107,270	\$ 1,260,851	\$ 1,322,663	\$ 1,350,668	\$ 1,295,550
Interest (on the Total Pension Liability)	2,833,754	2,974,542	3,156,487	3,295,336	3,466,522
Changes of Benefit Terms	1,757,255	-	-	-	-
Difference between Expected and Actual Experience	121,392	696,928	334,550	811,140	57,983
Change of Assumptions	-	97,929	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,946,832)	(2,160,070)	(2,571,291)	(2,970,074)	(2,816,922)
Net Change in Total Pension Liability	3,872,839	2,870,180	2,242,409	2,487,070	2,003,133
Total Pension Liability - Beginning	40,644,065	44,516,904	47,387,084	49,629,493	52,116,563
Total Pension Liability - Ending	<u>\$ 44,516,904</u>	<u>\$ 47,387,084</u>	<u>\$ 49,629,493</u>	<u>\$ 52,116,563</u>	<u>\$ 54,119,696</u>



# TMRS

	Plan Fiduciary Net Position				
	2018	2019	2020	2021	2022
Contributions - Employer	\$ 821,094	\$ 1,193,707	\$ 1,254,515	\$ 1,320,007	\$ 1,235,379
Contributions - Employee	372,609	494,728	512,944	523,515	490,473
Net Investment Income	(1,172,483)	5,749,089	3,220,466	5,843,029	(3,611,872)
Benefit Payments, Including Refunds of Employee Contributions	(1,946,832)	(2,160,070)	(2,571,291)	(2,970,074)	(2,816,922)
Administrative Expense	(22,673)	(32,509)	(20,854)	(27,055)	(31,295)
Other	(1,185)	(977)	(813)	185	37,344
Net Change in Plan Fiduciary Net Position	(1,949,470)	5,243,968	2,394,967	4,689,607	(4,696,893)
Plan Fiduciary Net Position - Beginning	39,163,751	37,214,281	42,458,249	44,853,216	49,542,823
Plan Fiduciary Net Position - Ending	<u>\$ 37,214,281</u>	<u>\$ 42,458,249</u>	<u>\$ 44,853,216</u>	<u>\$ 49,542,823</u>	<u>\$ 44,845,930</u>
Net Pension Liability - Ending	\$ 7,302,623	\$ 4,928,835	\$ 4,776,277	\$ 2,573,740	\$ 9,273,766
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.60%	89.60%	90.38%	95.06%	82.86%
Covered Payroll	\$ 6,210,153	\$ 7,067,549	\$ 7,327,773	\$ 7,478,782	\$ 7,006,761
Net Pension Liability as a Percentage of Covered Payroll	117.59%	69.74%	65.18%	34.41%	132.35%



# TMRS OPEB

	Total OPEB Liability					
	2017	2018	2019	2020	2021	2022
Service Cost	\$ 11,383	\$ 14,283	\$ 15,549	\$ 19,052	\$ 23,932	\$ 23,823
Interest on Total OPEB Liability	13,335	13,517	14,951	13,963	12,184	12,180
Changes of Benefit Terms	-	-	-	-	-	-
Difference between Expected and Actual Experience	-	(1,286)	(2,759)	(5,014)	8,166	(706)
Change of Assumptions or Other Inputs	32,701	(28,902)	79,233	78,822	19,746	(217,866)
Benefit Payments	(2,846)	(3,726)	(3,534)	(4,397)	(11,218)	(11,211)
Net Change in Total OPEB Liability	54,573	(6,114)	103,440	102,426	52,810	(193,780)
Total OPEB Liability - Beginning	348,518	403,091	396,977	500,417	602,843	655,653
Total OPEB Liability - Ending	<u>\$ 403,091</u>	<u>\$ 396,977</u>	<u>\$ 500,417</u>	<u>\$ 602,843</u>	<u>\$ 655,653</u>	<u>\$ 461,873</u>
Covered Employee Payroll	\$ 5,691,256	\$ 6,210,153	\$ 7,067,549	\$ 7,327,773	\$ 7,478,782	\$ 7,006,761
Total OPEB Liability as a Percentage of Covered Employee Payroll	7.08%	6.39%	7.08%	8.23%	8.77%	6.59%

