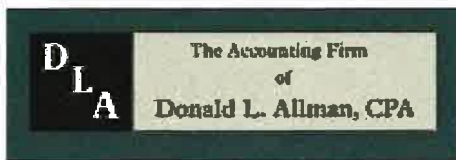


**City of Thorndale, Texas
Audited Financial Statements
Independent Auditor's Report And
Supplemental Schedules
For the Year Ended
September, 30, 2023**

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CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Thorndale, Texas

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Thorndale, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 45-46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2024, on our consideration of the City of Thorndale, Texas internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Thorndale, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Thorndale, Texas internal control over financial reporting and compliance.

Donald L. Allman, CPA, PC

Georgetown, TX
April 4, 2024

**MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTARY INFORMATION**

As management of the City of Thorndale, Texas (the City), we are pleased to offer readers of the City's financial statements this narrative overview and analysis of the city's financial activities for the fiscal year ended September 30, 2023. We encourage readers to consider it in conjunction with the additional information presented in the accompanying basic financial statements and the notes to the financial statements.

Financial Statements

- The net position of the City's governmental activities increased by \$60,866, before transfers, as a result of the current year's operations. Net position at year end consisted of invested in capital assets (net of related debt) of \$1,157,017, restricted net position for various purposes of 140,023 and unrestricted net position of \$1,122,371 for total net position of \$2,419,411.
- The City's business-type activities net position decreased by \$(62,325), before transfers, as a result of the current year's operations. Business-type net position consisted of invested in capital assets (net of related debt) of \$856,718, restricted net position for grant construction of \$323,255, and unrestricted net position of \$894,614, for a total net position of \$2,074,587 at the end of the year.
- Total revenues from all sources were \$1,730,214 which represents a decrease of \$(209,171) or 11% from the prior year due primarily to decreases in grant income.
- Total costs of all programs were \$1,669,348 which represents an increase of \$176,739 or an 11% increase from the prior year due primarily to an increase in general government expenditures. No new programs were added during the year.
- As of September 30, 2023, the City's governmental funds reported an ending fund balance of \$1,393,851, a decrease of \$(371,997), of which \$1,253,828 is unassigned and \$ 140,023 is restricted for various purposes.

Using this Annual Report

This annual report presents the following three components of the financial statements.

1. Government-wide financial statements provide information for the City as a whole.
2. Fund financial statements provide detailed information for the City's significant funds.
3. Notes to the financial statements provide additional information that is essential to understanding the government-wide and fund financial statements.

This report also contains other supplementary information in addition to the basic financial statements. This information includes a management's discussion and analysis and a budgetary comparison schedule.

Government-Wide Financial Statements

The *government-wide financial 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 information on all of the assets and liabilities of the City. The difference between assets and liabilities is presorted 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 on how the City's net position changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Both the Statement of Net Position and the Statement of Activities present information for the following:

- Governmental activities include general government, public safety, health, highways, streets, sanitation, community improvements, planning and zoning, judicial, general administrative, and other services are authorized by its code of ordinances and its citizens.
- Business activities include water and sewer services.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements begin on page 11. The following table is a summary of net position as of September 30, 2023:

Table 1
Net Position

	Governmental Activities		Business Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,370,917	\$ 1,681,719	\$ 1,055,908	\$ 1,211,969	\$ 2,426,825	\$ 2,893,688
Capital assets, net	1,289,934	826,309	856,718	740,386	2,146,652	1,566,695
Restricted assets	140,023	360,033	323,255	351,731	463,278	711,764
Total assets	2,800,874	2,868,061	2,235,881	2,304,086	5,036,755	5,172,147
Deferred Outflows of Resources	137,432	55,671	73,352	29,328	210,784	84,999
Current liabilities	164,236	274,535	22,708	17,373	186,944	291,908
Long term liabilities	143,355	163,978	35,891	17,131	179,246	181,109
Customer deposits	-	-	56,265	54,226	56,265	54,226
Total liabilities	307,591	438,513	114,864	88,730	422,455	527,243
Deferred Inflows of Resources	211,304	188,999	119,782	107,772	331,086	296,771
Net position:						
Net Investment in Capital Assets	1,157,017	629,449	856,718	740,386	2,013,735	1,369,835
Restricted for:						
Debt Service	69,061	-	-	-	69,061	-
Fire truck	13,823	13,733	-	-	13,823	13,733
Cemetery improvements	25,015	22,588	-	-	25,015	22,588
Street improvements	32,124	323,712	-	-	32,124	323,712
Grant construction			323,255	323,255	323,255	323,255
Unrestricted	1,122,371	1,306,738	894,614	1,073,271	2,016,985	2,380,009
Total net position	\$ 2,419,411	\$ 2,296,220	\$ 2,074,587	\$ 2,136,912	\$ 4,493,998	\$ 4,433,132

The following table is a summary of changes in net position for the year ended September 30, 2023:

