



CITY OF
FARMERSVILLE, TEXAS

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2023

**ANNUAL
FINANCIAL
REPORT**

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2023



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ANNUAL FINANCIAL REPORT

of the

City of Farmersville, Texas

**For the Year Ended
September 30, 2023**

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City of Farmersville, Texas

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September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Farmersville, Texas:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability (asset) and related ratios, schedule of

employer contributions to pension plan, schedule of changes in the other postemployment benefits liability and the general fund budgetary comparison information for the general fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, such as the combining statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Brooks Watson & Co.

Brooks Watson & Co.
Certified Public Accountants
Houston, Texas
July 22, 2024

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*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

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City of Farmersville, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2023

As management of the City of Farmersville, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

Financial Highlights

- The City's total combined net position was \$18,443,507 at September 30, 2023. Of this, \$4,110,726 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$4,277,210, an increase of \$630,250.
- As of the end of the year, the unassigned fund balance of the general fund was \$1,102,952 or 21% of total general fund expenditures.
- The City had an overall increase in net position of \$1,262,297, which is primarily a result of operating surplus and debt payoffs in governmental activities in the current year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

City of Farmersville, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2023

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, community development, library and civic center, and public works. The business-type activities of the City include a water, wastewater, electric and refuse operations.

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

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

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

The City of Farmersville, Texas maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service fund, and the TIRZ funds are considered to be major funds. Fund data for the remaining nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Farmersville, Texas adopts an annual appropriated budget for its general, debt service and utility funds. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget.

Proprietary Funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, wastewater collection/treatment, electric and refuse operations. The proprietary fund financial statements provide separate information

City of Farmersville, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

for the water, wastewater, electric and refuse funds. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Notes to Financial Statements. The notes to the financial statements provide additional information that is necessary to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI) concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension and OPEB.

Government-Wide Financial Analysis

As noted previously, net position over time, may serve as a useful indicator of the City's financial position. For the City of Farmersville, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by \$18,443,507 as of year end.

The largest portion of the City's net position, \$11,018,972, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and utility systems, as well as the public works facilities), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

City of Farmersville, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 5,045,225	\$ 4,973,308	\$ 10,018,533	\$ 4,199,435	\$ 4,689,533	\$ 8,888,968
Capital assets, net	11,733,756	10,240,295	21,974,051	11,273,728	11,094,384	22,368,112
Total Assets	16,778,981	15,213,603	31,992,584	15,473,163	15,783,917	31,257,080
Deferred Outflows	533,407	298,762	832,169	246,589	107,192	353,781
Other liabilities	1,212,796	1,250,632	2,463,428	1,040,816	1,116,134	2,156,950
Long-term liabilities	6,664,250	4,968,746	11,632,996	6,622,392	5,068,782	11,691,174
Total Liabilities	7,877,046	6,219,378	14,096,424	7,663,208	6,184,916	13,848,124
Deferred Inflows	274,743	10,079	284,822	425,716	155,811	581,527
Net Position:						
Net investment						
in capital assets	5,195,283	5,823,689	11,018,972	4,176,781	6,172,717	10,349,498
Restricted	3,313,809	-	3,313,809	2,871,699	-	2,871,699
Unrestricted	651,507	3,459,219	4,110,726	582,348	3,377,665	3,960,013
Total Net Position	\$ 9,160,599	\$ 9,282,908	\$ 18,443,507	\$ 7,630,828	\$ 9,550,382	\$ 17,181,210

Total deferred outflows for the primary government were \$832,169, an increase of \$478,388 when compared to the prior year. Total deferred inflows for the primary government were \$284,822, a decrease of \$296,705. Both variances were strictly due to actuarial changes in the City's pension inputs over the course of the year.

Total capital assets decreased for business type activities by \$854,089 when compared to the prior year. The decrease is directly related to depreciation expense outweighing capital asset additions in the current year.

City of Farmersville, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Statement of Activities:

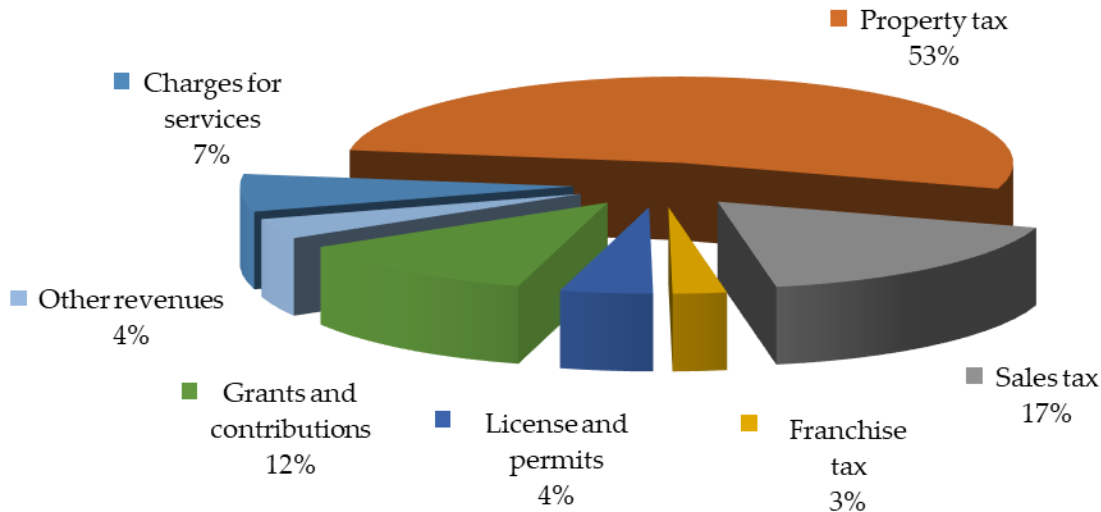
The following table provides a summary of the City's changes in net position:

	<u>For the Year Ended September 30, 2023</u>			<u>For the Year Ended September 30, 2022</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Revenues						
Program revenues:						
Charges for services	\$ 424,462	\$ 8,883,870	\$ 9,308,332	\$ 354,840	\$ 8,958,995	\$ 9,313,835
Operating grants and contribution	707,826	-	707,826	512,826	-	512,826
Capital grants and contributions	23,671	10,790	34,461	57,730	46,160	103,890
General revenues:						
Property tax	3,164,789	-	3,164,789	2,419,712	-	2,419,712
Sales tax	1,043,641	-	1,043,641	802,795	-	802,795
Franchise and local taxes	157,275	-	157,275	122,788	-	122,788
License and permits	270,223	-	270,223	97,388	-	97,388
Investment income	224,376	131,720	356,096	34,965	20,092	55,057
Other revenues	7,020	-	7,020	200,247	-	200,247
Total Revenues	<u>6,023,283</u>	<u>9,026,380</u>	<u>15,049,663</u>	<u>4,603,291</u>	<u>9,025,247</u>	<u>13,628,538</u>
Expenses						
General government	1,357,816	-	1,357,816	1,267,196	-	1,267,196
Municipal court	240,004	-	240,004	228,367	-	228,367
Public safety	2,041,619	-	2,041,619	1,716,699	-	1,716,699
Public works	1,818,988	-	1,818,988	1,066,369	-	1,066,369
Culture and recreation	11,130	-	11,130	6,315	-	6,315
Library and civic center	223,917	-	223,917	176,866	-	176,866
Interest and fiscal charges	224,324	-	224,324	237,390	-	237,390
Water	-	2,473,856	2,473,856	-	1,959,146	1,959,146
Wastewater	-	1,441,254	1,441,254	-	1,446,939	1,446,939
Electric	-	3,453,154	3,453,154	-	3,294,853	3,294,853
Refuse	-	501,304	501,304	-	499,737	499,737
Total Expenses	<u>5,917,798</u>	<u>7,869,568</u>	<u>13,787,366</u>	<u>4,699,202</u>	<u>7,200,675</u>	<u>11,899,877</u>
Change in Net Position						
Before Transfers	105,485	1,156,812	1,262,297	(95,911)	1,824,572	1,728,661
Transfers in (out)	1,424,286	(1,424,286)	-	1,424,286	(1,424,286)	-
Total	<u>1,424,286</u>	<u>(1,424,286)</u>	<u>-</u>	<u>1,424,286</u>	<u>(1,424,286)</u>	<u>-</u>
Change in Net Position	1,529,771	(267,474)	1,262,297	1,328,375	400,286	1,728,661
Beginning Net Position	7,630,828	9,550,382	17,181,210	6,302,453	9,150,096	15,452,549
Ending Net Position	<u>\$ 9,160,599</u>	<u>\$ 9,282,908</u>	<u>\$ 18,443,507</u>	<u>\$ 7,630,828</u>	<u>\$ 9,550,382</u>	<u>\$ 17,181,210</u>

City of Farmersville, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

Governmental Activities - Revenues

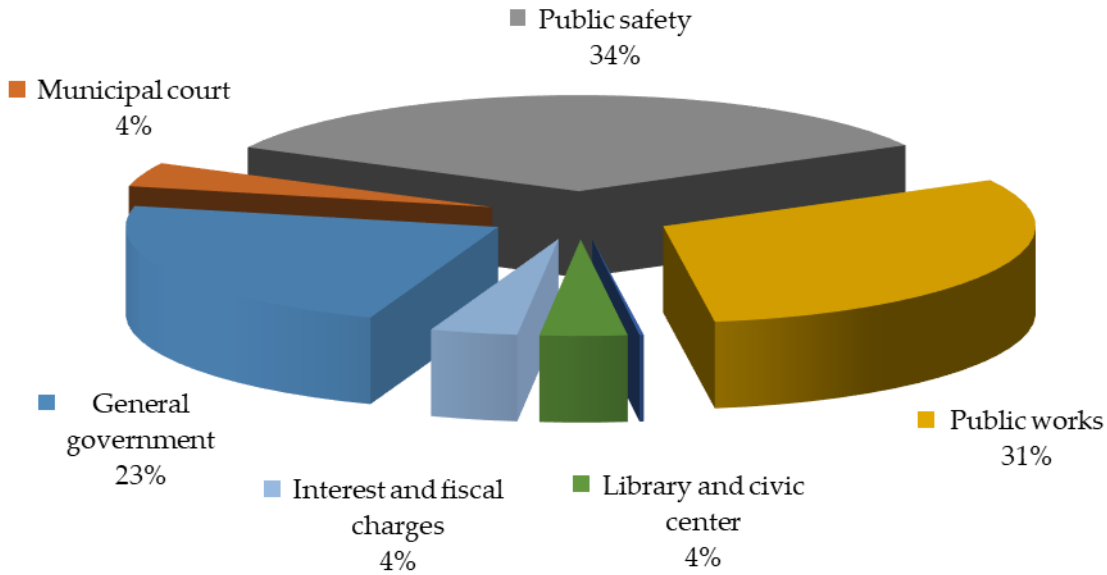


For the year ended September 30, 2023, revenues from governmental activities totaled \$6,023,283. Property tax, sales tax, and grants and contributions are the City's largest revenue sources. Grants and contributions increased by \$355,941 or 58% primarily due to nonrecurring capital contributions from the Economic Development Corporation and other developers related to park improvements and recreation equipment in the current year. Charges for services increased by \$69,622 or 20% due to an increase in fire runs and greater planning and zoning fees received in the current year. Property taxes increased by \$745,077 or 31% primarily as a result of greater property appraisal values and an increase in the tax rate. Sales taxes increased by \$240,846 or 30% primarily as a result of economic growth fueled by local purchases. Franchise taxes increased by \$34,487 or 28% primarily due to greater gas and cable usage in the current year. License and permit revenues increased by \$172,835 or over 100% as a result of nonrecurring building permit and inspection fees in the current year caused by the Lakehaven development. Investment income increased by \$189,411 or over 100%, consistent with greater interest-bearing accounts and the realization of higher interest rates over the course of the year as a result of the market. Other revenues decreased \$193,227 or 96% due primarily to nonrecurring insurance claim reimbursements and proceeds received from the sale of capital assets in the prior year. All other revenues remained relatively consistent with the previous year.