# TREND ANALYSIS

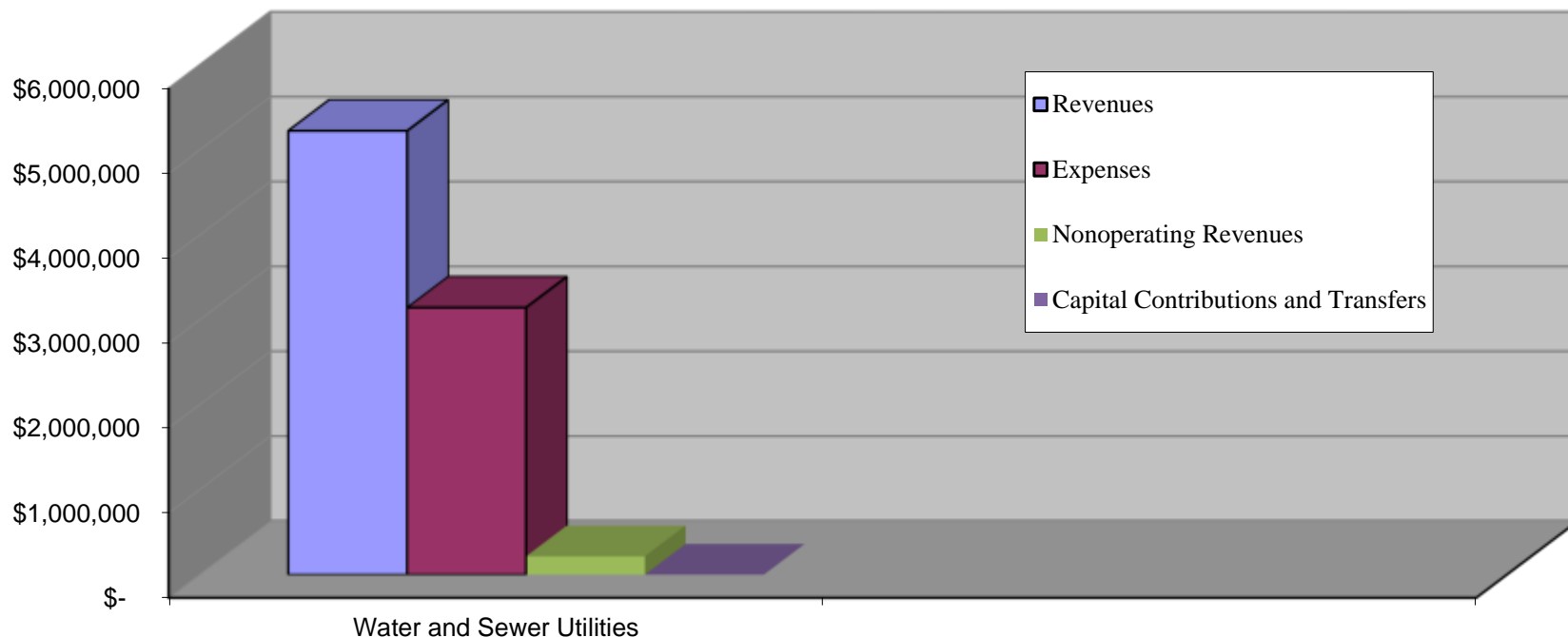
## CITY OF LEON VALLEY, TEXAS

TREND ANALYSIS	9/30/19	9/30/20	9/30/21	9/30/22	9/30/23
<b>GENERAL GOVERNMENT</b>					
FUND BALANCE - GENERAL FUND (1)	\$ 3,784,196	\$ 3,361,144	\$ 7,336,125	\$ 8,205,152	\$ 8,235,885
AVERAGE MONTHLY OPERATING EXPENDITURES (2)	991,611	970,209	1,013,767	1,110,804	1,039,714
GROWTH RATE PER YEAR - AVERAGE MONTHLY OPERATING EXPENDITURES	9.5%	-2.2%	4.5%	9.6%	-6.4%
# MONTHS AVERAGE EXPENDITURES IN FUND BALANCE	3.8	3.5	7.2	7.4	7.9
GENERAL BONDED DEBT (NET OF DEBT SERVICE RESERVES)	5,989,746	5,509,056	5,065,956	5,010,118	4,581,782
RATIO OF GENERAL BONDED DEBT TO FUND EQUITY	1.6/1	1.6/1	0.7/1	0.6/1	0.6/1



# Financial Highlights (Proprietary)

- Business-Type Activities net position increased by \$2.5 million.





# Letters on Conduct of Audit

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- Accounting Policies
- Accounting Estimates
- Difficulties
- Misstatements
- Disagreements
- Management Representations
- Consultations with other Independent Accountants
- Compliance with the Public Funds Investment Act



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QUESTIONS?

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