

CITY OF STRATFORD, TEXAS

ANNUAL FINANCIAL REPORT

**FOR YEAR ENDED
SEPTEMBER 30, 2023**

CITY OF STRATFORD, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

	Page
PART I – INTRODUCTORY SECTION	
LIST OF PRINCIPAL CITY OFFICIALS	i
PART II – FINANCIAL SECTION	
INDEPENDENT AUDITORS’ REPORT	1
BASIC FINANCIAL STATEMENTS	
<u>Government-wide Financial Statements</u>	
Statement of Net Position	4
Statement of Activities	5
<u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position – Proprietary Fund	10
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	12
Statement of Cash Flows – Proprietary Fund	13
<u>Notes to Basic Financial Statements</u>	15

CITY OF STRATFORD, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

	Page
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	41
Schedule of Changes in Net Pension Liability and Related Ratios – TMRS.....	42
Schedule of Employer Contributions – TMRS	43
Schedule of Changes in Total OPEB Liability and Related Ratios – TMRS	44
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Non-major Governmental Funds.....	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	47

This page left blank intentionally

PART I

INTRODUCTORY SECTION

CITY OF STRATFORD, TEXAS
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2023

Greg Wright	Mayor
Joe Zak	Council Member
Becky Frizzell	Council Member
Michael Hood	Council Member
Jamie Garza	Council Member
Vacant	Council Member
Tommy Bogart	City Manager
Kathy Rendon	City Secretary

PART II

FINANCIAL SECTION

To The Honorable City Mayor and
Council Members Comprising the
City Council of
City of Stratford, Texas

INDEPENDENT AUDITORS' REPORT

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Stratford, Texas, 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

Management is responsible for the preparation and fair presentation of these 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 Stratford, Texas'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.

Auditors' Responsibilities for the Audit of Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Stratford, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Stratford, Texas'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 Budgetary Comparison Schedule, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions, and the Schedule of Changes in Total OPEB Liability and Related Ratios on pages 41 – 45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, 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. The independent auditors' opinion is not affected by the omission of the MD&A.

Supplementary Information

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

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

April 19, 2024

BASIC FINANCIAL STATEMENTS

CITY OF STRATFORD, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	\$ 108,032	\$ 7,403	\$ 115,435	\$ 409,692
Investments	41,905	-	41,905	29,260
Accounts receivable, net	65,450	118,051	183,501	-
Taxes receivable, net	28,568	-	28,568	-
Internal balances	1,295,267	(1,295,267)	-	-
Due from other governments	60,795	6,162	66,957	22,096
Loans receivable:				
Due within one year	-	-	-	12,753
Due in more than one year	-	-	-	68,969
Capital assets net of of accumulated depreciation	1,210,129	4,454,649	5,664,778	-
Total assets	2,810,146	3,290,998	6,101,144	542,770
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	31,246	31,246	-
Pension contributions	32,176	29,166	61,342	-
Pension economic/demographic loss	23,518	21,319	44,837	-
Pension deficient earnings	59,338	53,788	113,126	-
OPEB contributions	583	528	1,111	-
OPEB assumption changes	3,179	2,882	6,061	-
Total deferred outflows of resources	118,794	138,929	257,723	-
LIABILITIES				
Accounts payable	43,621	72,600	116,221	-
Due to other governmental agencies	71,568	1,328	72,896	-
Accrued payroll	26,720	16,789	43,509	-
Accrued interest	-	3,807	3,807	-
Customer deposits	-	57,972	57,972	-
Noncurrent liabilities:				
Due within one year	9,915	279,157	289,072	-
Due in more than one year	4,974	1,715,000	1,719,974	-
Net pension liability	161,477	146,372	307,849	-
Total other post-employment benefit obligation	17,405	15,776	33,181	-
Total liabilities	335,680	2,308,801	2,644,481	-
DEFERRED INFLOWS OF RESOURCES				
Pension economic/demographic gains	2,636	2,389	5,025	-
OPEB economic/demographic gains	1,621	1,469	3,090	-
OPEB assumption changes	6,900	6,255	13,155	-
Total deferred inflows of resources	11,157	10,113	21,270	-
NET POSITION				
Net investment in capital assets	1,207,671	2,473,661	3,681,332	-
Restricted:				
By enabling legislation for special projects	109,123	-	109,123	-
Debt service	52,798	-	52,798	-
Unrestricted (deficit)	1,212,511	(1,362,648)	(150,137)	542,770
Total net position	\$ 2,582,103	\$ 1,111,013	\$ 3,693,116	\$ 542,770

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

**CITY OF STRATFORD, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Administrative	\$ 291,694	\$ 875	\$ -	\$ -	\$ (290,819)	\$ -	\$ (290,819)	\$ -
Judicial	60,558	43,225	-	-	(17,333)	-	(17,333)	-
Public facilities	40,529	-	-	-	(40,529)	-	(40,529)	-
Public safety	599,084	15,898	21,950	-	(561,236)	-	(561,236)	-
Highways and streets	400,340	-	-	-	(400,340)	-	(400,340)	-
Public services	64,958	9,222	-	-	(55,736)	-	(55,736)	-
Interest on long-term debt	25	-	-	-	(25)	-	(25)	-
Total governmental activities	1,457,188	69,220	21,950	-	(1,366,018)	-	(1,366,018)	-
Business-type activities:								
Water, wastewater and solid waste	1,473,883	1,074,234	25,048	-	-	(374,601)	(374,601)	-
Total primary government	\$ 2,931,071	\$ 1,143,454	\$ 46,998	\$ -	(1,366,018)	(374,601)	(1,740,619)	-
Component Unit								
Stratford Sales Tax Corporation	\$ 92,223	\$ -	\$ -	\$ -	-	-	-	(92,223)
General revenues:								
Taxes:								
Property taxes	-	-	-	-	941,037	-	941,037	-
Property taxes, levied for debt service	-	-	-	-	17,483	-	17,483	-
Sales taxes	-	-	-	-	247,410	-	247,410	123,705
Franchise and miscellaneous taxes	-	-	-	-	197,363	-	197,363	-
Investment earnings	-	-	-	-	1,980	-	1,980	3,673
Miscellaneous	-	-	-	-	44,527	13,360	57,887	-
Transfers	-	-	-	-	(39,612)	39,612	-	-
Total general revenues and transfers	-	-	-	-	1,410,188	52,972	1,463,160	127,378
Change in net position	-	-	-	-	44,170	(321,629)	(277,459)	35,155
Net position - beginning	-	-	-	-	2,537,933	1,432,642	3,970,575	507,615
Net position - ending	-	-	-	-	\$ 2,582,103	\$ 1,111,013	\$ 3,693,116	\$ 542,770