City of Farmersville, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses

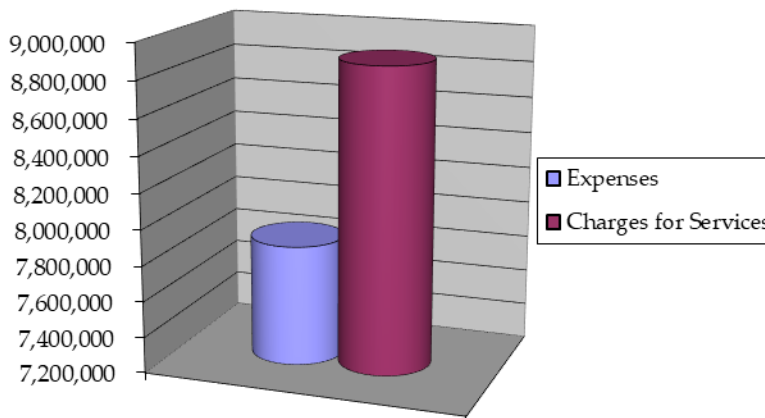


For the year ended September 30, 2023, expenses for governmental activities totaled \$5,917,798. This represents an increase of \$1,218,596 or 26% from the prior year. The City's largest functional expenses are public safety of \$2,041,619 and public works of \$1,818,988. Public safety increased by \$324,920 or 19% primarily due to greater personnel costs, police supply costs, IT related expenses, and vehicle expenses in the current year. Public works expenses increased by \$752,619 or 71% due primarily to greater asset depreciation, rental equipment costs, and repairs and maintenance costs in the current year. General government expenses increased by \$90,620 or 7% primarily due to nonrecurring legal services, greater personnel costs, and depreciation expenses in the current year. Library and civic center expenses increased by \$47,051 or 27% due to salary increases and building maintenance costs in the current year. Interest and fiscal charges decreased by \$13,066 or 6% primarily due to debt approaching maturity in the current year. All other expenses remained consistent with the previous year.

City of Farmersville, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2023, charges for services by business-type activities totaled \$8,883,870. This represents a decrease of \$75,125 or 1%, which is consistent with the prior year.

Total business-type activities expenses increased \$668,893 or 9%. Water expenses increased by \$514,710 or 26% primarily due to greater personnel costs, water system technology and software maintenance expenses, and greater water purchases in the current year. All other expenses remained consistent with the previous year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

As of the end of the year the general fund reflected a total fund balance of \$1,102,952, an increase of \$313,592. The increase was a direct result of greater than anticipated revenues during the year. In addition, the City recorded greater property and sales tax revenues in the current year.

The debt service fund reflected a total fund balance of \$770,563, an increase of \$3,127 from the prior year. The increase is a result of property tax revenues exceeding debt service payments and transfers out of the fund during the year.

City of Farmersville, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2023

The TIRZ fund reflected a fund balance of \$1,685,095, an increase of \$562,391. The increase was a result of property tax revenues and transfers into the fund exceeding current year expenditures.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a total positive budget variance of \$182,955 in the general fund. Total actual revenues were \$1,218,596 more than budgeted, actual expenditures were \$83,904 less than budgeted, and other financing sources and uses had a negative budget variance of \$1,197,269. Library and civic center, interest and fiscal charges, capital outlay, and transfers out expenses exceeded appropriations at the legal level of control.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$11,733,756 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$10,240,295 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following:

- Leased four new vehicles totaling \$178,719.
- Purchased a new Chevrolet Tahoe for \$121,014.
- Onion Shed improvements for \$233,500.
- Park improvements totaling \$247,100
- Purchased a plot of land for \$522,114.
- Purchased a saw blade guard for \$45,400.
- Purchased a new server for \$61,494.
- Construction to the WWTP for \$25,321.
- Installed a new electrical pole and concrete pad for \$38,992.
- Began construction on the Celle Wrap Project for \$18,593.

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

City of Farmersville, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2023

LONG-TERM DEBT

At the end of the current year, the City had total bonds payable of \$10,325,000, notes/loans payable of \$785,019 and lease liabilities totaling \$327,054. During the year, the City made principal payments totaling \$1,135,260. More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Farmersville, Texas and improving services provided to their public citizens. The City is conservatively budgeting to maintain services in the upcoming year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Farmersville, Texas' finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Manager, 205 S. Main, Farmersville, Texas 75442, (972) 782-6151.

FINANCIAL STATEMENTS

City of Farmersville, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 4,247,723	\$ 3,719,792	\$ 7,967,515
Receivables, net	386,586	1,261,337	1,647,923
Lease receivables, current	72,207	-	72,207
Prepays	-	1,000	1,000
Due from component unit	150,800	-	150,800
Internal balances	8,821	(8,821)	-
Total Current Assets	4,866,137	4,973,308	9,839,445
Noncurrent assets:			
Capital assets:			
Non-depreciable	2,130,585	121,198	2,251,783
Net depreciable capital assets	9,603,171	10,119,097	19,722,268
Lease receivables, noncurrent	179,088	-	179,088
Total Noncurrent Assets	11,912,844	10,240,295	22,153,139
Total Assets	16,778,981	15,213,603	31,992,584
<u>Deferred Outflows of Resources</u>			
Deferred outflows - TMRS pension	480,510	297,770	778,280
Deferred outflows - TESRS pension	27,438	-	27,438
OPEB outflows	1,600	992	2,592
Deferred charge on refunding	23,859	-	23,859
Total Deferred Outflows of Resources	\$ 533,407	\$ 298,762	\$ 832,169

See Notes to Financial Statements.

Component Units	
Economic Development Corporation	Community Development Corporation
\$ 3,018,581	\$ 1,403,498
92,622	92,622
-	-
-	-
-	-
-	-
<u>3,111,203</u>	<u>1,496,120</u>
-	286,174
27,000	-
-	-
<u>27,000</u>	<u>286,174</u>
<u>3,138,203</u>	<u>1,782,294</u>
-	-
-	-
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>

City of Farmersville, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$ 177,334	\$ 265,889	\$ 443,223
Accrued liabilities	142,655	67,818	210,473
Accrued interest payable	27,409	-	27,409
Customer deposits	-	379,600	379,600
Compensated absences, current	125,433	37,953	163,386
Current portion of long-term debt	739,965	491,505	1,231,470
Due to primary government	-	-	-
Advance to component unit, current	-	7,867	7,867
Total Current Liabilities	1,212,796	1,250,632	2,463,428
Noncurrent liabilities:			
Long-term debt due in more than a year	5,810,867	4,498,514	10,309,381
Compensated absences, noncurrent	13,937	4,218	18,155
OPEB liability	60,740	37,640	98,380
Net pension liability - TMRS	691,266	428,374	1,119,640
Net pension liability - TESRS	87,440	-	87,440
Total Noncurrent Liabilities	6,664,250	4,968,746	11,632,996
Total Liabilities	7,877,046	6,219,378	14,096,424
<u>Deferred Inflows of Resources</u>			
Deferred inflows - TESRS pension	11,669	-	11,669
OPEB inflows	16,267	10,079	26,346
Lease related	246,807	-	246,807
Total Deferred Inflows of Resources	274,743	10,079	284,822
<u>Net Position</u>			
Net investment in capital assets	5,195,283	5,823,689	11,018,972
Restricted for:			
Debt service	770,563	-	770,563
Capital improvements	1,690,095	-	1,690,095
Library	529	-	529
Municipal court	29,022	-	29,022
Public safety	770,387	-	770,387
Special projects	53,213	-	53,213
Community development	-	-	-
Unrestricted	651,507	3,459,219	4,110,726
Total Net Position	\$ 9,160,599	\$ 9,282,908	\$ 18,443,507

See Notes to Financial Statements.

Component Units	
Economic Development Corporation	Community Development Corporation
\$ 6,362	\$ 19,429
-	-
-	-
-	-
-	-
-	-
-	150,800
(7,867)	-
<u>(1,505)</u>	<u>170,229</u>
-	-
-	-
-	-
-	-
-	-
<u>(1,505)</u>	<u>170,229</u>
-	-
-	-
-	-
-	-
-	-
<u>27,000</u>	<u>286,174</u>
-	-
-	-
-	-
-	-
-	-
-	-
3,112,708	1,325,891
-	-
<u>\$ 3,139,708</u>	<u>\$ 1,612,065</u>

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City of Farmersville, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Business-Type Activities	Total	Economic Development Corporation	Community Development Corporation
		Expenses	Capital Grants and Contributions					
Primary Government								
Governmental Activities								
General government	\$ 1,357,816	\$ -	\$ -	\$ (933,354)	\$ -	\$ (933,354)	\$ -	\$ -
Municipal court	240,004	-	-	(240,004)	-	(240,004)	-	-
Library and civic center	223,917	34,340	-	(189,577)	-	(189,577)	-	-
Public safety	2,041,619	115,920	-	(1,925,699)	-	(1,925,699)	-	-
Public works	1,818,988	155,000	-	(1,663,988)	-	(1,663,988)	-	-
Culture and recreation	11,130	402,566	23,671	415,107	-	415,107	-	-
Interest and fiscal charges	224,324	-	-	(224,324)	-	(224,324)	-	-
Total Governmental Activities	5,917,798	707,826	23,671	(4,761,839)	-	(4,761,839)	-	-
Business-Type Activities								
Water	2,473,856	-	5,776	-	(302,976)	(302,976)	-	-
Wastewater	1,441,254	-	5,014	-	172,324	172,324	-	-
Electric	3,453,154	-	-	-	1,049,463	1,049,463	-	-
Refuse	501,304	-	-	-	106,281	106,281	-	-
Total Business-Type Activities	7,869,568	-	10,790	-	1,025,092	1,025,092	-	-
Total Primary Government	\$ 13,787,366	\$ 707,826	\$ 34,461	(4,761,839)	1,025,092	(3,736,747)	-	-
Component Units								
Economic Development Corp.	53,056	-	-	-	-	-	(53,056)	-
Community Development Corp.	354,620	-	50,685	-	-	-	-	(303,935)
Total Component Units	\$ 407,676	-	\$ 50,685	-	-	-	(53,056)	(303,935)
General Revenues:								
Taxes								
Property tax				3,164,789	-	3,164,789	-	-
Sales tax				1,043,641	-	1,043,641	521,820	521,820
Franchise and local taxes				157,275	-	157,275	-	-
License and permits				270,223	-	270,223	-	-
Investment income				224,376	131,720	356,096	60,958	41,632
Other revenues				7,020	-	7,020	-	-
Transfers				1,424,286	(1,424,286)	-	-	-
Total General Revenues and Transfers				6,291,610	(1,292,566)	4,999,044	582,778	563,452
Change in Net Position								
Beginning Net Position				1,529,771	(267,474)	1,262,297	529,722	259,517
Ending Net Position				7,630,828	9,550,382	17,181,210	2,609,986	1,352,548
				\$ 9,160,599	\$ 9,282,908	\$ 18,443,507	\$ 3,139,708	\$ 1,612,065

See Notes to Financial Statements.

