



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

Certified Public Accountants

City of Leon Valley Comprehensive Annual Financial Report

Year Ended September 30, 2022



What is in the Annual Comprehensive Financial Report (ACFR)

- 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

- 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

- 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

- Government-Wide Financial Statement
 - Governmental Activities
 - Assets of the City exceeded its liabilities by \$19.3 million at September 30, 2022.
 - Net position increased by \$1.7 million primarily due to an increase of sales tax of \$625 thousand and property tax of \$305 thousand decrease administration and public safety expenses.
 - Business Type Activities
 - Assets of the Water and Sewer Fund exceeded its liabilities by \$10.2 million at September 30, 2022; in decrease of \$51 thousand.
 - Unrestricted Net Position decreased \$618 thousand to \$1.8 million at September 30, 2022 due to lower pension liabilities.



Financial Highlights (Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net Investment In Capital Assets	13,497,385	6,332,409	19,829,794
Restricted For:			
Public, Educational and Governmental	298,380	-	298,380
Debt Service	421,847	-	421,847
Street Maintenance	1,245,522	-	1,245,522
Crime Control and Prevention District	508,228	-	508,228
Public Safety	436,151	-	436,151
Community Center/Parks	234,420		234,420
Water Supply	-	441,807	441,807
Storm Water Fee	-	1,544,588	1,544,588
Unrestricted	2,663,066	1,785,915	4,448,981
TOTAL NET POSITION	\$ 19,304,999	\$ 10,104,719	\$ 29,409,718

Financial Highlights (Continued)

- Fund Financial Statements
 - The General Fund’s fund balance at the end of the 2022 fiscal year was \$7.3 million and the combined fund balance for all funds was \$10.2 million.
 - Unassigned Fund Balance for the General Fund was \$4.5 million or approximately 4.4 months average operating expenditures.
 - Fund balance for the general fund increased \$1.6 million. The budgeted decrease was \$315 thousand. The reduced loss was due to an increase in property taxes of \$153 thousand and sales tax of \$789; overall expenditures were \$2.3 million less than budgeted.
 - The combined fund balance increased by \$1.9 million.



Financial Highlights (Continued)

	General Fund	Debt Service	Street Maintenance Tax Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<i>Fund Balances:</i>					
Nonspendable:					
Inventory	4,568	-	-	-	4,568
Restricted for:					
Public, Educational and Governmental	298,380	-	-	-	298,380
Debt Service	-	414,100	-	-	414,100
Street Maintenance	-	-	1,245,522	-	1,245,522
Crime Control and Prevention District	-	-	-	508,228	508,228
Federal Police Forfeitures	-	-	-	279,412	279,412
Other	5,810	-	-	385,349	391,159
Committed for Disaster Emergencies	1,000,000	-	-	-	1,000,000
Assigned for:					
Red Light Camera Traffic Safety	919,759	-	-	-	919,759
Tree Mitigation and Replacement	24,125	-	-	-	24,125
Economic Development	557,551	-	-	-	557,551
Unassigned	4,525,932	-	-	-	4,525,932
<i>Total Fund Balances</i>	<u>7,336,125</u>	<u>414,100</u>	<u>1,245,522</u>	<u>1,172,989</u>	<u>10,168,736</u>