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

**CITY OF STRATFORD, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General	Non-major Governmental	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 11,025	\$ 97,007	\$ 108,032
Investments	-	41,905	41,905
Accounts receivables, net	65,450	-	65,450
Taxes receivable, net	28,568	-	28,568
Due from other funds	1,224,583	70,684	1,295,267
Due from other governments	60,672	123	60,795
	<u>1,390,298</u>	<u>209,719</u>	<u>1,600,017</u>
Total assets	<u>\$ 1,390,298</u>	<u>\$ 209,719</u>	<u>\$ 1,600,017</u>
LIABILITIES			
Accounts payable	\$ 43,621	\$ -	\$ 43,621
Payable to other governments	71,568	-	71,568
Accrued expenses	26,720	-	26,720
	<u>141,909</u>	<u>-</u>	<u>141,909</u>
Total liabilities	<u>141,909</u>	<u>-</u>	<u>141,909</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	23,555	-	23,555
	<u>23,555</u>	<u>-</u>	<u>23,555</u>
Total deferred inflows of resources	<u>23,555</u>	<u>-</u>	<u>23,555</u>
FUND BALANCES			
Restricted:			
By enabling legislation for special projects	-	109,123	109,123
Debt service	-	52,798	52,798
Committed:			
Special projects	-	47,798	47,798
Capital replacement	2,773	-	2,773
Unassigned	1,222,061	-	1,222,061
	<u>1,224,834</u>	<u>209,719</u>	<u>1,434,553</u>
Total fund balances	<u>1,224,834</u>	<u>209,719</u>	<u>1,434,553</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,390,298</u>	<u>\$ 209,719</u>	<u>\$ 1,600,017</u>

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

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

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

Total fund balance - governmental funds	\$ 1,434,553
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	1,210,129
Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements	23,555
Pension and OPEB contributions paid after the measurement date, December 31, 2022, and before September 30, 2023 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.	
Pension contributions	32,176
OPEB contributions	583
Pension and OPEB losses, deficient earnings, and assumption changes are shown as deferred outflows of resources in the government-wide financial statements.	
Pension economic/demographic losses	23,518
Pension deficient earnings	59,338
OPEB assumption changes	3,179
Pension and OPEB gains, excess earnings, and assumption changes are shown as deferred inflows of resources in the government-wide financial statements.	
Pension economic/demographic gains	(2,636)
OPEB economic/demographic gains	(1,621)
OPEB assumption changes	(6,900)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:	
Capital leases	(2,458)
Compensated absences	(12,431)
Net pension liability	(161,477)
Total other post-employment benefit obligation	(17,405)
Net position - governmental activities	<u>\$ 2,582,103</u>

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

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

	General	Non-major Governmental	Total Governmental Funds
REVENUES			
Property taxes	\$ 943,961	\$ 17,483	\$ 961,444
Sales tax	247,410	-	247,410
Franchise and miscellaneous taxes	191,363	6,000	197,363
Licenses and fees	11,373	875	12,248
Fines and forfeitures	41,074	15,898	56,972
Intergovernmental	21,950	-	21,950
Investment earnings	758	1,222	1,980
Miscellaneous	43,931	596	44,527
	<u>1,501,820</u>	<u>42,074</u>	<u>1,543,894</u>
Total revenues			
EXPENDITURES			
Current:			
Administrative	273,589	-	273,589
Judicial	59,305	4	59,309
Public facilities	26,131	-	26,131
Public safety	498,170	28,519	526,689
Highways and streets	366,633	-	366,633
Public services	63,736	-	63,736
Debt Service:			
Principal	4,899	-	4,899
Interest and other charges	25	-	25
Capital Outlay	85,362	10,110	95,472
	<u>1,377,850</u>	<u>38,633</u>	<u>1,416,483</u>
Total expenditures			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>123,970</u>	<u>3,441</u>	<u>127,411</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(22,702)</u>	<u>(16,910)</u>	<u>(39,612)</u>
Total other financing sources (uses)	<u>(22,702)</u>	<u>(16,910)</u>	<u>(39,612)</u>
NET CHANGE IN FUND BALANCES	101,268	(13,469)	87,799
FUND BALANCES - BEGINNING	<u>1,123,566</u>	<u>223,188</u>	<u>1,346,754</u>
FUND BALANCES - ENDING	<u><u>\$ 1,224,834</u></u>	<u><u>\$ 209,719</u></u>	<u><u>\$ 1,434,553</u></u>

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

CITY OF STRATFORD, TEXAS
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

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

Net change in fund balances - total governmental funds:	\$ 87,799
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays, \$95,472, were exceeded by depreciation, \$118,458, in the current period.	
	(22,986)
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenue.	
	(2,924)
In the Statement of Net Position, incurring debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayments of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position. Principal repayments:	
Capital leases	4,899
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Compensated absences, net change	(3,519)
Deferred outflows of resources related to pension and OPEB liabilities, net change	80,688
Deferred inflows of resources related to pension and OPEB liabilities, net change	49,548
Net pension liability, net change	(155,877)
Total other post-employment benefit obligation, net change	6,542
Change in net position - governmental activities	<u><u>\$ 44,170</u></u>

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

CITY OF STRATFORD, TEXAS
STATEMENT OF NET POSITION
UTILITY FUND
PROPRIETARY FUND
SEPTEMBER 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 7,403
Receivables, net	118,051
Due from other governments	<u>6,162</u>
Total current assets	<u>131,616</u>

Non-current assets:

Capital assets:

Land	579,855
Buildings and improvements	161,574
Infrastructure	6,167,546
Machinery and equipment	1,433,511
Less accumulated depreciation	<u>(3,887,837)</u>
Total non-current assets	<u>4,454,649</u>

Total assets	<u>4,586,265</u>
--------------	------------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	31,246
Pension contributions	29,166
Pension economic/demographic loss	21,319
Pension deficient earnings	53,788
OPEB contributions	528
OPEB assumption changes	<u>2,882</u>
Total deferred outflows of resources	<u>138,929</u>

Continued

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

**CITY OF STRATFORD, TEXAS
STATEMENT OF NET POSITION
UTILITY FUND
PROPRIETARY FUND
SEPTEMBER 30, 2023**

Continuation

LIABILITIES

Current liabilities:

Accounts payable	\$ 72,600
Accrued payroll	16,789
Accrued interest	3,807
Customer deposits	57,972
Due to other funds	1,295,267
Payable to other governments	1,328
Compensated absences - current	13,169
Notes payable - current	145,988
General obligation bonds - current	<u>120,000</u>

Total current liabilities	<u>1,726,920</u>
---------------------------	------------------

Non-current liabilities:

General obligation bonds payable	1,715,000
Net pension liability	146,372
Other post-employment benefit obligation	<u>15,776</u>

Total non-current liabilities	<u>1,877,148</u>
-------------------------------	------------------

Total liabilities	<u>3,604,068</u>
-------------------	------------------

DEFERRED INFLOWS OF RESOURCES

Pension economic/demographic gains	2,389
OPEB economic/demographic gains	1,469
OPEB assumption changes	<u>6,255</u>

Total deferred inflows of resources	<u>10,113</u>
-------------------------------------	---------------

NET POSITION

Net investment in capital assets	2,473,661
Unrestricted (deficit)	<u>(1,362,648)</u>
Total net position	<u><u>\$ 1,111,013</u></u>

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

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

OPERATING REVENUES:

Charges for services:	
Water sales	\$ 551,978
Wastewater charges	308,080
Solid waste charges	202,945
Penalty charges	11,231
Miscellaneous revenue	13,360
Total operating revenues	1,087,594

OPERATING EXPENSES:

Cost of water	505,130
Cost of wastewater	417,110
Cost of solid waste	338,593
Depreciation	173,104
Total operating expenses	1,433,937
Operating loss	(346,343)

NON-OPERATING REVENUES (EXPENSES):

Intergovernmental	25,048
Interest expense	(39,946)
Total non-operating revenues (expenses)	(14,898)

INCOME / (LOSS) BEFORE TRANSFERS	(361,241)
---	-----------

TRANSFERS IN	39,612
---------------------	--------

CHANGE IN NET POSITION	(321,629)
-------------------------------	-----------

TOTAL NET POSITION - BEGINNING	1,432,642
---------------------------------------	-----------

TOTAL NET POSITION - ENDING	\$ 1,111,013
------------------------------------	--------------

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

**CITY OF STRATFORD, TEXAS
STATEMENT OF CASH FLOWS
UTILITY FUND
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,101,238
Payments to suppliers and service providers	(754,582)
Payments to employees for salaries and benefits	<u>(453,761)</u>
Net cash used by operating activities	<u>(107,105)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES**

Operating grants	25,048
Change in inter-fund receivable/payable	268,153
Transfer from other funds	<u>39,612</u>
Net cash provided by noncapital financing activities	<u>332,813</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(17,355)
Interest paid on capital debt	(37,630)
Principal paid on capital debt	<u>(167,478)</u>
Net cash used by capital and related financing activities	<u>(222,463)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	3,245
--	-------

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,158</u>
---	--------------

CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 7,403</u></u>
---	------------------------

Continued

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

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

Continuation

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	\$ (346,343)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	173,104
Change in allowance for doubtful accounts	6,000
(Increase) decrease in operating assets	
Accounts receivable	5,354
Deferred outflows of resources - pension and OPEB	(72,975)
Increase (decrease) in operating liabilities	
Accounts payable	34,145
Accrued payroll and compensated absences	1,262
Customer deposits	2,290
Net pension and total OPEB liabilities	135,237
Deferred inflows of resources - pension and OPEB	(45,179)
Net cash used by operating activities	<u><u>\$ (107,105)</u></u>

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

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Stratford, Texas (City) are prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the City are described in the following notes to the financial statements.

A. Financial Reporting Entity

The City, incorporated in 1907, adopted the powers of cities and towns under the provision of Title 28, Revised Civil Statutes of Texas, 1925, as amended. The City Council, which is made up of up to five Council Members and the Mayor, is the general governing body of the City. The City provides the following services as authorized by the statutes of the State of Texas: administrative (e.g., tax collection), judicial (municipal court), public safety (police and fire departments), road and bridge, public facilities, and public services (e.g. animal control, etc.).

Discretely presented component unit

In 1997, the Stratford Sales Tax Corporation was incorporated by the State of Texas. The purpose of the corporation is to promote and develop industrial, manufacturing, and retail enterprises, and to promote and develop new and expanded business enterprises, and to promote and encourage employment and the public welfare of the City. The City Secretary is named by the articles of incorporation as the registered agent for the Corporation. The seven member board of directors is appointed by the City Council. The Corporation's revenues are derived from a portion of the City's sales tax collections.

B. Government-Wide and Fund Financial Statements

Government-Wide 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 inter-fund 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, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Government-Wide and Fund Financial Statements – Continuation

Fund-Level Statements

Separate **fund financial statements** are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund meets criteria as a ***major governmental fund***. Each major fund is reported in separate columns in the fund financial statements. Non-major funds include the other Special Revenue funds and Debt Service fund. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

C. 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, as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types which have been accrued are 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, investment earnings, and other miscellaneous revenues.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

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 unavailable revenue.

Revenues susceptible to accrual include property taxes, fines, forfeitures, licenses, interest income, and charges for service and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Inter-fund eliminations have not been made in the fund financial statements.

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

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continuation

The City reports the following major governmental fund:

General Fund – The *General Fund* is the general operating fund of the City. 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, sales, and franchise taxes, intergovernmental revenues and investment of idle funds. Primary expenditures are for administrative, judicial, public facilities, public safety, highways and streets, public services, and capital acquisition.

The City reports the following major proprietary fund:

Utility Fund – The *Utility Fund* is the City’s Waterworks and Sewer System Fund. It accounts for the costs of providing water, wastewater and solid waste services to the residents.

Additionally, the County reports the following fund types:

Special Revenue Funds – The *Special Revenue Funds* account for the proceeds of specific revenue sources (other than fiduciary funds) that are legally restricted to expenditures for specified purposes.

Debt Service Fund – The *Debt Service Fund* accounts for the accumulation and disbursement of resources associated with the City’s debt obligations.

D. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

1. Deposits and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits and deposits within public fund investment pools as well as investments in certificates of deposits with an original maturity of 90 days or less. Statutes authorize the City to keep funds in demand deposits, time deposits, or securities of the United States. The City's custodial banks are required to pledge for the purpose of securing City funds, securities of the following kind, in an amount equal to the amount of such City funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes.

The City is required by Government Code Chapter 2256, the Public Funds Investment Act (“Act”), to adopt, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management, and include a list of the types of authorized investments in which the investing entity’s funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

1. Deposits and Investments – Continuation

The Act requires an annual audit of investment policies. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that in area of investment practices, management has established and reports appropriate policies. The City adheres to the requirements of the Act. Additionally, investment practices of the City are in accordance with local policies.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

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

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as revenues at the time all eligibility requirements established by the provider have been met.

All accounts receivable for the Utility Fund are shown net of an allowance for uncollectible accounts. The allowance is comprised of balances in excess of 90 days in addition to specifically identified accounts that will probably be uncollectible. The allowance for uncollectible accounts in the Utility Fund is \$71,000 at September 30, 2023.

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

3. Property Tax Calendar and Revenues

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year. Tax collections after February 1 are treated as late payments and are subject to penalty and interest. Uncollected taxes from the current tax roll become delinquent on July 1 and are subject to additional penalties and interest. 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 delinquent levies are shown net of an allowance for uncollectible accounts of \$130,146.

Continued

**CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

4. Restricted Assets/Funds

The following accounts reflect restricted status by third-party or statutory obligations for specific purposes:

- Other Non-Major Governmental fund balances (amounts restricted for other specific purposes such as technology requirements for the municipal court, enhancement of law enforcement operations with seized funds, and the promotion of tourism to the City. All restrictions are enacted according to Texas statutes.)
- In addition to statutory restrictions the City has also received donations from outside donors. Those donations are restricted for the maintenance and upkeep of the cemetery memorial.

5. Capital Assets

Capital assets, which include land, buildings and improvements, infrastructure, and equipment, are reported in the government-wide financial statements. Infrastructure (e.g. water/wastewater transmission lines and facilities) and equipment are reported in the Utility Fund and in the business-type activities column in the government-wide financial statements. According to the City's capitalization policy, capital assets are defined as individual assets (or systems of assets) having a cost of \$15,000 or more for buildings and improvements, infrastructure, and leasehold improvements and \$5,000 for equipment and machinery and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated lives:

Buildings and improvements	7 - 40 years
Machinery and equipment	5 - 20 years
Infrastructure	40 years

Capitalized Interest

Interest costs are capitalized (net of interest earnings on invested debt proceeds) when incurred by proprietary funds when debt proceeds were used to finance the construction of assets. There was no interest capitalized during the current fiscal year.

6. Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

6. Compensated Absences – Continuation

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, 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.

Regular full-time employees are entitled to vacation of up to one week after 90 days of employment, two weeks after one year, and three weeks after eleven years of service. Vacation time earned, but not taken, is paid upon termination, but cannot be accumulated beyond one calendar year (one week maximum accumulation). Accrued vacation leave is accrued in the government-wide financial statements.

7. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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.

8. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items that qualify for reporting in this category. They are the deferred charge on refunding, and the contributions and other items related to the City's pension and OPEB plans reported in the government-wide and proprietary statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple items that qualify for reporting in this category. One item arises only under a modified accrual basis of accounting; accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are related to the City's pension and OPEB plans and are reported in the government-wide and proprietary statements of net position.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

9. Pensions and Other Post-Employment Benefits

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Texas County and District Retirement System Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the other post-employment benefit (OPEB) asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Texas Municipal Retirement System Supplemental Death Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable Fund Balance – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned Fund Balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) City Council or (b) a body (budget, finance committee, or City Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted or committed.

Unassigned Fund Balance – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

11. Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three categories.

Net Investment in Capital Assets – This amount 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.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

Unrestricted Net Position – This amount includes all net position amounts that do not meet the definition of “net investment in capital assets” or “restricted net position.”

12. Fund Balance Policies

When the City incurs an expenditure for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first, then unrestricted funds. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Committed fund balance amounts may be used for other purposes with appropriate action by the City Council to either modify or rescind a fund balance commitment. Commitments are typically done through adoption and amendment of the budget.

The City’s highest level of decision-making authority is the City Council. The Council has not yet delegated the authority to assign fund balance amounts to a specific individual nor does it have a policy to authorize the assignment of fund balances outside the Council.

13. Income Taxes

The Stratford Sales Tax Corporation has filed with the Internal Revenue Service to be treated as an exempt organization under IRC section 501(c)(6), except to the extent of any unrelated business income.

The Stratford Sales Tax Corporation follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740-10-65-1. Management has considered the tax positions and believes that all of the positions taken in its federal exempt organization tax return are more likely-than-not to be sustained upon examination.

The Stratford Sales Tax Corporation’s federal returns for the years ended September 30, 2020 through 2023 could be subject to examination by the Internal Revenue Service, generally for 3 years after they are filed.

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the proposed budget is submitted to the City Council.
2. The City Council provides for a public hearing on the City budget subsequent to August 15, and prior to the levy of taxes by the City Council.
3. Prior to October 1, the budget is legally adopted by order of the City Council for the General Fund, the Cemetery Special Revenue Fund and the Utility Fund.
4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Council as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the City Council. The Council has the authority to make such changes in the budget, in its judgment of facts, the law warrant, and the interest of the taxpayers demand, provided the amounts budgeted for the current expenditures from the various funds for the City do not exceed appropriations, including fund balances from the prior fiscal periods. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for the General Fund.
5. Budgets for the General Fund and the Cemetery Special Revenue Fund are adopted on a basis consistent with GAAP on the modified accrual basis of accounting on an annual basis. The budget for the Utility Fund is adopted on a basis consistent with GAAP on the accrual basis of accounting.
6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund, the Cemetery Special Revenue Fund and the Utility Fund.
7. All appropriations lapse at the end of the City's fiscal year and may be re-budgeted the next year.

B. Excess of Expenditures Over Appropriations

For the year ended September 30, 2023, expenditures exceeded appropriations in the Administrative (\$739), and Highways and streets (\$40,743) functions. The over expenditures in these areas were funded by lower than expected expenditures in every other function of the City. In total, the City's expenditures were under budget by \$187,903.

C. Deficit Fund Equity

The Utility Fund had deficit unrestricted net position of \$1,362,648. The fund incurred expenditures in excess of the collected revenues for utility billing services. The City plans on covering these deficits with subsequent collections netted against reduced expenditures, combined with operating transfers from the General Fund.

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the City's cash and deposit balances as of September 30, 2023:

Cash and deposit balances consist of:

Cash on hand	\$ 540
Bank deposits	510,130
Certificates of deposit (interest rate at .12%)	<u>14,457</u>
 Total	 <u><u>\$ 525,127</u></u>

Cash and deposit balances are reported in the basic financial statements as follows:

Government-wide Statement of Net Assets:

Governmental activities:

Unrestricted \$ 108,032

Business-type activities:

Unrestricted 7,403

Component units:

Unrestricted 409,692

Total \$ 525,127

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Governmental activities		
Certificates of deposit (interest rates at .50%)	\$ 41,905	
Component unit		
Certificates of deposit (interest rate at .16%)	<u>29,260</u>	
 Total fair value	 <u><u>\$ 71,165</u></u>	
Portfolio weighted average maturity		<u><u>213</u></u>

Custodial credit risk – deposits. As of September 30, 2023, the carrying amount of the City's deposits with financial institutions was \$595,752 and the bank's balance was \$690,118. Of the bank balance, \$250,490 was insured through the Federal Depository Insurance Corporation (FDIC), and \$439,628 was collateralized with securities held by the pledging institution's agent in the City's name.

Interest rate risk is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The City manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, or in certificates of deposit with weighted average maturities of one year or less.

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and City policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single insurer. As of September 30, 2023, all of the City's carrying value of cash was deposited with the City's depository bank and was adequately secured as described above.

NOTE 4 – CAPITAL ASSETS

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB Statement No. 34, depreciation policies were adopted to include useful lives and classification by function.

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

	Beginning Balance	Increases	Decreases	Transfer/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 80,070	\$ -	\$ -	\$ -	\$ 80,070
Total capital assets, not being depreciated	80,070	-	-	-	80,070
Capital assets, being depreciated:					
Buildings and improvements	422,442	-	-	-	422,442
Infrastructure	695,730	-	-	-	695,730
Machinery and equipment	1,542,294	95,472	-	-	1,637,766
Leased equipment	14,661	-	-	-	14,661
Total capital assets, being depreciated	2,675,127	95,472	-	-	2,770,599
Less accumulated depreciation for:					
Buildings and improvements	(139,255)	(19,749)	-	-	(159,004)
Infrastructure	(201,633)	(18,085)	-	-	(219,718)
Machinery and equipment	(1,173,456)	(75,737)	-	-	(1,249,193)
Leased equipment	(7,738)	(4,887)	-	-	(12,625)
Total accumulated depreciation	(1,522,082)	(118,458)	-	-	(1,640,540)
Total capital assets, being depreciated, net	1,153,045	(22,986)	-	-	1,130,059
Governmental activities capital assets, net	\$ 1,233,115	\$ (22,986)	\$ -	\$ -	\$ 1,210,129

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4 – CAPITAL ASSETS – Continuation

Depreciation expense for the year ended September 30, 2023 was charged to the functions/programs of the primary government as follows:

Administrative				\$	12,665
Public facilities					14,397
Public safety					60,104
Highways and streets					<u>31,292</u>
Total Depreciation Expense				\$	<u>118,458</u>
	Beginning Balance	Increases	Decreases	Transfer/ Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 579,855	\$ -	\$ -	\$ -	\$ 579,855
Total capital assets, not being depreciated	<u>579,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>579,855</u>
Capital assets, being depreciated:					
Buildings and improvements	161,574	-	-	-	161,574
Infrastructure	6,167,546	-	-	-	6,167,546
Machinery and equipment	<u>1,416,156</u>	<u>17,355</u>	<u>-</u>	<u>-</u>	<u>1,433,511</u>
Total capital assets, being depreciated	<u>7,745,276</u>	<u>17,355</u>	<u>-</u>	<u>-</u>	<u>7,762,631</u>
Less accumulated depreciation for:					
Buildings and improvements	(70,428)	(3,005)	-	-	(73,433)
Infrastructure	(2,395,238)	(140,117)	-	-	(2,535,355)
Machinery and equipment	<u>(1,249,067)</u>	<u>(29,982)</u>	<u>-</u>	<u>-</u>	<u>(1,279,049)</u>
Total accumulated depreciation	<u>(3,714,733)</u>	<u>(173,104)</u>	<u>-</u>	<u>-</u>	<u>(3,887,837)</u>
Total capital assets, being depreciated, net	<u>4,030,543</u>	<u>(155,749)</u>	<u>-</u>	<u>-</u>	<u>3,874,794</u>
Business-type activities capital assets, net	<u>\$ 4,610,398</u>	<u>\$ (155,749)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,454,649</u>

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 – PROPERTY TAX

The State of Texas Constitutional tax rate limit for both operations and debt service is \$1.50 on each \$100 of assessed valuation. The tax rate on the 2022 tax roll was \$.859502 per \$100, which means that the City has a tax margin of \$.640498 per \$100 and could raise up to \$717,593 additional revenue from the 2022 assessed valuation of \$112,036,800 before the limit is reached.

Real and personal property values are assessed for the period January 1 to December 31, as of January 1 at which date property taxes attach as an enforceable lien on property. Taxes are levied by October 1 of the current year and are collected from October 1 to June 30 of the following year. Payments received after February 1 are considered late and are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

NOTE 6 – RETIREMENT PLAN

Plan Description:

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

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

Benefits Provided:

The plan provisions are adopted by the governing body of the City (employer), within the options available in the Texas state statutes governing TMRS. Members can retire at ages 60 and above with 5 or more years of service (10 years in some cities) or with 20-25 years of service regardless of age (depending on the city's plan chosen). Members are vested after 5 years of service (10 years for some cities).

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the City within the actuarial constraints imposed by TMRS so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by TMRS.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Employees Covered by Benefit Terms:

At September 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	19
Active employees	13

Contributions:

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., the December 31, 2022 valuation will determine the contribution rate beginning January 1, 2024).

The City contributed using the actuarially determined rate of 9.57% for the months of the accounting year in 2022 and 9.39% for the months of the accounting year in 2023. The contribution rate payable by the employee members is 7.0% for fiscal year 2023 as adopted by the governing body of the City. The employee contribution rate and the employer contribution rate may be changed by the governing body of the City.

Net Pension Liability:

The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Actuarial Assumptions:

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.5% to 11.5% including inflation
Investment rate of return	6.75%
Cost-of-living adjustments	None

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial assumptions that determined the total pension liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, except where required to be different by GASB 68.

Discount Rate:

The discount rate used to measure the total pension liability was 6.75%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternatives methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under TMRS.

1. TMRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under TMRS, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Changes in the Net Pension Liability / (Asset):

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2021	\$ 1,723,884	\$ 1,713,184	\$ 10,700
Changes for the year:			
Service cost	116,291	-	116,291
Interest on total pension liability	118,254	-	118,254
Change in benefit terms	-	-	-
Difference between expected and actual experience	72,177	-	72,177
Changes of assumptions	-	-	-
Benefit payments/refunds of employee contributions	(60,231)	(60,231)	-
Contributions - employer	-	76,948	(76,948)
Contributions - employee	-	56,296	(56,296)
Net investment income	-	(123,880)	123,880
Administrative expenses	-	(1,082)	1,082
Other	-	1,291	(1,291)
Balances as of December 31, 2022	<u>\$ 1,970,375</u>	<u>\$ 1,662,526</u>	<u>\$ 307,849</u>
Plan fiduciary net position as a percentage of the total pension liability:			84.38%
Covered employee payroll:			\$ 804,227
Net pension liability / (asset) as a percentage of covered employee payroll:			38.28%

Sensitivity of the Net Pension Liability / (Asset) to changes in the discount rate:

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 / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
Net pension liability / (asset)	<u>\$ 618,837</u>	<u>\$ 307,849</u>	<u>\$ 59,158</u>

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued TMRS financial report.

Pension Expense / (Income):

	<u>January 1, 2022 to December 31, 2022</u>
Total service cost	\$ 116,291
Interest on total pension liability	118,254
Changes in current period benefits including substantively automatic status	-
Employee contributions (reduction of expenses)	(56,296)
Projected earnings on plan investments (reduction of expenses)	(115,640)
Administrative expenses	1,082
Other changes in fiduciary net position	(1,291)
Recognition of current year deferred (inflows)/outflows of resources - liabilities	27,340
Recognition of current year deferred (inflows)/outflows of resources - assets	47,904
Amortization of prior year deferred (inflows)/outflows of resources - liabilities	(3,679)
Amortization of prior year deferred (inflows)/outflows of resources - assets	<u>(17,629)</u>
Total pension expense	<u><u>\$ 116,336</u></u>

Deferred Inflows / Outflows of Resources:

As of September 30, 2023, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 5,025	\$ 44,837
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	113,126
Contributions made subsequent to measurement date	N/A	61,342

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pension, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:		
2023	\$	30,254
2024		45,105
2025		29,675
2026		47,904
2027		-
Thereafter		-

NOTE 7 – POST EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN

Plan Description

The City also participates in the cost sharing multiple-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 SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Plan Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated). The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	3
Active employees	13

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 – POST EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

All actuarial assumptions that determined the total OPEB liability as of December 31, 2022 were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

For calculating the OPEB liability and the OPEB contribution rates, the Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

Discount Rate

The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to employer's yearly contributions for retirees. In accordance with paragraph 155, the applicable discount rate for an unfunded OPEB is based on an index of tax exempt 20-year municipal bond rates rated AA or higher. As of December 31, 2022, the discount rate used in development of the Total OPEB Liability was 4.05% compared to 1.84% as of December 31, 2021.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 – POST EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation

Changes in the Total OPEB Liability:

	<u>Changes in Total OPEB Liability</u>
Balances as of December 31, 2021	\$ 45,758
Changes for the year:	
Service cost	3,780
Interest on total OPEB liability	865
Changes of benefit terms	-
Effect of economic/demographic experience	(232)
Effect of assumptions changes or inputs	(15,703)
Benefit payments	(1,287)
Other	<u>-</u>
Balances as of December 31, 2022	<u><u>\$ 33,181</u></u>

Sensitivity of the net pension liability / (asset) to changes in the discount rate

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 4.05%, as well as the what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.05%) or 1 percentage point higher (5.05%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 3.05%	Current Discount Rate 4.05%	1% Increase 5.05%
Total OPEB liability	<u><u>\$ 39,144</u></u>	<u><u>33,181</u></u>	<u><u>\$ 28,609</u></u>

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 – POST EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation

OPEB Expense / (Income)

	<u>January 1, 2022 to December 31, 2022</u>
Service cost	\$ 3,780
Interest on total OPEB liability	865
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Differences between expected and actual experience	(1,952)
Changes in assumptions or other inputs (1)	(679)
Other	<u>-</u>
Total OPEB expense	<u><u>\$ 2,014</u></u>

(1) Generally, this will only be the annual change in the municipal bond index rate.