City of Farmersville, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2023

	General Fund	Debt Service Fund	TIRZ	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 1,174,712	\$ 524,535	\$ 1,689,995	\$ 858,481	\$ 4,247,723
Receivables, net					
Property taxes	125,362	75,857	-	-	201,219
Sales tax	166,496	-	-	-	166,496
Franchise taxes	17,871	-	-	-	17,871
Intergovernmental	1,000	-	-	-	1,000
Lease receivables	251,295	-	-	-	251,295
Due from component unit	800	-	-	150,000	150,800
Due from other funds	289,169	246,028	-	-	535,197
Total Assets	\$ 2,026,705	\$ 846,420	\$ 1,689,995	\$ 1,008,481	\$ 5,571,601
<u>Liabilities</u>					
Accounts payable	\$ 174,612	\$ -	\$ -	\$ 2,722	\$ 177,334
Accrued liabilities	142,655	-	-	-	142,655
Due to other funds	234,317	-	4,900	287,159	526,376
Total Liabilities	551,584	-	4,900	289,881	846,365
<u>Deferred Inflows of Resources</u>					
Unavailable revenue -					
property taxes	125,362	75,857	-	-	201,219
lease related	246,807	-	-	-	246,807
Total Deferred Inflows	372,169	75,857	-	-	448,026
<u>Fund Balances</u>					
Restricted for:					
Debt service	-	770,563	-	-	770,563
Capital improvements	-	-	1,685,095	5,000	1,690,095
Library	-	-	-	529	529
Municipal court	-	-	-	29,022	29,022
Public safety	-	-	-	770,387	770,387
Special projects	-	-	-	53,213	53,213
Unassigned	1,102,952	-	-	(139,551)	963,401
Total Fund Balances	1,102,952	770,563	1,685,095	718,600	4,277,210
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,779,898	\$ 846,420	\$ 1,689,995	\$ 1,008,481	\$ 5,324,794

See Notes to Financial Statements.

City of Farmersville, Texas
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2023

Fund Balances - Total Governmental Funds	\$	4,277,210
 Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		2,130,585
Capital assets - net depreciable		9,603,171
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		201,219
 Deferred outflows (inflows) of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow (inflow) of resources (expenditures) until then.		
Deferred outflows - TMRS pension		480,510
Deferred outflows - TESRS pension		27,438
Deferred outflows - TMRS OPEB		1,600
Deferred inflows - TESRS pension		(11,669)
Deferred inflows - TMRS OPEB		(16,267)
Deferred charge on refunding		23,859
 Some liabilities, including bonds payable and deferred charges are not reported as liabilities in the governmental funds.		
Accrued interest		(27,409)
Premiums on bonds payable		(308,778)
Compensated absences		(139,370)
Non-current liabilities due in one year		(739,965)
Non-current liabilities due in more than one year		(5,502,089)
OPEB liability		(60,740)
Net pension liability		(778,706)
Net Position of Governmental Activites	\$	<u>9,160,599</u>

See Notes to Financial Statements.

City of Farmersville, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General Fund	Debt Service Fund	TIRZ	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Property tax	\$ 1,967,115	\$ 1,067,150	\$ 114,652	\$ -	\$ 3,148,917
Sales tax	1,043,641	-	-	-	1,043,641
Franchise and local taxes	157,275	-	-	-	157,275
License and permits	270,223	-	-	-	270,223
Charges for services	240,246	-	-	-	240,246
Fines and forfeitures	86,791	-	-	8,587	95,378
Leases	88,838	-	-	-	88,838
Intergovernmental	167,726	-	-	180,554	348,280
Donations and contributions	204,546	-	-	143	204,689
Investment income	132,257	24,573	67,546	-	224,376
Other revenues	146,234	750	-	3,306	150,290
Total Revenues	4,504,892	1,092,473	182,198	192,590	5,972,153
<u>Expenditures</u>					
Current:					
Mayor and city council	10,100	-	-	-	10,100
Administration	1,317,604	-	4,900	426,765	1,749,269
Library and civic center	213,958	-	-	-	213,958
Municipal court	220,097	-	-	14,570	234,667
Police	1,354,898	-	-	105	1,355,003
Fire and EMS	466,559	-	-	-	466,559
Public works	1,001,293	-	522,114	-	1,523,407
Debt service:					
Principal	109,833	545,000	70,000	-	724,833
Interest and fiscal charges	21,495	176,106	53,425	-	251,026
Capital outlay	437,439	-	-	-	437,439
Total Expenditures	5,153,276	721,106	650,439	441,440	6,966,261
Revenues Over (Under)					
Expenditures	(648,384)	371,367	(468,241)	(248,850)	(994,108)
<u>Other Financing Sources (Uses)</u>					
Transfers in	1,792,536	-	1,030,632	-	2,823,168
Transfers (out)	(1,030,632)	(368,240)	-	(10)	(1,398,882)
Sale of capital assets	21,353	-	-	-	21,353
Lease related issuance	178,719	-	-	-	178,719
Total Other Financing Sources					
(Uses)	961,976	(368,240)	1,030,632	(10)	1,624,358
Net Change in Fund Balances	313,592	3,127	562,391	(248,860)	630,250
Beginning fund balances	789,360	767,436	1,122,704	967,460	3,646,960
Ending Fund Balances	\$ 1,102,952	\$ 770,563	\$ 1,685,095	\$ 718,600	\$ 4,277,210

See Notes to Financial Statements.

City of Farmersville, 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 changes in fund balances - total governmental funds	\$	630,250
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		1,450,086
Capital contribution from EDC		19,315
Depreciation expense		(1,003,963)
Net disposal of capital asset		(5,410)

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

Compensated absences		(57,944)
Accrued interest		2,779
Pension expense		(91,993)
OPEB expense		742

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation)

provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Lease related issuances		(178,719)
Amortization of deferred charges on refunding		(2,008)
Amortization of debt premium		25,931
Principal payments		724,833

Change in Net Position of Governmental Activities	\$	1,529,771
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See Notes to Financial Statements.

City of Farmersville, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2023

	Water Fund	Wastewater Fund	Electric Utility	Nonmajor Refuse Utility	Total Proprietary Funds
<u>Assets</u>					
<u>Current Assets</u>					
Cash and cash equivalents	\$ 1,106,981	\$ 2,201,061	\$ 389,845	\$ 21,905	\$ 3,719,792
Accounts and other receivables	336,548	184,250	691,421	49,118	1,261,337
Prepaid items	-	-	1,000	-	1,000
Total Current Assets	1,443,529	2,385,311	1,082,266	71,023	4,982,129
<u>Noncurrent Assets</u>					
Capital assets:					
Non-depreciable	65,285	35,320	20,593	-	121,198
Net depreciable capital assets	3,077,399	6,177,057	864,641	-	10,119,097
Total Noncurrent Assets	3,142,684	6,212,377	885,234	-	10,240,295
Total Assets	4,586,213	8,597,688	1,967,500	71,023	15,222,424
<u>Deferred Outflows of Resources</u>					
Pension outflows	144,994	-	152,776	-	297,770
OPEB outflows	483	-	509	-	992
Total Deferred Outflows of Resources	145,477	-	153,285	-	298,762
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accounts payable	9,571	3,138	210,634	42,546	265,889
Accrued liabilities	21,416	20,986	25,416	-	67,818
Customer deposits	136,763	-	242,837	-	379,600
Due to other funds	8,821	-	-	-	8,821
Compensated absences, current	29,534	-	8,419	-	37,953
Current portion of long-term debt	-	290,000	201,505	-	491,505
Advances from component unit	-	-	7,867	-	7,867
Total Current Liabilities	206,105	314,124	696,678	42,546	1,259,453
<u>Noncurrent Liabilities</u>					
Long-term debt due in more than a year	-	4,120,000	378,514	-	4,498,514
Compensated absences, noncurrent	3,282	-	936	-	4,218
OPEB liability	18,328	-	19,312	-	37,640
Net pension liability	208,589	-	219,785	-	428,374
Total Noncurrent Liabilities	230,199	4,120,000	618,547	-	4,968,746
Total Liabilities	436,304	4,434,124	1,315,225	42,546	6,228,199
<u>Deferred Inflows of Resources</u>					
OPEB inflows	4,908	-	5,171	-	10,079
Total Deferred Inflows of Resources	4,908	-	5,171	-	10,079
<u>Net Position</u>					
Net investment in capital assets	3,142,684	2,375,790	305,215	-	5,823,689
Unrestricted	1,147,794	1,787,774	495,174	28,477	3,459,219
Total Net Position	\$ 4,290,478	\$ 4,163,564	\$ 800,389	\$ 28,477	\$ 9,282,908

See Notes to Financial Statements.

City of Farmersville, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Electric Utility</u>	<u>Nonmajor Refuse Utility</u>	<u>Total Proprietary Funds</u>
<u>Operating Revenues</u>					
Utility sales	\$ 2,035,867	\$ 1,520,786	\$ 4,449,567	\$ 592,618	\$ 8,598,838
Service fees	32,581	81,178	53,050	14,967	181,776
Penalties and fees	96,656	-	-	-	96,656
Miscellaneous	-	6,600	-	-	6,600
Total Operating Revenues	2,165,104	1,608,564	4,502,617	607,585	8,883,870
<u>Operating Expenses</u>					
Personnel	635,140	89,449	712,041	-	1,436,630
Contract and professional services	81,695	50,828	53,632	462,385	648,540
Maintenance	346,389	682,695	133,092	-	1,162,176
Operations	74,322	39,699	2,279,233	6,455	2,399,709
Supplies	966,988	8,653	41,741	-	1,017,382
Miscellaneous	74,380	12,200	61,790	32,464	180,834
Depreciation	294,942	489,615	157,537	-	942,094
Total Operating Expenses	2,473,856	1,373,139	3,439,066	501,304	7,787,365
Operating Income (Loss)	(308,752)	235,425	1,063,551	106,281	1,096,505
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	36,682	56,952	38,086	-	131,720
Interest expense	-	(68,115)	(14,088)	-	(82,203)
Total Nonoperating Revenues (Expenses)	36,682	(11,163)	23,998	-	49,517
Income (Loss) Before Contributions and Transfers	(272,070)	224,262	1,087,549	106,281	1,146,022
Capital contributions	5,776	5,014	-	-	10,790
Transfers (out)	(121,874)	(252,780)	(939,206)	(110,426)	(1,424,286)
Change in Net Position	(388,168)	(23,504)	148,343	(4,145)	(267,474)
Beginning net position	4,678,646	4,187,068	652,046	32,622	9,550,382
Ending Net Position	\$ 4,290,478	\$ 4,163,564	\$ 800,389	\$ 28,477	\$ 9,282,908

See Notes to Financial Statements.