TMRS

	Total Pension Liability				Total Pension Liability			
	2014	2015	2016	2017	2018	2019	2020	2021
Service Cost	\$ 645,011	\$ 761,483	\$ 747,641	\$ 842,875	\$ 1,107,270	\$ 1,260,851	\$ 1,322,663	\$ 1,350,668
Interest (on the Total Pension Liability)	2,491,971	2,548,566	2,513,302	2,599,775	2,833,754	2,974,542	3,156,487	3,295,336
Changes of Benefit Terms	-	-	-	-	1,757,255	-	-	-
Difference between Expected and Actual Experience	(806,336)	(863,803)	109,583	194,960	121,392	696,928	334,550	811,140
Change of Assumptions	-	149,794	-	-	-	97,929	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,734,074)	(1,426,682)	(2,099,537)	(2,174,580)	(1,946,832)	(2,160,070)	(2,571,291)	(2,970,074)
Net Change in Total Pension Liability	596,572	1,169,358	1,270,989	1,463,030	3,872,839	2,870,180	2,242,409	2,487,070
Total Pension Liability - Beginning	36,144,116	36,740,688	37,910,046	39,181,035	40,644,065	44,516,904	47,387,084	49,629,493
Total Pension Liability - Ending	<u>\$ 36,740,688</u>	<u>\$ 37,910,046</u>	<u>\$ 39,181,035</u>	<u>\$ 40,644,065</u>	<u>\$ 44,516,904</u>	<u>\$ 47,387,084</u>	<u>\$ 49,629,493</u>	<u>\$ 52,116,563</u>



TMRS

	Plan Fiduciary Net Position				Plan Fiduciary Net Position			
	2014	2015	2016	2017	2018	2019	2020	2021
Contributions - Employer	\$ 769,208	\$ 813,946	\$ 702,892	\$ 735,312	\$ 821,094	\$ 1,193,707	\$ 1,254,515	\$ 1,320,007
Contributions - Employee	282,279	311,658	301,671	341,475	372,609	494,728	512,944	523,515
Net Investment Income	1,903,667	50,874	2,310,877	4,903,405	(1,172,483)	5,749,089	3,220,466	5,843,029
Benefit Payments, Including Refunds of								
Employee Contributions	(1,734,074)	(1,426,682)	(2,099,537)	(2,174,580)	(1,946,832)	(2,160,070)	(2,571,291)	(2,970,074)
Administrative Expense	(19,877)	(30,989)	(26,101)	(25,416)	(22,673)	(32,509)	(20,854)	(27,055)
Other	(1,634)	(1,531)	(1,406)	(1,286)	(1,185)	(977)	(813)	185
Net Change in Plan Fiduciary Net Position	1,199,569	(282,724)	1,188,396	3,778,910	(1,949,470)	5,243,968	2,394,967	4,689,607
Plan Fiduciary Net Position - Beginning	33,279,600	34,479,169	34,196,445	35,384,841	39,163,751	37,214,281	42,458,249	44,853,216
Plan Fiduciary Net Position - Ending	<u>\$ 34,479,169</u>	<u>\$ 34,196,445</u>	<u>\$ 35,384,841</u>	<u>\$ 39,163,751</u>	<u>\$ 37,214,281</u>	<u>\$ 42,458,249</u>	<u>\$ 44,853,216</u>	<u>\$ 49,542,823</u>
Net Pension Liability - Ending	\$ 2,261,519	\$ 3,713,601	\$ 3,796,194	\$ 1,480,314	\$ 7,302,623	\$ 4,928,835	\$ 4,776,277	\$ 2,573,740
Plan Fiduciary Net Position as a								
Percentage of Total Pension Liability	93.84%	90.20%	90.31%	96.36%	83.60%	89.60%	90.38%	95.06%
Covered Payroll	\$ 4,704,649	\$ 5,194,294	\$ 5,027,846	\$ 5,691,256	\$ 6,210,153	\$ 7,067,549	\$ 7,327,773	\$ 7,478,782
Net Pension Liability as a Percentage								
of Covered Payroll	48.07%	71.49%	75.50%	26.01%	117.59%	69.74%	65.18%	34.41%