Deferred Inflows / Outflows of Resources:

As of September 30, 2023, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 3,090	\$ -
Changes of assumptions	13,155	6,061
Contributions made subsequent to measurement date	N/A	1,111

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended December 31:	
2023	\$ (2,398)
2024	(1,480)
2025	(1,912)
2026	(2,514)
2027	(1,880)
Thereafter	-

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8 – LOANS RECEIVABLE

The City, through the Stratford Sales Tax Corporation, loans out accumulated sales tax revenue to local businesses in an effort to improve local economic development. The loans are various lengths and interest rates. The loans are typically collateralized by deeds of trusts, assets of the business, and personal guarantees.

Component Unit	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lone Star RV Park	\$ 94,098	\$ -	\$ (12,376)	\$ 81,722	\$ 12,753
	<u>\$ 94,098</u>	<u>\$ -</u>	<u>\$ (12,376)</u>	<u>\$ 81,722</u>	<u>\$ 12,753</u>

<u>Fiscal Year</u>	<u>Total</u>	<u>Lone Star RV Park</u>	
		<u>Interest</u>	<u>Principal</u>
2024	\$ 15,264	\$ 2,511	\$ 12,753
2025	15,264	2,123	13,141
2026	15,264	1,724	13,540
2027	15,264	1,312	13,952
2028	15,264	887	14,377
2029	15,264	1,305	13,959
	<u>\$ 91,584</u>	<u>\$ 9,862</u>	<u>\$ 81,722</u>

NOTE 9 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual Fund Inter-fund Receivables and Payables

<u>Fund</u>	<u>Inter-fund Receivables</u>	<u>Inter-fund Payables</u>
General Fund	\$ 1,224,583	\$ -
Special Revenue Fund:		
Hotel Occupancy Tax	64,316	-
Debt Service Fund	6,368	-
Utility Fund	-	1,295,267
	<u>\$ 1,295,267</u>	<u>\$ 1,295,267</u>

The primary purpose of inter-fund receivables and payables is the loaning of funds from the General Fund to the Utility Fund for the purpose of meeting current year expenditures.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS – Continuation

Individual Inter-fund Transfers

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ -	\$ 22,702
Debt Service Fund	-	16,910
Proprietary Fund:		
Utility Fund	39,612	-
	<u>\$ 39,612</u>	<u>\$ 39,612</u>

Transfers during the current year were used to move Interest and Sinking Fund tax receipts to the Utility Fund to service a portion of the City's long-term debt as well as reclassifying a portion prior year interfund receivables and payables that were not expected to be paid back as operating transfers.

NOTE 10 – LONG-TERM LIABILITIES

Advanced Refunding

The City issued \$2,110,000 in General Obligation Refunding Bonds, Series 2020 with interest rates fixed at 1.70%. The proceeds were used to advance refund \$2,015,000 of outstanding General Obligation Refunding Bonds, Series 2012 which had interest rates ranging from 2.00% - 4.25%. The net proceeds of \$2,054,486 (after payment of \$55,514 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment of the refunded bonds. As a result, the General Obligation Refunding Bonds, Series 2012 are considered defeased and the liability for those notes have been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$39,486. This amount is being shown as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The City advanced refunded the General Obligation Bonds, Series 2012 to reduce its total debt service payments over fourteen years by \$445,017 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$300,866.

Notes Payable

On March 17, 2023 the City re-financed the purchase of land in the Utility Fund by taking out Note Payable #36488 through a financial institution. The entire principal balance plus accrued interest is due on April 1, 2024. The interest rate is 2.95% and the debt is collateralized by the purchased property.

Capital Leases

The City has entered into two capital leases for copiers. Both leases have a maturity date of March 2, 2024 and interest rates of .482%.

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 – LONG-TERM LIABILITIES – Continuation

Changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 7,357	\$ -	\$ (4,899)	\$ 2,458	\$ 2,458
Compensated absences	<u>8,912</u>	<u>10,820</u>	<u>(7,301)</u>	<u>12,431</u>	<u>7,457</u>
 Governmental activity long-term liabilities	 <u>\$ 16,269</u>	 <u>\$ 10,820</u>	 <u>\$ (12,200)</u>	 <u>\$ 14,889</u>	 <u>\$ 9,915</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Refunding Bonds, Series 2020	\$ 1,950,000	\$ -	\$ (115,000)	\$ 1,835,000	\$ 120,000
Note payable - #36488	166,118	-	(20,130)	145,988	145,988
Note payable - #36425	32,348	-	(32,348)	-	-
Compensated absences	<u>13,127</u>	<u>24,230</u>	<u>(24,188)</u>	<u>13,169</u>	<u>13,169</u>
 Business-type activity long-term liabilities	 <u>\$ 2,161,593</u>	 <u>\$ 24,230</u>	 <u>\$ (191,666)</u>	 <u>\$ 1,994,157</u>	 <u>\$ 279,157</u>

Continued

CITY OF STRATFORD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 – LONG-TERM LIABILITIES – Continuation

The annual debt service requirement on long-term liabilities outstanding for business-type activities as of September 30, 2023 is as follows:

Fiscal Year	Total	Governmental Activities			
		Capital leases			
		Interest	Principal		
2024	\$ 2,461	\$ 3	\$ 2,458		
	<u>\$ 2,461</u>	<u>\$ 3</u>	<u>\$ 2,458</u>		
Fiscal Year	Total	Business-Type Activities			
		Refunding Bonds, Series 2020		Note Payable - #36488	
		Interest	Principal	Interest	Principal
2024	\$ 298,437	\$ 30,176	\$ 120,000	\$ 2,273	\$ 145,988
2025	153,093	28,093	125,000	-	-
2026	155,925	25,925	130,000	-	-
2027	158,673	23,673	135,000	-	-
2028	161,335	21,335	140,000	-	-
2029-2033	860,053	60,053	800,000	-	-
2034-2035	399,706	14,706	385,000	-	-
	<u>\$ 2,187,222</u>	<u>\$ 203,961</u>	<u>\$ 1,835,000</u>	<u>\$ 2,273</u>	<u>\$ 145,988</u>

The City paid interest expense in the amount of \$25 in the Governmental Activities and \$39,946 in the Business-Type Activities during the fiscal year ended September 30, 2023.