City of Farmersville, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2023

	Water Fund	Wastewater Fund	Electric Utility	Nonmajor Refuse Utility	Total Proprietary Funds
<u>Cash Flows from Operating Activities</u>					
Receipts from customers	\$ 2,108,931	\$ 1,602,931	\$ 4,426,306	\$ 634,143	\$ 8,772,311
Payments to employees	(589,255)	(89,449)	(689,101)	-	(1,367,805)
Payments to suppliers and contractors	(1,517,819)	(244,772)	(3,063,756)	(501,812)	(5,328,159)
Net Cash Provided by (Used for) Operating Activities	1,857	1,268,710	673,449	132,331	2,076,347
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers (out)	(121,874)	(252,780)	(939,206)	(110,426)	(1,424,286)
Net Cash Provided by (Used for) Noncapital Financing Activities	(121,874)	(252,780)	(939,206)	(110,426)	(1,424,286)
<u>Cash Flows from Capital and Related Financing Activities</u>					
Purchases of capital assets	-	(25,320)	(62,685)	-	(88,005)
Capital grants and contributions	5,776	5,014	-	-	10,790
Principal paid on capital debt	-	(290,000)	(199,602)	-	(489,602)
Net Cash Provided by (Used for) Capital and Related Financing Activities	5,776	(310,306)	(262,287)	-	(566,817)
<u>Cash Flows from Investing Activities</u>					
Interest paid on debt	-	(68,115)	(14,088)	-	(82,203)
Interest on investments	36,682	56,952	38,086	-	131,720
Net Cash Provided by (Used for) Investing Activities	36,682	(11,163)	23,998	-	49,517
Net Increase (Decrease) in Cash and Cash Equivalents	(77,559)	694,461	(504,046)	21,905	134,761
Beginning cash and cash equivalents	1,184,540	1,506,600	893,891	-	3,585,031
Ending Cash and Cash Equivalents	\$ 1,106,981	\$ 2,201,061	\$ 389,845	\$ 21,905	\$ 3,719,792

See Notes to Financial Statements.

City of Farmersville, Texas

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Page 2 of 2)
 For the Year Ended September 30, 2023

	Water	Wastewater	Electric	Nonmajor	Total
	Fund	Fund	Utility	Refuse Utility	Proprietary Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$ (308,752)	\$ 235,425	\$ 1,063,551	\$ 106,281	\$ 1,096,505
Adjustments to reconcile operating income (loss) to net cash provided by (used):					
Depreciation	294,942	489,615	157,537	-	942,094
Changes in Operating Assets and Liabilities: (Increase) Decrease in:					
Accounts receivable	(80,419)	(5,633)	(97,341)	26,558	(156,835)
Interfund balances	21,160	562,589	(574,928)	-	8,821
Prepaid items	-	-	(1,000)	-	(1,000)
Deferred Outflows of Resources:					
Pension liability	(98,719)	-	(99,209)	-	(197,928)
OPEB liability	2,988	-	3,370	-	6,358
Increase (Decrease) in:					
Accounts payable and accrued liabilities	4,795	(13,286)	81,660	(508)	72,661
Customer deposits	24,246	-	21,030	-	45,276
Compensated absences	17,750	-	(1,463)	-	16,287
Deferred Inflows of Resources:					
Pension liability	(71,382)	-	(82,631)	-	(154,013)
OPEB liability	4,059	-	4,222	-	8,281
OPEB liability	(4,520)	-	(6,224)	-	(10,744)
Net pension liability	195,709	-	204,875	-	400,584
Net Cash Provided by (Used for) Operating Activities	\$ 1,857	\$ 1,268,710	\$ 673,449	\$ 132,331	\$ 2,076,347

See Notes to Financial Statements.

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City of Farmersville, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Farmersville, Texas (the "City") was incorporated under the laws of the State of Texas on June 2, 1873.

The City operates under a Council-Manager form of government as provided by the Home Rule Charter, and provides the following services: public safety, streets & roads, sanitation, water & sewer, electric, culture-recreation, public improvements and administrative services.

The City is an independent political subdivision of the State of Texas governed by an elected council and is considered a primary government for financial reporting purposes. Its activities are not considered a part of any other governmental or other type of reporting entity. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The component units, although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Units

Economic Development Corporation – 4A

The Farmersville Economic Development Corporation (the "EDC") was incorporated by the City under the Development Corporation Act of 1979, as amended, Article 5190.6 Vernon's Annotated Civil Statutes, Section 4B, as amended (the Act). The EDC serves all citizens of the City and is governed by a seven member board of directors appointed by the City Council. An Executive Director is appointed by the EDC seven member board to carry out the Board's administrative and policy initiatives. The purpose of the EDC is to promote economic development within the

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City and the State of Texas in order to enhance the employment and the public welfare for, and on behalf of, the City in a manner and purpose authorized by Section 4A of the Act. The EDC's board is not substantially the same as the City's governing body. In addition, the EDC does not provide services entirely, or almost entirely to the City, nor does it maintain debt of any type that are repaid using City sources. The EDC's financial statements are presented discretely as a part of the financial statements of the City. The EDC does not issue separate financial statements.

Community Development Corporation – 4B

The purpose of the City of Farmersville Community Development Corporation (the "CDC") is to promote economic development within the City and the State of Texas in order to eliminate unemployment and underemployment, and to promote and to encourage employment and the public welfare of, for and on behalf of the City, and for parks, auditoriums, learning centers, open space improvements, athletic and exhibition facilities, and other related improvements and for maintenance and operating costs of publicly owned and operated projects by developing, implementing, providing, and financing projects. The CDC's board is not substantially the same as the City's governing body. In addition, the CDC does not provide services entirely, or almost entirely to the City, nor does it maintain debt of any type that are repaid using City sources. The CDC's financial statements are presented discretely as a part of the financial statements of the City. The CDC does not issue separate financial statements.

Blended Component Units

Tax Increment Financing Reinvestment Zone

The City created the Tax Increment Financing Reinvestment Zone Fund (the "TIRZ") in December 2011 to encourage and accelerate planned development of a certain contiguous geographic area within its jurisdiction and extra-territorial jurisdiction. Of the five member Board of Directors three are appointed by the Farmersville City Council and two members shall be appointed by the County Commissioners Court of Collin County and serve for two-year staggered terms. The members of the Board are citizens of Farmersville. Any future debt obligations issued and backed by the TIRZ are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year 2011.

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The TIRZ Board of Directors acts primarily in an advisory role to the City Council, who exercise the ultimate financial control over the recommendations of the TIRZ board, including its budget and expenditures. The financial information of the TIRZ is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Requirements of the statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the City’s activities;
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position and a statement of activities. It requires the classification of net position into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets**—This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted**—This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted**—This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The government reports the following governmental funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed and focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between its governmental fund assets and its liabilities and deferred inflows of resources as fund balance.

General Fund

The General Fund is the main operating fund of the City. The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, library and civic center, municipal court, public safety and public works. The general service fund is considered a major fund for reporting purposes.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

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NOTES TO FINANCIAL STATEMENTS, Continued
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Capital Projects Fund

The capital projects fund is used to account for the expenditures of resources accumulated from the sale of bonds and related interest earnings, contributed capital or transfers from other funds, other than those recorded in the enterprise funds, for acquisition of capital facilities. The capital projects fund is considered a nonmajor fund for reporting purposes.

TIRZ

The tax increment reinvestment zone (TIRZ) fund is used for planned development of a certain contiguous geographic area and is considered a major fund for reporting purposes.

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in special revenue funds. The special revenue funds are considered nonmajor funds for reporting purposes.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following enterprise funds:

Water

This fund is used to account for the provision of water services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the

City of Farmersville, Texas
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fund. The water fund is considered a major fund for reporting purposes.

Wastewater

This fund is used to account for the provision of wastewater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water collection and treatment systems. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund. The fund also accounts for the accumulation of resources for and the payment of long-term debt, principal, and interest. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund. The wastewater fund is considered a major fund for reporting purposes.

Electric

This fund is used to account for the provision of electric services to the residents of the City. Activities of the fund include administration, operations and maintenance of the electric production and distribution system. The fund also accounts for the accumulation of resources for and the payment of long-term debt, principal, and interest. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund. The electric fund is considered a major fund for reporting purposes.

Refuse

This fund is used to account for the provision of sanitation services to the residents of the City. Activities of the fund include administration activities to maintain the services. All costs are financed through charges to sanitation customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund. The refuse fund is considered a nonmajor fund for reporting purposes.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to when transactions are recorded in the financial records and reported on the financial statements and relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and

City of Farmersville, Texas
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become measurable. Proprietary fund equity consists of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

All governmental funds and component units are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Estimates

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

E. Assets, liabilities, deferred inflows/outflows, and net position/fund balance

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are

City of Farmersville, Texas
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operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexSTAR, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1%

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per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Equipment and vehicles	5-20 years
Infrastructure	15 to 100 years
Utility systems	10 to 40 years
Buildings and improvements	20-50 years

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7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

An example is a deferred charge on refunding reported in the government-wide statement 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 net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

8. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

11. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

Amounts of vested or accumulated sick leave and compensatory time that are not expected to be liquidated with expendable available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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12. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

13. Leases

Lessee: The City is a lessee for a noncancellable leases of vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for noncancellable leases of cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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14. Pensions

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

15. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS 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 (i.e., no assets are accumulated for OPEB) as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. 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 on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

F. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as *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 or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

2. Proprietary funds operating and nonoperating revenues and expenses

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

The principal operating revenues of the utility fund are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds. Reconciling items have been presented on the balance sheet of governmental funds in the basic financial statements.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. A reconciliation has been presented in the basic financial statements.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, special revenue, and utility funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. One budget amendment was made during the year.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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A. Expenditures Over Appropriations

For the year ended, general fund expenditures exceeded appropriations at the legal level of control and as follows:

Library and civic center	\$ 8,458
Capital outlay	\$ 69,720
Transfers out	\$ 1,030,632

The City has implemented procedures to ensure budgetary compliance. No expenditure can be made unless there is a budget available or an approved budget amendment has been submitted. Department head and management will review the budget variances on a regular basis and the budget will be amended if necessary.