TMRS OPEB

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

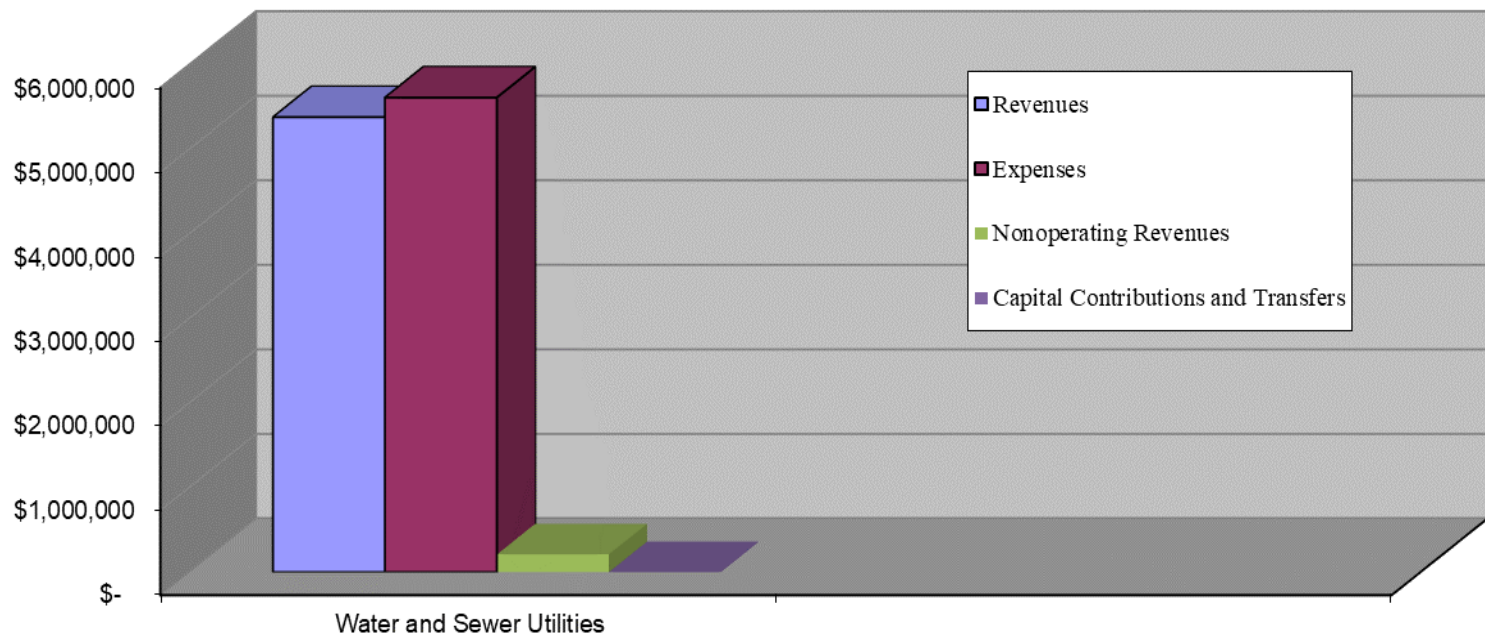
TREND ANALYSIS

CITY OF LEON VALLEY, TEXAS

TREND ANALYSIS	9/30/18	9/30/19	9/30/20	9/30/21	9/30/22
GENERAL GOVERNMENT					
FUND BALANCE - GENERAL FUND (1)	\$ 3,359,401	\$ 4,370,549	\$ 3,784,196	\$ 3,361,144	\$ 7,336,125
AVERAGE MONTHLY OPERATING EXPENDITURES (2)	782,207	905,887	991,611	970,209	1,013,767
GROWTH RATE PER YEAR - AVERAGE MONTHLY OPERATING EXPENDITURES	10.0%	15.8%	9.5%	-2.2%	4.5%
# MONTHS AVERAGE EXPENDITURES IN FUND BALANCE	4.3	4.8	3.8	3.5	7.2
GENERAL BONDED DEBT (NET OF DEBT SERVICE RESERVES)	6,931,085	6,492,853	5,989,746	5,509,056	5,065,956
RATIO OF GENERAL BONDED DEBT TO FUND EQUITY	2.1/1	1.5/1	1.6/1	1.6/1	0.7/1

Financial Highlights (Proprietary)

- Business-Type Activities net position decreased by \$51 thousand.





Letters on Conduct of Audit

- 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?

CONTACT INFORMATION

Deborah F. Fraser, CPA

fraser@avacpa.com

(210) 658-6229