NOTE 11 – RISK MANAGEMENT

The City's major areas of risk management are: public officials', law enforcement, and automobile liability, general comprehensive liability and property damage, workers' compensation, and employee health insurance. The City has obtained insurance with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas. The City pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current year or the previous three years.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

This page left blank intentionally

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Property taxes	\$ 930,000	\$ 930,000	\$ 943,961	\$ 13,961
Sales tax	215,000	215,000	247,410	32,410
Franchise taxes	105,000	105,000	191,363	86,363
Licenses and permits	8,350	8,350	11,373	3,023
Fees and fines	31,500	31,500	41,074	9,574
Intergovernmental	156,300	156,300	21,950	(134,350)
Investment earnings	1,850	1,850	758	(1,092)
Miscellaneous	22,250	22,250	43,931	21,681
Total revenues	1,470,250	1,470,250	1,501,820	31,570
EXPENDITURES				
Current:				
Administrative	272,850	272,850	273,589	(739)
Judicial	77,850	77,850	59,305	18,545
Public facilities	32,525	32,525	26,131	6,394
Public safety	639,831	639,831	498,170	141,661
Highways and streets	325,890	325,890	366,633	(40,743)
Public services	78,107	78,107	63,736	14,371
Debt Service:				
Principal	26,500	26,500	4,899	21,601
Interest and other charges	2,200	2,200	25	2,175
Capital Outlay	110,000	110,000	85,362	24,638
Total expenditures	1,565,753	1,565,753	1,377,850	187,903
EXCESS OF REVENUES				
OVER (UNDER) EXPENDITURES	(95,503)	(95,503)	123,970	219,473
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	100,000	100,000	-	(100,000)
Transfers out	-	-	(22,702)	(22,702)
Total other financing sources (uses)	100,000	100,000	(22,702)	(122,702)
NET CHANGE IN FUND BALANCES	4,497	4,497	101,268	96,771
FUND BALANCES - BEGINNING	1,123,566	1,123,566	1,123,566	-
FUND BALANCES - ENDING	\$ 1,128,063	\$ 1,128,063	\$ 1,224,834	\$ 96,771

CITY OF STRATFORD, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed as available)

	Year Ended December 31,			
	2022	2021	2020	2019
Total Pension Liability:				
Service cost	\$ 116,291	\$ 99,123	\$ 92,784	\$ 68,871
Interest on total pension liability	118,254	109,252	98,313	77,013
Changes of benefit terms	-	-	202,272	-
Difference between expected and actual experience	72,177	(23,995)	22,638	12,437
Changes of assumptions	-	-	-	8,301
Benefit payments/refunds of contributions	(60,231)	(58,967)	(50,708)	(79,881)
Net change in total pension liability	246,491	125,413	365,299	86,741
Total pension liability, beginning	1,723,884	1,598,471	1,233,172	1,146,431
Total pension liability, ending (a)	<u>\$ 1,970,375</u>	<u>\$ 1,723,884</u>	<u>\$ 1,598,471</u>	<u>\$ 1,233,172</u>
Fiduciary Net Position:				
Employer contributions	\$ 76,948	\$ 62,150	\$ 57,102	\$ 57,111
Employee contributions	56,296	48,285	32,556	32,486
Net investment income	(123,880)	190,526	100,328	175,883
Benefit payments/refunds of contributions	(60,231)	(58,967)	(50,708)	(79,881)
Administrative expenses	(1,082)	(888)	(655)	(1,004)
Other	1,291	6	(26)	(29)
Net change in fiduciary net position	(50,658)	241,112	138,597	184,566
Fiduciary net position, beginning	1,713,184	1,472,072	1,333,475	1,148,909
Fiduciary net position, ending (b)	<u>\$ 1,662,526</u>	<u>\$ 1,713,184</u>	<u>\$ 1,472,072</u>	<u>\$ 1,333,475</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 307,849</u>	<u>\$ 10,700</u>	<u>\$ 126,399</u>	<u>\$ (100,303)</u>
Fiduciary net position as a % of total pension liability	84.38%	99.38%	92.09%	108.13%
Pensionable covered payroll	\$ 804,227	\$ 689,788	\$ 651,113	\$ 649,725
Net pension liability as a % of covered payroll	38.28%	1.55%	19.41%	-15.44%

Year Ended December 31,					
2018	2017	2016	2015	2014	2013
\$ 69,950	\$ 67,774	\$ 69,146	\$ 66,716	\$ 48,330	\$ N/A
79,855	72,915	69,194	71,826	69,400	N/A
-	-	-	-	-	N/A
(122,538)	25,379	(3,183)	(77,554)	(33,112)	N/A
-	-	-	11,237	-	N/A
(57,784)	(70,905)	(87,805)	(61,038)	(57,262)	N/A
(30,517)	95,163	47,352	11,187	27,356	N/A
1,176,948	1,081,785	1,034,433	1,023,246	995,890	N/A
<u>\$ 1,146,431</u>	<u>\$ 1,176,948</u>	<u>\$ 1,081,785</u>	<u>\$ 1,034,433</u>	<u>\$ 1,023,246</u>	<u>\$ N/A</u>
\$ 58,668	\$ 58,476	\$ 58,701	\$ 56,535	\$ 46,195	\$ N/A
33,183	32,900	33,053	31,619	26,466	N/A
(34,075)	135,616	61,859	1,325	47,973	N/A
(57,784)	(70,905)	(87,805)	(61,038)	(57,262)	N/A
(666)	(714)	(709)	(810)	(501)	N/A
(35)	(36)	(38)	(40)	(41)	N/A
(709)	155,337	65,061	27,591	62,830	N/A
1,149,618	994,281	929,220	901,629	838,799	N/A
<u>\$ 1,148,909</u>	<u>\$ 1,149,618</u>	<u>\$ 994,281</u>	<u>\$ 929,220</u>	<u>\$ 901,629</u>	<u>\$ N/A</u>
<u>\$ (2,478)</u>	<u>\$ 27,330</u>	<u>\$ 87,504</u>	<u>\$ 105,213</u>	<u>\$ 121,617</u>	<u>\$ N/A</u>
100.22%	97.68%	91.91%	89.83%	88.11%	N/A
\$ 663,660	\$ 658,003	\$ 661,055	\$ 632,381	\$ 529,323	\$ N/A
-0.37%	4.15%	13.24%	16.64%	22.98%	N/A

This page left blank intentionally

CITY OF STRATFORD, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed as available)

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 43,408	\$ 52,230	\$ (8,822)	\$ 584,231	8.9%
2016	47,389	57,982	(10,593)	651,780	8.9%
2017	44,006	59,162	(15,156)	665,689	8.9%
2018	39,807	57,484	(17,677)	649,286	8.9%
2019	40,678	57,446	(16,768)	652,466	8.8%
2020	35,993	57,486	(21,493)	655,057	8.8%
2021	34,394	62,085	(27,691)	693,934	8.9%
2022	66,266	73,637	(7,371)	779,896	9.4%
2023	80,750	80,750	-	856,066	9.4%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	18 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% - 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

CITY OF STRATFORD, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed as available)