B. Deficit Fund Equity

At September 30, 2023, the municipal court technology, capital project, and sidewalk funds had a deficit fund balance of \$497, \$13,958, and \$125,096, respectively. The deficit balances will be eliminated in the future with transfers from other funds and fines and forfeitures received, and grant reimbursements.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2023, the primary government had the following investments:

Investment Type	Carrying Value	Weighted Average Maturity (Years)
Investment pools	\$ 6,818,430	0.08
Total carrying value	\$ 6,818,430	
Portfolio weighted average maturity		0.08

As of September 30, 2023, the discretely presented component unit had the following investments:

Investment Type	Carrying Value	Weighted Average Maturity (Years)
Investment pools	\$ 652,560	0.08
Total carrying value	\$ 652,560	
Portfolio weighted average maturity		0.08

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAAM, or equivalent, by at least one nationally recognized rating service.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2023, the fair value of the position in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexStar

The TexStar Participant Services Local Government Investment Pool ("TexStar") is an external investment pool operated by First Southwest Asset Management, Inc. and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investments Act provide for creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller has established an advisory board composed both of participants in TexStar and of other persons who do not have a business relationship with TexStar. The Advisory Board members review the investment policy and management fee structure. Standard & Poor's rates TexStar AAAM. At September 30, 2023, the fair value of the position in TexStar approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

B. Receivables

1. The following comprise receivable balances of the City at year end:

Governmental Funds

	General	Debt Service	Total
Property taxes	\$ 125,362	\$ 75,857	\$ 201,219
Sales tax	166,496	-	166,496
Franchise taxes	17,871	-	17,871
Intergovernmental	1,000	-	1,000
	<u>\$ 310,729</u>	<u>\$ 75,857</u>	<u>\$ 386,586</u>

Enterprise Funds

	Water	Wastewater	Electric	Refuse	Total
Accounts	\$ 375,724	\$ 275,757	\$ 875,656	\$ 117,403	\$ 1,644,540
Other	59,148	-	-	-	59,148
Allowance	(98,324)	(91,507)	(184,235)	(68,285)	(442,351)
	<u>\$ 336,548</u>	<u>\$ 184,250</u>	<u>\$ 691,421</u>	<u>\$ 49,118</u>	<u>\$ 1,261,337</u>

Component Units

	Economic Development Corporation	Community Development Corporation
Sales tax	\$ 92,622	\$ 92,622
	<u>\$ 92,622</u>	<u>\$ 92,622</u>

2. The City is the lessor of a contract in which the City receives lease payments from T-Mobile and Sunbeam for the use of existing cell towers. The leases commenced from December 10, 2003 through May 1, 2020, with terms ranging from 36 to 66 months. Monthly lease payments ranging from \$1,200 to \$4,836 will be paid through June 9, 2029. As of September 30, 2023, the lease receivable and offsetting deferred inflows amounted to \$251,295 and \$246,807, respectively.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

The annual principal and interest payments to be received are as follows:

Year ending September 30,	Governmental Activities	
	Principal	Interest (4.5%)
2024	\$ 72,207	\$ 9,838
2025	76,520	6,494
2026	53,412	317
2027	17,747	1,849
2028	18,562	1,034
Thereafter	12,847	218
	\$ 251,295	\$ 19,750

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

3. Capital Assets

The primary government's summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,365,220	\$ 522,114	\$ -	\$ 1,887,334
Construction in progress	3,567,410	490,350	(3,814,509)	243,251
Total capital assets not being depreciated	<u>4,932,630</u>	<u>1,012,464</u>	<u>(3,814,509)</u>	<u>2,130,585</u>
Capital assets, being depreciated:				
Buildings and improvements	2,291,039	22,500	257,100	2,570,639
Vehicles and equipment	2,740,887	236,403	(128,945)	2,848,345
Infrastructure	17,501,533	-	3,562,000	21,063,533
Right-to-use assets	278,411	178,719	-	457,130
Total capital assets being depreciated	<u>22,811,870</u>	<u>437,622</u>	<u>3,690,155</u>	<u>26,939,647</u>
Less accumulated depreciation				
Buildings and improvements	(1,710,187)	(41,754)	-	(1,751,941)
Vehicles and equipment	(2,449,576)	(120,869)	138,259	(2,432,186)
Infrastructure	(12,255,440)	(757,637)	-	(13,013,077)
Right-to-use assets	(55,569)	(83,703)	-	(139,272)
Total accumulated depreciation	<u>(16,470,772)</u>	<u>(1,003,963)</u>	<u>138,259</u>	<u>(17,336,476)</u>
Net capital assets being depreciated	<u>6,341,098</u>	<u>(566,341)</u>	<u>3,828,414</u>	<u>9,603,171</u>
Total Capital Assets	<u><u>\$ 11,273,728</u></u>	<u><u>\$ 446,123</u></u>	<u><u>\$ 13,905</u></u>	<u><u>\$ 11,733,756</u></u>

Depreciation was charged to governmental functions as follows:

General and administrative	\$ 51,853
Library	6,827
Public safety	127,134
Public works	807,019
Community development	11,130
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,003,963</u></u>

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 77,285	\$ -	\$ -	\$ 77,285
Construction in progress	1,669,438	43,913	(1,669,438)	43,913
Total capital assets not being depreciated	<u>1,746,723</u>	<u>43,913</u>	<u>(1,669,438)</u>	<u>121,198</u>
Capital assets, being depreciated:				
Buildings and improvements	247,075	-	-	247,075
Vehicles and equipment	1,947,812	5,100	-	1,952,912
Infrastructure	18,768,083	38,992	1,669,438	20,476,513
Total capital assets being depreciated	<u>20,962,970</u>	<u>44,092</u>	<u>1,669,438</u>	<u>22,676,500</u>
Less accumulated depreciation				
Buildings and improvements	(53,661)	(6,199)	-	(59,860)
Vehicles and equipment	(1,344,411)	(160,222)	-	(1,504,633)
Infrastructure	(10,217,237)	(775,673)	-	(10,992,910)
Total accumulated depreciation	<u>(11,615,309)</u>	<u>(942,094)</u>	<u>-</u>	<u>(12,557,403)</u>
Net capital assets being depreciated	<u>9,347,661</u>	<u>(898,002)</u>	<u>1,669,438</u>	<u>10,119,097</u>
Total Capital Assets	<u>\$ 11,094,384</u>	<u>\$ (854,089)</u>	<u>\$ -</u>	<u>\$ 10,240,295</u>

Depreciation was charged to business-type functions as follows:

Water	\$ 294,942
Wastewater	489,615
Electric	157,537
Total Business-Type Activities Depreciation Expense	<u>\$ 942,094</u>

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

A summary of changes in component-unit activities capital assets for the year end was as follows:

Community Development Corporation

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 182,820	\$ 103,354	\$ -	\$ 286,174
Construction in progress	10,000	-	(10,000)	-
Total capital assets not being depreciated	<u>192,820</u>	<u>103,354</u>	<u>(10,000)</u>	<u>286,174</u>
Capital assets, being depreciated:				
Office equipment	13,671	-	(13,671)	-
Total capital assets being depreciated	<u>13,671</u>	<u>-</u>	<u>(13,671)</u>	<u>-</u>
Less accumulated depreciation				
Office equipment	(4,356)	-	4,356	-
Total accumulated depreciation	<u>(4,356)</u>	<u>-</u>	<u>4,356</u>	<u>-</u>
Net capital assets being depreciated	9,315	-	(9,315)	-
Total Capital Assets	<u>\$ 202,135</u>	<u>\$ 103,354</u>	<u>\$ (19,315)</u>	<u>\$ 286,174</u>

Economic Development Corporation

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 30,000	\$ -	\$ (30,000)	\$ -
Total capital assets not being depreciated	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>
Capital assets, being depreciated:				
Buildings and improvements	-	-	30,000	30,000
Total capital assets being depreciated	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Less accumulated depreciation				
Buildings and improvements	-	(3,000)	-	(3,000)
Total accumulated depreciation	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>
Net capital assets being depreciated	-	(3,000)	30,000	27,000
Total Capital Assets	<u>\$ 30,000</u>	<u>\$ (3,000)</u>	<u>\$ -</u>	<u>\$ 27,000</u>

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

4. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
General obligation bonds	\$ 5,050,000	\$ -	\$ (545,000)	\$ 4,505,000	\$ 560,000
Certificates of obligation	1,480,000	-	(70,000)	1,410,000	70,000
Premium	334,709	-	(25,931)	308,778	-
	<u>6,864,709</u>	<u>-</u>	<u>(640,931)</u>	<u>6,223,778</u>	<u>630,000</u>
Other liabilities:					
Notes payable	30,658	-	(30,658)	-	-
Lease liabilities	227,510	178,719	(79,175)	327,054	109,965
Total Governmental Activities	<u>\$ 7,122,877</u>	<u>\$ 178,719</u>	<u>\$ (750,764)</u>	<u>\$ 6,550,832</u>	<u>\$ 739,965</u>
Long-term liabilities due in more than one year				<u>\$ 5,810,867</u>	
Business-Type Activities:					
Certificates of Obligation	\$ 4,700,000	\$ -	\$ (290,000)	\$ 4,410,000	\$ 290,000
Notes payable	109,621	-	(34,602)	75,019	36,505
Contractual obligation loan	670,000	-	(165,000)	505,000	165,000
Total Business-Type Activities	<u>\$ 5,479,621</u>	<u>\$ -</u>	<u>\$ (489,602)</u>	<u>\$ 4,990,019</u>	<u>\$ 491,505</u>
Long-term liabilities due in more than one year				<u>\$ 4,498,514</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. In addition, leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Long-term debt at year end was comprised of the following debt issues:

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
General Obligation Bonds:			
\$1,500,000 General Obligation Bonds, Series 2012 due in installments through 2032, interest at 1.25% to 3.125%	\$ 810,000	\$ -	\$ 810,000
\$2,185,000 General Obligation Refunding Bonds, Series 2014 due in installments through 2034, interest at 2% to 4%	1,080,000	-	1,080,000
\$4,855,000 General Obligation Refunding Bonds, Series 2015 due in installments through 2035, interest at 2% to 4%	2,615,000	-	2,615,000
Total General Obligation Bonds	<u>\$ 4,505,000</u>	<u>\$ -</u>	<u>\$ 4,505,000</u>
Certificates of Obligation:			
\$5,845,000 Certificates of Obligation Bonds, Series 2017 due in installments through 2037, interest at .02% to 1.90%	\$ -	\$ 4,410,000	\$ 4,410,000
\$1,755,000 Certificates of Obligation Bonds, Series 2019 due in installments through 2038, interest at 3.0% to 4.0%	1,410,000	-	1,410,000
Total Certificates of Obligation	<u>\$ 1,410,000</u>	<u>\$ 4,410,000</u>	<u>\$ 5,820,000</u>
Notes Payable:			
\$214,139 Altec Digger Derrick capital lease, interest at 5.5% due in annual installments through 2024	\$ -	\$ 75,019	\$ 75,019
Total Notes Payable	<u>\$ -</u>	<u>\$ 75,019</u>	<u>\$ 75,019</u>
Contractual Obligations:			
\$825,000 Public property finance contractual obligation, Series 2021, due in installments through 2026, interest at 1.53%	\$ -	\$ 505,000	\$ 505,000
Total Contractual Obligations	<u>\$ -</u>	<u>\$ 505,000</u>	<u>\$ 505,000</u>
Leases Liabilities:			
\$457,130 Enterprise leases, interest at 5.0% due in monthly installments through 2027	\$ 327,054	\$ -	\$ 327,054
Total Lease Liabilities	<u>\$ 327,054</u>	<u>\$ -</u>	<u>\$ 327,054</u>
Premium on bonds	<u>\$ 308,778</u>	<u>\$ -</u>	<u>\$ 308,778</u>
Total Debt	<u>\$ 6,550,832</u>	<u>\$ 4,990,019</u>	<u>\$ 11,540,851</u>

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

The annual requirements to amortize governmental activities bond issues outstanding at year ending were as follows:

Governmental Activities				
Year ending	General Obligation Bonds		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest
2024	\$ 560,000	\$ 154,881	\$ 70,000	\$ 49,875
2025	585,000	134,881	75,000	47,075
2026	540,000	114,816	80,000	44,075
2027	310,000	99,584	80,000	40,875
2028	320,000	88,588	85,000	37,675
2029	335,000	77,066	90,000	34,275
2030	345,000	64,753	90,000	31,575
2031	355,000	51,831	95,000	28,875
2032	375,000	38,241	95,000	25,906
2033	280,000	25,600	100,000	22,819
2034	300,000	10,000	100,000	19,569
2035	200,000	-	105,000	16,194
2036	-	-	110,000	12,519
2037	-	-	115,000	8,669
2038	-	-	120,000	4,500
Total	\$ 4,505,000	\$ 860,241	\$ 1,410,000	\$ 424,475

On April 5, 2021, the City issued a Contractual Obligation tax bond in the amount of \$825,000, with an interest rate of 1.5% and a maturity date of August 15, 2026.

The 2019 certificates of obligation revenue bonds were issued on August 15, 2019 in the amount of \$1,755,000, due in annual installments through 2038, bearing interest ranging from 3.0% to 4.0% payable February 15 and August 15.

The 2015 general obligation refunding bonds were issued September 8, 2015, due in annual installments through 2035, bearing interest ranging from 2.0% to 4.0% payable February 15 and August 15. Of the \$4,855,000 issued, \$2,150,000 of the 2006 series certificate of obligation was refunded.

The 2014 general obligation refunding bonds and the 2012 general obligation were used for the purpose of street improvements, including drainage, curbs, gutters, bridges, acquisition of equipment, machinery, land and right of ways as well as construction, acquiring, purchasing, renovating, enlarging, equipping and improving water and sewer system properties and facilities.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

The annual requirements to amortize total governmental lease payables at year ending were as follows:

Governmental Activities		
Year ending	Lease Liabilities	
September 30,	Principal	Interest
2024	\$ 109,965	\$ 13,824
2025	100,581	8,444
2026	78,257	4,014
2027	38,251	649
	\$ 327,054	\$ 26,931

During the year, the City entered into multiple new vehicle leases totaling \$178,719. As of September 30, 2023, the total net carrying value of the right-to-use assets for governmental activities was \$317,858.

The annual requirements to amortize total business-type long-term debt at year ending were as follows:

Business-Type Activities		
Year ending	Certificates of Obligation	
September 30,	Principal	Interest
2024	\$ 290,000	\$ 66,369
2025	290,000	64,397
2026	295,000	61,816
2027	300,000	58,719
2028	300,000	55,029
2029	305,000	50,919
2030	310,000	46,435
2031	315,000	41,599
2032	320,000	36,465
2033	325,000	31,025
2034	330,000	25,272
2035	335,000	19,299
2036	345,000	13,102
2037	350,000	6,650
Total	\$ 4,410,000	\$ 577,096

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

The annual requirements to amortize total business-type contractual obligations and notes payable at year ending were as follows:

Year ending September 30,	Business-Type Activities			
	Contractual Obligation		Notes Payable	
	Principal	Interest	Principal	Interest
2024	\$ 165,000	\$ 7,726	\$ 36,505	\$ 4,125
2025	170,000	5,202	38,514	2,118
2026	170,000	2,601	-	-
	<u>\$ 505,000</u>	<u>\$ 15,529</u>	<u>\$ 75,019</u>	<u>\$ 6,243</u>

5. Other Long-term Liabilities

The following summarizes the changes in other long-term liabilities of the primary government during the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 81,426	\$ 57,944	\$ -	\$ 139,370	\$ 125,433
Total Governmental Activities	<u>\$ 81,426</u>	<u>\$ 57,944</u>	<u>\$ -</u>	<u>\$ 139,370</u>	<u>\$ 125,433</u>
Other Long-term Liabilities Due in More than One Year				<u>\$ 13,937</u>	
Business-Type Activities:					
Compensated Absences	\$ 25,884	\$ 17,749	\$ (1,462)	\$ 42,171	\$ 37,953
Total Business-Type Activities	<u>\$ 25,884</u>	<u>\$ 17,749</u>	<u>\$ (1,462)</u>	<u>\$ 42,171</u>	<u>\$ 37,953</u>
Other Long-term Liabilities Due in More than One Year				<u>\$ 4,218</u>	

6. Deferred Charge on Refunding

A deferred charge resulting from the issuance of the 2015 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for governmental activities totaled \$21,147. Current year amortization expense for governmental activities totaled \$1,762.

A deferred charge resulting from the issuance of the 2014 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for governmental

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

activities totaled \$2,712. Current year amortization expense for governmental activities totaled \$246.

7. Interfund Transactions

Transfers between the primary government funds during the 2023 year were as follows:

	Transfer In		
Transfer Out:	General	TIRZ	Total
General	\$ -	\$ 1,030,632	\$ 1,030,632
Nonmajor govt.	10	-	10
Debt service	368,240	-	368,240
Water	121,874	-	121,874
Wastewater	252,780	-	252,780
Electric	939,206	-	939,206
Refuse	110,426	-	110,426
Total	\$ 1,792,536	\$ 1,030,632	\$ 2,823,168

The compositions of interfund balances as of year end were as follows:

	Due from (receivable):		
Due to (payable):	General	Debt Service	Total
General	-	\$ 234,317	\$ 234,317
TIRZ	4,900	-	4,900
Water	8,821	-	8,821
Nonmajor govt.	275,448	11,711	287,159
Total	\$ 289,169	\$ 246,028	\$ 535,197

Amounts recorded as “due to/from” are considered to be temporary loans and will be repaid during the following year.

The compositions of receivables/payables between the primary government and component units as of year end were as follows:

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

	Due from (receivable):		
Due to (payable):	General	Nonmajor Govt.	Total
Community Development Corporation	\$ 800	\$ 150,000	\$ 150,800
Total	\$ 800	\$ 150,000	\$ 150,800

8. Advances

Advances are amounts that are temporary loans to be considered long-term. During the fiscal year ending September 30, 2020, an advance in the amount of \$62,930 was made from the Economic Development Corporation to the Electric Fund. The temporarily loaned funds are being paid back to the component unit on a monthly basis in the amount of \$2,622. During the year ending September 30, 2023, the City did not pay any new reimbursements to the EDC. The remaining advance balance is \$7,867.

9. Restricted Net Position / Fund Balance

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of restricted net position / fund balance of the City:

	Governmental Activities	Governmental Funds
Restricted for:		
Debt service	\$ 770,563	\$ 770,563
Capital improvements	1,690,095	1,690,095
Library	529	529
* Municipal court	29,022	29,022
Public safety	770,387	770,387
Special projects	53,213	53,213
Total	\$ 3,313,809	\$ 3,313,809

*Restricted by enabling legislation

V. OTHER INFORMATION

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

The City uses a number of approaches to decrease risks and protect against losses to the City, including internal practices, employee training, and a code of ethics, which all employees are required to acknowledge.

The City owns and operates motor vehicles and may provide such vehicle to employees for business use during the course and scope of their employment. The City is insured as to its own property losses, and the liability of loss to others.

B. Contingent Liabilities

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City had not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

D. Pension Plans

Texas Municipal Retirement System

1. Plan Description

The City of Farmersville, Texas participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

2. Benefits Provided

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

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

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>
Employee deposit rate	5%	5%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	19
Active employees	<u>34</u>
Total	<u>78</u>

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Farmersville, Texas were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Farmersville, Texas were 8.53% and 8.72% in calendar years 2022 and 2023, respectively. The City's contributions to

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

TMRS for the year ended September 30, 2023, were \$237,797, and were equal to the required contributions.

4. Net Pension Liability (Asset)

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

Actuarial assumptions

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

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.7%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
Other Public/Private Markets	12.0%	8.1%
Real Estate	12.0%	5.8%
Hedge Funds	5.0%	6.9%
Private Equity	10.0%	11.8%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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%
\$ 2,258,352	\$ 1,119,640	\$ 184,216

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

Changes in the Net Pension (Asset) Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)
Balance at 12/31/21	\$ 7,562,097	\$ 7,484,034	\$ 78,063
Changes for the year:			
Service cost	309,197	-	309,197
Interest	507,783	-	507,783
Change in benefit terms	-	-	-
Difference between expected and actual experience	31,972	-	31,972
Changes of assumptions	-	-	-
Contributions – employer	-	222,568	(222,568)
Contributions – employee	-	130,463	(130,463)
Net investment income	-	(546,570)	546,570
Benefit payments, including refunds of emp. contributions	(387,968)	(387,968)	-
Administrative expense	-	(4,727)	4,727
Other changes	-	5,641	(5,641)
Net changes	460,984	(580,593)	1,041,577
Balance at 12/31/22	\$ 8,023,081	\$ 6,903,441	\$ 1,119,640

Pension Plan Fiduciary Net Position

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

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$348,930.

At September 30, 2023, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between projected and investment earnings	\$ 485,591
Change in actuarial assumptons	202
Differences between expected and actual economic experience	118,604
Contributions subsequent to the measurement date	173,883
Total	\$ 778,280

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

The City reported \$173,883 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
December 31:	
2023	\$ 92,877
2024	161,865
2025	139,307
2026	210,348
2027	-
Thereafter	-
	\$ 604,397

6. Other Postemployment Benefits

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 the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB. 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 the employer’s yearly contributions for retirees.

The 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.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

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

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	8
Active employees	34
Total	57

The City's retiree contribution rates to the TMRS SDBF for the years ended 2023, 2022 and 2021 were \$3,267, \$2,318 and \$1,860, respectively, which equaled the required contribution each year.

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2021	0.09%	0.09%	100.0%
2022	0.09%	0.09%	100.0%
2023	0.13%	0.13%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2022, and the Total OPEB Liability 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:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's 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:

1% Decrease 3.05%	Current Single Rate Assumption 4.05%	1% Increase 5.05%
\$ 116,503	\$ 98,380	\$ 84,050

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/2022	\$ 134,399
Changes for the year:	
Service Cost	9,132
Interest	2,535
Difference between expected and actual experience	1,793
Changes of assumptions	(47,131)
Benefit payments	(2,348)
Net changes	(36,019)
Balance at 12/31/2023	\$ 98,380

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$6,418.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (25,270)
Investment earnings	-	(1,076)
Contributions subsequent to measurement date	2,592	-
Total	\$ 2,592	\$ (26,346)

The City reported \$2,592 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2024.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2023	\$ (6,085)
2024	(4,554)
2025	(4,579)
2026	(6,109)
2027	(5,019)
Thereafter	-
	\$ (26,346)

Texas Emergency Services Retirement System

1. Plan Description

The Fire Fighter’s Pension Commissioner is the administrator of the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2023, there were 241 member fire or emergency services departments actively participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

At August 31, 2023, TESRS membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,929
Terminated Participants Entitled to Benefits but Not Yet Receiving Them	1,689
Active Participants (Vested and Nonvested)	<u>3,343</u>
Total	<u>8,961</u>

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

2. Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities. According to the state law governing the System, the state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2022 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

3. Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2023, total contributions (dues and prior service) of \$3,736,446 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,262,763 for the fiscal year ending August 31, 2023.