	Year Ended December 31,			
	2022	2021	2020	2019
Total OPEB Liability:				
Service cost	\$ 3,780	\$ 3,173	\$ 2,084	\$ 2,274
Interest on total OPEB liability	865	856	993	1,096
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	(15,703)	1,344	5,189	6,827
Effect of economic/demographic (gains) or losses	(232)	(359)	(1,523)	(3,220)
Benefit payments	<u>(1,287)</u>	<u>(897)</u>	<u>(326)</u>	<u>(325)</u>
Net change in total OPEB liability	(12,577)	4,117	6,417	6,652
Total OPEB liability, beginning	<u>45,758</u>	<u>41,641</u>	<u>35,224</u>	<u>28,572</u>
Total OPEB liability, ending	<u><u>\$ 33,181</u></u>	<u><u>\$ 45,758</u></u>	<u><u>\$ 41,641</u></u>	<u><u>\$ 35,224</u></u>
Covered employee payroll	\$ 804,227	\$ 689,788	\$ 651,113	\$ 649,725
Total OPEB liability as a % of covered employee payroll	4.13%	6.63%	6.40%	5.42%

Year Ended December 31,					
2018	2017	2016	2015	2014	2013
\$ 2,190	\$ 1,974	\$ N/A	\$ N/A	\$ N/A	\$ N/A
1,144	1,098	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A
(1,927)	2,536	N/A	N/A	N/A	N/A
(6,176)	-	N/A	N/A	N/A	N/A
(265)	(132)	N/A	N/A	N/A	N/A
(5,034)	5,476	N/A	N/A	N/A	N/A
33,606	28,130	N/A	N/A	N/A	N/A
\$ 28,572	\$ 33,606	\$ N/A	\$ N/A	\$ N/A	\$ N/A
\$ 663,660	\$ 658,003	\$ N/A	\$ N/A	\$ N/A	\$ N/A
4.31%	5.11%	N/A	N/A	N/A	N/A

CITY OF STRATFORD, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

Valuation Timing	For the employer's financial reporting purposes, the total OPEB liability and OPEB expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year-end date and no later than the end of the employer's current fiscal year, consistently applied from period to period. If the actuarial valuation used to determine the total OPEB liability is not calculated as of the measurement date, the total OPEB liability is required to be rolled forward from the actuarial valuation date to the measurement date. The total OPEB liability shown in this report is based on an actuarial valuation performed as of December 31, 2019 and a measurement date as of December 31, 2019; as such, no roll-forward is required.
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
Retiree's share of benefit-related costs	-
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 of UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to employer's yearly contributions for retirees.

OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific sources that are legally restricted to expenditures for specified purposes.

Technology – The Technology Fund accounts for money charged to a defendant convicted of a misdemeanor in the municipal court. It is designated for the purpose of financing the purchase and maintenance of technological enhancements for the municipal court.

Police Special – The Police Special Fund accounts for revenue from fees collected by the Police department from requests for copies of filed reports. The fees are committed by the City Council to supplement the operating budget of the Police Department.

Narcotics – The Narcotics Fund accounts for revenue from seizure of narcotics within city limits. The revenues are dedicated to be spent on programs and equipment for the enforcement of drug laws.

Cemetery – The Cemetery Fund accounts for revenue from the sale of funeral plots and fees collected by the City on the process of opening and closing those funeral plots. The fund also accounts for donations made to the City for the upkeep and maintenance of the cemetery memorial. The donations are the only funds that are restricted as to use; the revenue from sales and fees may be expended for any purpose the City deems necessary.

Hotel Occupancy Tax – The Hotel Occupancy Tax Fund accounts for the 3% tax on hotel revenues within city limits that the City is authorized by statute to charge. The funds are dedicated by law to be spent to promote tourism to the City.

DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation and disbursement of resources associated with the City's debt obligations. Property taxes and interest income provide the resources necessary to pay the annual principal and interest payments.

**CITY OF STRATFORD, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

Special Revenue								Total Non- major Governmental Funds
	Technology	Police Special	Narcotics	Cemetery	Hotel Occupancy Tax	Total	Debt Service	
ASSETS								
Cash and cash equivalents	\$ 5,862	\$ 3,577	\$ 38,945	\$ 2,316	\$ -	\$ 50,700	\$ 46,307	\$ 97,007
Investments	-	-	-	41,905	-	41,905	-	41,905
Due from other funds	-	-	-	-	64,316	64,316	6,368	70,684
Due from other governments	-	-	-	-	-	-	123	123
Total assets	<u>\$ 5,862</u>	<u>\$ 3,577</u>	<u>\$ 38,945</u>	<u>\$ 44,221</u>	<u>\$ 64,316</u>	<u>\$ 156,921</u>	<u>\$ 52,798</u>	<u>\$ 209,719</u>
FUND BALANCES								
Restricted:								
By enabling legislation for special projects	\$ 5,862	\$ -	\$ 38,945	\$ -	\$ 64,316	\$ 109,123	\$ -	\$ 109,123
Debt service	-	-	-	-	-	-	52,798	52,798
Committed:								
Special projects	<u>-</u>	<u>3,577</u>	<u>-</u>	<u>44,221</u>	<u>-</u>	<u>47,798</u>	<u>-</u>	<u>47,798</u>
Total fund balances	<u>5,862</u>	<u>3,577</u>	<u>38,945</u>	<u>44,221</u>	<u>64,316</u>	<u>156,921</u>	<u>52,798</u>	<u>209,719</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,862</u>	<u>\$ 3,577</u>	<u>\$ 38,945</u>	<u>\$ 44,221</u>	<u>\$ 64,316</u>	<u>\$ 156,921</u>	<u>\$ 52,798</u>	<u>\$ 209,719</u>

This page left blank intentionally

CITY OF STRATFORD, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue							Total Non- major Governmental Funds
	Technology	Police Special	Narcotics	Cemetery	Hotel Occupancy Tax	Total	Debt Service	
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,483	\$ 17,483
Franchise and miscellaneous taxes	-	-	-	-	6,000	6,000	-	6,000
Licenses and fees	875	-	-	-	-	875	-	875
Fines and forfeitures	-	-	15,898	-	-	15,898	-	15,898
Investment earnings	231	-	78	185	332	826	396	1,222
Miscellaneous	-	-	-	-	-	-	596	596
Total revenues	1,106	-	15,976	185	6,332	23,599	18,475	42,074
EXPENDITURES								
Current:								
Judicial	4	-	-	-	-	4	-	4
Public safety	-	-	28,519	-	-	28,519	-	28,519
Capital outlay	-	-	10,110	-	-	10,110	-	10,110
Total expenditures	4	-	38,629	-	-	38,633	-	38,633
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,102	-	(22,653)	185	6,332	(15,034)	18,475	3,441
OTHER FINANCING USES								
Transfers out	-	-	-	-	-	-	(16,910)	(16,910)
TOTAL OTHER FINANCING USES	-	-	-	-	-	-	(16,910)	(16,910)
NET CHANGE IN FUND BALANCES	1,102	-	(22,653)	185	6,332	(15,034)	1,565	(13,469)
FUND BALANCES - BEGINNING	4,760	3,577	61,598	44,036	57,984	171,955	51,233	223,188
FUND BALANCES - ENDING	\$ 5,862	\$ 3,577	\$ 38,945	\$ 44,221	\$ 64,316	\$ 156,921	\$ 52,798	\$ 209,719