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that are promised. The most recently completed biennial actuarial valuation as of August 31, 2022 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$675,000 each year to pay for part of the System's administrative expenses.

To the best of our knowledge, the actuarial information supplied in this section is complete, accurate and in compliance with GASB Statement No. 25. In our opinion, the assumptions used are reasonably related to the experience of the System and to reasonable expectations. The assumptions represent a reasonable estimate of anticipated experience of the System over the

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

long-term future, and their selection complies with the appropriate actuarial standards of practice.

	<u>August 31, 2018</u>	<u>August 31, 2020</u>	<u>August 31, 2022</u>
Valuation Date	Entry Age	Entry Age	Entry Age
Actuarial Cost Method	Level dollar, open	Level dollar, open	Level dollar, open
Amortization Method	30 years	30 years	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Actuarial Assumptions:			
Investment Rate of Return *	7.75% per year, net of investment expenses	7.75% per year, net of investment expenses	7.50% per year, net of investment expenses
Projected Salary Increases *	N/A	N/A	N/A
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	None	None	None

The target allocation for each major asset class is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities:		
Large cap domestic	20%	5.83%
Small cap domestic	10%	5.94%
Developed international	15%	6.17%
Emerging markets	5%	7.36%
Master limited partnership	5%	6.61%
Real Estate	10%	4.48%
Multi asset income	5%	3.86%
Fixed income	30%	1.95%
Cash	0%	0%
Total	100.0%	4.61%

Discount Rate:

The discount rate used to measure the Total Pension Liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

4. Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 8/31/21	\$ 334,059	\$ 251,176	\$ 82,883
Changes for the year:			
Service Cost	3,276	-	3,276
Interest (on the Total Pension Liab.)	24,654	-	24,654
Change in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – members	-	7,548	(7,548)
Contributions – state	-	2,551	(2,551)
Net investment income	-	13,982	(13,982)
Benefit payments, including refunds of emp. contributions	(17,233)	(17,233)	-
Administrative expense	-	(708)	708
Other changes	-	-	-
Net changes	<u>10,697</u>	<u>6,140</u>	<u>4,557</u>
Balance at 8/31/22	<u>\$ 344,756</u>	<u>\$ 257,316</u>	<u>\$ 87,440</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

1% Decrease 6.5%	Current Single Rate Assumption 7.5%	1% Increase 8.5%
\$ 134,724	\$ 87,440	\$ 48,304

Pension Plan Fiduciary Net Position:

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

City of Farmersville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2023

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2023, the City recognized pension expense of \$20,690.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual economic experience	\$ 1,277	\$ -
Difference between projected and investment earnings	26,161	-
Change in actuarial assumptions	-	(169)
Changes in pension proportion	-	(11,500)
Total	\$ 27,438	\$ (11,669)

Other amounts reported as deferred outflows related to the TESRS pension will be recognized in pension expense as follows:

Year ended August 31:	
2024	\$ 6,133
2025	6,396
2026	11,668
2027	168
Thereafter	(8,596)
	\$ 15,769

E. Subsequent Events

There were no material subsequent events through July 22, 2024, the date the financial statements were issued.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Farmersville, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)

GENERAL FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 1,281,140	\$ 909,305	\$ 1,967,115	\$ 1,057,810
Sales tax	725,000	912,480	1,043,641	131,161
Franchise and local taxes	106,600	129,331	157,275	27,944
License and permits	150,400	300,100	270,223	(29,877)
Charges for services	159,482	193,888	240,246	46,358
Fines and forfeitures	128,600	78,600	86,791	8,191
Leases	88,043	88,043	88,838	795
Intergovernmental	135,378	263,708	167,726	(95,982)
Contributions and donations	10,000	97,637	204,546	106,909
Investment income	1,200	107,675	132,257	24,582
Other revenues	41,655	127,805	146,234	18,429
Total Revenues	2,827,498	3,208,572	4,504,892	1,296,320
Expenditures				
Current:				
Mayor and city council	16,765	16,765	10,100	6,665
Administration	1,071,983	1,332,560	1,317,604	14,956
Library and civic center	196,840	205,500	213,958	(8,458) *
Municipal court	228,023	227,858	220,097	7,761
Police	1,399,674	1,403,654	1,354,898	48,756
Fire and EMS	375,333	488,925	466,559	22,366
Public works	976,158	1,036,664	1,001,293	35,371
Debt Service:				
Principal	136,040	136,040	109,833	26,207
Interest and fiscal charges	21,495	21,495	21,495	-
Capital outlay	102,000	367,719	437,439	(69,720) *
Total Expenditures	4,524,311	5,237,180	5,153,276	83,904
Revenues Over (Under)				
Expenditures	(1,696,813)	(2,028,608)	(648,384)	1,380,224

City of Farmersville, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)
GENERAL FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	\$ 1,464,286	\$ 1,933,526	\$ 1,792,536	\$ (140,990)
Transfers (out)	-	-	(1,030,632)	(1,030,632) *
Lease related issuance	-	179,719	178,719	(1,000)
Sale of capital assets	31,000	46,000	21,353	(24,647)
Total Other Financing Sources (Uses)	<u>1,495,286</u>	<u>2,159,245</u>	<u>961,976</u>	<u>(1,197,269)</u>
Net Change in Fund Balance	<u>\$ (201,527)</u>	<u>\$ 130,637</u>	<u>313,592</u>	<u>\$ 182,955</u>
Beginning fund balance			789,360	
Ending Fund Balance			<u>\$ 1,102,952</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at legal level of control.

City of Farmersville, Texas
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total pension liability									
Service cost	\$ 309,197	\$ 297,077	\$ 291,652	\$ 263,418	\$ 250,407	\$ 241,395	\$ 231,232	\$ 207,028	\$ 157,726
Interest	507,783	467,945	426,815	403,168	380,340	356,264	335,857	326,753	313,135
Differences between expected and actual experience	31,972	130,088	102,278	(160,034)	4,299	40,315	(60,555)	(22,859)	(66,943)
Changes of assumptions	-	-	-	40,610	-	-	-	41,648	-
Benefit payments, including refunds of participant contributions	(387,968)	(233,972)	(194,305)	(227,592)	(379,121)	(192,468)	(226,121)	(287,705)	(180,348)
Net change in total pension liability	460,984	661,138	626,440	319,570	255,925	445,506	280,413	264,865	223,570
Total pension liability - beginning	\$ 7,562,097	\$ 6,900,959	\$ 6,274,519	\$ 5,954,949	\$ 5,699,024	\$ 5,253,518	\$ 4,973,105	\$ 4,708,240	\$ 4,484,670
Total pension liability - ending (a)	\$ 8,023,081	\$ 7,562,097	\$ 6,900,959	\$ 6,274,519	\$ 5,954,949	\$ 5,699,024	\$ 5,253,518	\$ 4,973,105	\$ 4,708,240
Plan fiduciary net position									
Contributions - employer	\$ 222,568	\$ 205,917	\$ 214,927	\$ 189,069	\$ 178,682	\$ 177,306	\$ 163,202	\$ 165,151	\$ 146,026
Contributions - members	130,463	124,196	122,956	110,309	104,861	101,087	96,588	89,856	81,766
Net investment income	(546,570)	853,039	451,528	787,461	(160,254)	641,460	291,046	6,399	232,214
Benefit payments, including refunds of participant contributions	(387,968)	(233,972)	(194,305)	(227,592)	(379,121)	(192,468)	(226,121)	(287,705)	(180,348)
Administrative expenses	(4,727)	(3,944)	(2,921)	(4,448)	(3,098)	(3,324)	(3,287)	(3,897)	(2,424)
Other	5,641	28	(115)	(134)	(161)	(168)	(177)	(194)	(199)
Net change in plan fiduciary net position	(580,593)	945,264	592,070	854,665	(259,091)	723,893	321,251	(30,390)	277,035
Plan fiduciary net position - beginning	7,484,034	6,538,770	5,946,700	5,092,035	5,351,126	4,627,233	4,305,982	4,336,372	4,059,337
Plan fiduciary net position - ending (b)	\$ 6,903,441	\$ 7,484,034	\$ 6,538,770	\$ 5,946,700	\$ 5,092,035	\$ 5,351,126	\$ 4,627,233	\$ 4,305,982	\$ 4,336,372
Fund's net pension liability - ending (a) - (b)	\$ 1,119,640	\$ 78,063	\$ 362,189	\$ 327,819	\$ 862,914	\$ 347,898	\$ 626,285	\$ 667,123	\$ 371,868
Plan fiduciary net position as a percentage of the total pension liability	86.04%	98.97%	94.75%	94.78%	85.51%	93.90%	88.08%	86.59%	92.10%
Covered payroll	\$ 2,609,254	\$ 2,483,921	\$ 2,459,122	\$ 2,206,179	\$ 2,097,213	\$ 2,021,738	\$ 1,931,763	\$ 1,797,114	\$ 1,635,328
Fund's net position as a percentage of payroll	42.91%	3.14%	14.73%	14.86%	41.15%	17.21%	32.42%	37.12%	22.74%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

City of Farmersville, Texas
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
TEXAS MUNICIPAL RETIREMENT SYSTEM

Fiscal Years Ended:

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	1
Actuarially determined employer contributions	\$ 237,797	\$ 218,010	\$ 205,221	\$ 203,434	\$ 185,997	\$ 179,231	\$ 173,496	\$ 170,502	\$ 159,524	
Contributions in relation to the actuarially determined contribution	\$ 237,797	\$ 218,010	\$ 205,221	\$ 203,434	\$ 185,997	\$ 179,231	\$ 173,496	\$ 170,502	\$ 159,524	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Annual payroll	\$ 2,743,353	\$ 2,575,949	\$ 2,439,088	\$ 2,338,327	\$ 2,173,349	\$ 2,088,834	\$ 1,997,465	\$ 1,977,366	\$ 1,749,217	
Employer contributions as a percentage of payroll	8.67%	8.46%	8.41%	8.70%	8.56%	8.58%	8.69%	8.62%	9.12%	

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes

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	23 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. 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:

Notes

There were no benefit changes during the year.

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City of Farmersville, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended:

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Total OPEB liability						¹
Service cost	\$ 9,132	\$ 9,687	\$ 7,623	\$ 5,074	\$ 5,662	\$ 4,852
Interest	2,535	2,368	2,693	3,196	3,039	2,949
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	1,793	6,104	(2,840)	(10,667)	(7,689)	-
Changes of assumptions	(47,131)	3,794	13,577	14,203	(5,872)	6,409
Benefit payments, including refunds of participant contributions	(2,348)	(2,236)	(984)	(882)	(839)	(809)
Net change in total OPEB liability	<u>(36,019)</u>	<u>19,717</u>	<u>20,069</u>	<u>10,924</u>	<u>(5,699)</u>	<u>13,401</u>
Total OPEB liability - beginning	<u>\$ 134,399</u>	<u>\$ 114,682</u>	<u>\$ 94,613</u>	<u>\$ 83,689</u>	<u>\$ 89,388</u>	<u>\$ 75,987</u>
Total OPEB liability - ending	<u><u>\$ 98,380</u></u>	<u><u>\$ 134,399</u></u>	<u><u>\$ 114,682</u></u>	<u><u>\$ 94,613</u></u>	<u><u>\$ 83,689</u></u>	<u><u>\$ 89,388</u></u> ²
Covered payroll	\$ 2,609,254	\$ 2,483,921	\$ 2,459,122	\$ 2,206,179	\$ 2,097,213	\$ 2,021,738
City's total OPEB liability as a percentage of covered payroll	3.77%	5.41%	4.66%	4.29%	3.99%	4.42%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

City of Farmersville, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Years Ended:

	8/31/2023	8/31/2022	8/31/2021	8/31/2020	8/31/2019	8/31/2018	8/31/2017	8/31/2016	8/31/2015
Total pension liability									
Service cost	\$ 3,276	\$ 2,521	\$ 3,128	\$ 2,743	\$ 2,817	\$ 2,836	\$ 3,266	\$ 4,338	\$ 4,388
Interest	24,654	18,622	22,353	16,169	15,935	17,629	19,410	22,789	21,939
Changes in benefit terms	-	3,936	-	4,394	-	5,030	-	1,848	-
Differences between expected and actual experience	-	4,036	-	(2,889)	-	(160)	-	166	-
Changes of assumptions	-	(533)	-	(100)	-	-	-	2,278	-
Benefit payments, including refunds of participant contributions	(17,233)	(12,881)	(14,942)	(10,116)	(9,712)	(10,395)	(10,316)	(12,037)	(11,652)
Net change in total pension liability	10,697	15,701	10,539	10,201	9,040	14,940	12,360	19,382	14,675
Total pension liability - beginning	\$ 334,059	\$ 252,208	\$ 302,385	\$ 210,947	\$ 207,647	\$ 229,836	\$ 252,339	\$ 295,734	\$ 284,524
Total pension liability - ending (a)	\$ 344,756	\$ 267,909	\$ 312,924	\$ 221,148	\$ 216,687	\$ 244,776	\$ 264,699	\$ 315,116	\$ 299,199
Plan fiduciary net position									
Contributions - employer	\$ 7,548	\$ 6,559	\$ 7,666	\$ 5,520	\$ 5,256	\$ 2,366	\$ 3,247	\$ 4,055	\$ 4,241
Contributions - members	2,551	2,046	2,672	1,954	2,007	7,296	10,275	8,867	9,105
Net investment income	13,982	(28,744)	44,822	17,922	1,722	20,139	20,042	12,689	(8,529)
Benefit payments, including refunds of participant contributions	(17,233)	(12,881)	(14,942)	(10,116)	(9,712)	(10,395)	(10,316)	(12,037)	(11,652)
Administrative expenses	(708)	(391)	(541)	(471)	(342)	(281)	(378)	(427)	(559)
Net change in plan fiduciary net position	6,140	(33,411)	39,677	14,809	(1,069)	19,125	22,870	13,147	(7,394)
Plan fiduciary net position - beginning	251,176	234,851	251,712	169,279	174,954	187,113	192,626	227,401	237,459
Plan fiduciary net position - ending (b)	\$ 257,316	\$ 201,440	\$ 291,389	\$ 184,088	\$ 173,885	\$ 206,238	\$ 215,496	\$ 240,548	\$ 230,065
Fund's net pension liability - ending (a) - (b)	\$ 87,440	\$ 66,469	\$ 21,535	\$ 37,060	\$ 42,802	\$ 38,538	\$ 49,203	\$ 74,568	\$ 69,134
Plan fiduciary net position as a percentage of the total pension liability	74.64%	75.19%	93.12%	83.24%	80.25%	84.26%	81.41%	76.34%	76.89%
Number of active members	3,343	3,379	3,571	3,634	3,702	3,927	4,046	3,634	4,036
Net pension liability per active member	\$ 26	\$ 20	\$ 6	\$ 10	\$ 12	\$ 10	\$ 12	\$ 21	\$ 17
City's proportion of the net pension	0.1620%	0.1620%	0.2010%	0.1470%	0.1510%	0.1780%	0.2050%	0.2560%	0.2590%

Notes to schedule:

- ¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.
- ² Determined from the end of year total pension liability using the roll back procedure allowed for the initial year of implementing GASB 67.
- ³ There is no compensation for active members, so number of active members is used instead.
- ⁴ The System's net pension liability was measured as of August 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2023.

City of Farmersville, Texas
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Fiscal Years Ended:

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Actuarially determined employer contributions	\$ 9,612	\$ 12,881	\$ 13,771	\$ 14,616	\$ 12,421	\$ 11,609	\$ 11,996	\$ 10,692	\$ 6,469
Contributions in relation to the actuarially determined contribution	\$ 9,612	\$ 12,881	\$ 13,771	\$ 14,616	\$ 12,421	\$ 11,609	\$ 11,996	\$ 10,692	\$ 6,469
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of active members	23	23	23	25	24	23	22	19	15
Employer contributions per member	418	560	599	585	518	505	545	563	431

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes

Contribution rates are determined by board rule and become effective August 31.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	5 Year smoothed market; 20% soft corridor
Inflation	3.0%
Salary Increases	n/a
Investment Rate of Return	7.5%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits.
Mortality	PubS-2010 (public safety) below-median income mortality table for retirees, projected for mortality improvement generationally using projection scale MP-2019

Other Information:

Notes

There were no benefit changes during the year.

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NONMAJOR GOVERNMENTAL FUNDS

City of Farmersville, Texas
COMBINING BALANCE SHEET (Page 1 of 2)
NONMAJOR GOVERNMENTAL FUNDS

	Library Fund	Municipal Court Technology	Municipal Court Security	LEOSE	Child Safety	Special Projects	JW Spain Grant	Radio Grants
Cash and cash equivalents	\$ 529	\$ -	\$ 29,022	\$ 4,801	\$ 15,083	\$ -	\$ 47,130	\$ 6,083
Due from component unit	-	-	-	-	-	-	-	-
Total Assets	\$ 529	\$ -	\$ 29,022	\$ 4,801	\$ 15,083	\$ -	\$ 47,130	\$ 6,083
Liabilities								
Accounts payable	\$ -	\$ 145	\$ -	\$ -	\$ 330	\$ -	\$ -	\$ -
Due to other funds	-	352	-	-	-	-	-	-
Total Liabilities	-	497	-	-	330	-	-	-
Fund Balances								
Restricted for:								
Capital improvements	-	-	-	-	-	-	-	-
Library	529	-	-	-	-	-	-	-
Municipal court	-	-	29,022	-	-	-	-	-
Public safety	-	-	-	4,801	14,753	-	-	-
Special projects	-	-	-	-	-	-	47,130	6,083
Unassigned	-	(497)	-	-	-	-	-	-
Total Fund Balances	529	(497)	29,022	4,801	14,753	-	47,130	6,083
Total Liabilities and Fund Balances	\$ 529	\$ -	\$ 29,022	\$ 4,801	\$ 15,083	\$ -	\$ 47,130	\$ 6,083

City of Farmersville, Texas
COMBINING BALANCE SHEET (Page 2 of 2)
NONMAJOR GOVERNMENTAL FUNDS

	Cares Act Fund	Lakehaven MUD Fund	Police Seizure Fund	Capital Projects	Opiod Abatement	Sidewalk 7216322	Total Nonmajor Governmental
Assets							
Cash and cash equivalents	\$ 745,696	\$ 5,000	\$ 1,831	\$ -	\$ 3,306	\$ -	\$ 858,481
Due from component unit	-	-	-	-	-	150,000	150,000
Total Assets	\$ 745,696	\$ 5,000	\$ 1,831	\$ -	\$ 3,306	\$ 150,000	\$ 1,008,481
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 2,247	\$ -	\$ -	\$ 2,722
Due to other funds	-	-	-	11,711	-	275,096	287,159
Total Liabilities	-	-	-	13,958	-	275,096	289,881
Fund Balances							
Restricted for:							
Capital improvements	-	5,000	-	-	-	-	5,000
Library	-	-	-	-	-	-	529
Municipal court	-	-	-	-	-	-	29,022
Public safety	745,696	-	1,831	-	3,306	-	770,387
Special projects	-	-	-	-	-	-	53,213
Unassigned	-	-	-	(13,958)	-	(125,096)	(139,551)
Total Fund Balances	745,696	5,000	1,831	(13,958)	3,306	(125,096)	718,600
Total Liabilities and Fund Balances	\$ 745,696	\$ 5,000	\$ 1,831	\$ -	\$ 3,306	\$ 150,000	\$ 1,008,481

City of Farmersville, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 1 of 2)

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	Library Fund	Municipal Court Technology	Municipal Court Security	LEOSE	Child Safety	Special Projects	JW Spain Grant	Radio Grants
Revenues								
Fines and forfeitures	\$ -	\$ 1,945	\$ 2,350	\$ -	\$ 4,292	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	901	7,740	-	-	-
Donations and contributions	143	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total Revenues	143	1,945	2,350	901	12,032	-	-	-
Expenditures								
Library	105	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-
Municipal court	-	2,238	-	-	12,332	-	-	-
Total Expenditures	105	2,238	-	-	12,332	-	-	-
Revenues Over (Under) Expenditures	38	(293)	2,350	901	(300)	-	-	-
Other Financing Sources (Uses)								
Transfers (out)	-	-	-	-	-	(10)	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	(10)	-	-
Net Change in Fund Balances	38	(293)	2,350	901	(300)	(10)	-	-
Beginning fund balances	491	(204)	26,672	3,900	15,053	10	47,130	6,083
Ending Fund Balances	\$ 529	\$ (497)	\$ 29,022	\$ 4,801	\$ 14,753	\$ -	\$ 47,130	\$ 6,083

City of Farmersville, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 2 of 2)

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	Cares Act Fund	Lakehaven MUD Fund	Police Seizure Fund	Capital Projects	Opiod Abatement	Sidewalk 7216322	Total Nonmajor Governmental
Revenues							
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,587
Intergovernmental	16,913	-	-	-	-	155,000	180,554
Donations and contributions	-	-	-	-	-	-	143
Other revenue	-	-	-	-	3,306	-	3,306
Total Revenues	<u>16,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,306</u>	<u>155,000</u>	<u>192,590</u>
Expenditures							
Library	-	-	-	-	-	-	105
General government	146,669	-	-	-	-	280,096	426,765
Municipal court	-	-	-	-	-	-	14,570
Total Expenditures	<u>146,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,096</u>	<u>441,440</u>
Revenues Over (Under) Expenditures	<u>(129,756)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,306</u>	<u>(125,096)</u>	<u>(248,850)</u>
Other Financing Sources (Uses)							
Transfers (out)	-	-	-	-	-	-	(10)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>
Net Change in Fund Balances	<u>(129,756)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,306</u>	<u>(125,096)</u>	<u>(248,860)</u>
Beginning fund balances	875,452	5,000	1,831	(13,958)	-	-	967,460
Ending Fund Balances	<u>\$ 745,696</u>	<u>\$ 5,000</u>	<u>\$ 1,831</u>	<u>\$ (13,958)</u>	<u>\$ 3,306</u>	<u>\$ (125,096)</u>	<u>\$ 718,600</u>



Farmersville
DISCOVER A TEXAS TREASURE