Table 2
Changes in Net Position

	Governmental Activities		Business Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 233,672	\$ 221,467	\$ 558,863	\$ 575,338	\$ 792,535	\$ 796,805
Operating grants and contributions	4,271	3,723	-	-	4,271	3,723
Capital Grants	-	323,255	-	-	-	323,255
Donations	-	-	-	-	-	-
General Revenues:						
Property taxes	514,279	455,566	-	-	514,279	455,566
Sales taxes	253,342	252,828	-	-	253,342	252,828
Franchise taxes	70,423	66,412	-	-	70,423	66,412
Interest	29,983	4,744	20,244	2,099	50,227	6,843
Gain (loss) on dispositions of assets	31,652	21,555	-	-	31,652	21,555
Miscellaneous	10,300	8,154	3,185	4,244	13,485	12,398
Total revenues	<u>1,147,922</u>	<u>1,357,704</u>	<u>582,292</u>	<u>581,681</u>	<u>1,730,214</u>	<u>1,939,385</u>
Expenses						
General government	724,132	615,967	-	2,274	724,132	618,241
Public safety	53,358	50,536	-	-	53,358	50,536
Public works	62,708	49,669	-	-	62,708	49,669
Sanitation	145,507	120,667	-	-	145,507	120,667
Parks	39,026	36,375	-	-	39,026	36,375
Water and Sewer	-	-	644,617	617,121	644,617	617,121
Total expenses	<u>1,024,731</u>	<u>873,214</u>	<u>644,617</u>	<u>619,395</u>	<u>1,669,348</u>	<u>1,492,609</u>
Increase in net position	123,191	484,490	(62,325)	(37,714)	60,866	446,776
Net position - October 1	<u>2,296,220</u>	<u>2,429,841</u>	<u>2,136,912</u>	<u>1,556,515</u>	<u>4,433,132</u>	<u>3,986,356</u>
Transfers	-	(618,111)	-	618,111	-	-
Net position - September 30	<u>2,419,411</u>	<u>2,296,220</u>	<u>2,074,587</u>	<u>2,136,912</u>	<u>4,493,998</u>	<u>4,433,132</u>

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

The fund financial statements provide detailed information about the City's significant funds – not the City as a whole. All of the City's funds fall into two categories – governmental funds and proprietary funds.

The *governmental funds statements* provide detailed information about the City's significant funds – not the City as a whole. All of the City's funds fall into two categories – governmental funds and proprietary funds.

The *governmental funds statements* provide a detailed short-term view of the government operations and the basic services it provides, and are reported on the modified accrual basis of accounting which focuses on available spendable resources. The focus of the City's *governmental fund* is to provide information on near-term inflows, outflows, and balances of spendable resources. *Unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. This allows the reader to evaluate the City's short-term financing requirements. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to the government-wide financial statements.

The City adopts an annual budget for the General Fund. A budgetary comparison schedule has been provided to demonstrate compliance. The governmental fund financial statements begin on page 14, and the budgetary comparison schedule is on page 41.

The *proprietary funds statements* present the same functions as the business-type activities in the government-wide financial statements. The City uses the proprietary funds to account for its water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements begin on page 19.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 39 of this report.

General Fund Budgetary Highlights

The City's overall actual revenue was approximately 1 percent more than budgeted due primarily to increases in services and tax revenues. The City's overall actual expenses were 16 percent less than budgeted due primarily to unexpected decreases in administrative expenses and general capital outlay.

Capital Assets

In accordance with GASB Statement No. 34, the City is not required to report infrastructure retrospectively. Therefore, infrastructure has been capitalized prospectively beginning October 1, 2003.

The City's invested in capital assets (net of accumulated depreciation) for its governmental activities as of September 30, 2023, amounts to \$1,289,934 and for the City's business-type activities \$856,718. These capital assets include land, buildings, water and sewer system assets, improvements, vehicles, machinery, equipment, furniture, and fixtures.

Capital Assets at Year End (net of depreciation)

	Governmental Activities	Business-Type Activities	2023 Total	2022 Total
Land	\$ 145,814	\$ 28,399	\$ 174,213	\$ 174,213
Furniture	-	-	-	-
Machinery, equipment vehicles	241,487	10,982	252,469	113,143
Buildings and improvements	384,385	-	384,385	389,019
Street improvements	518,248	-	518,248	204,342
Water system	-	622,571	622,571	480,673
Sewer system	-	194,766	194,766	205,305
Total	<u>\$ 1,289,934</u>	<u>\$ 856,718</u>	<u>\$ 2,146,652</u>	<u>\$ 1,566,695</u>

Major capital asset additions during the current fiscal year included the following

Buildings	\$ -
Street Improvements	358,000
Water System Improvements	186,851
Equipment	223,430
Total Major Additions	<u>\$ 768,281</u>

Additional information on the City's capital assets can be found in Notes 6 and 7 beginning on page 34 of this report.

Debt Administration

The City had debt of \$132,917 as of September 30, 2023.

Economic Factors, Next Year's Budgets, and Highlights

The City of Thorndale's General Fund budget for fiscal year 2023 consists of \$1,725,813 in revenues and reserves and \$1,725,813 in expenditures. The City of Thorndale's Water/Wastewater Fund budget for fiscal year 2023 consists of \$1,374,633 in revenues and reserves and \$1,374,633 in expenditures.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives from the citizens of Thorndale. If you have any questions about this report or need further information, contact the City of Thorndale, 105 N Main Street, Thorndale, Texas, 76577, or call 512-898-2523.

City of Thorndale, Texas
Statement of Net Position
As of September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 1,330,911	\$ 992,668	\$ 2,323,579	\$ 377,253
Receivables, net of allowance for doubtful accounts	40,006	63,240	103,246	-
Capital assets, net	1,289,934	856,718	2,146,652	-
Restricted assets				
Net Pension Position	-	-	-	-
Restricted Cash	140,023	323,255	463,278	-
Total assets	2,800,874	2,235,881	5,036,755	377,253
Deferred Outflows of Resources	137,432	73,352	210,784	
Liabilities				
Accounts payable & accrued exp	98,630	22,708	121,338	-
Unearned Revenues	-	-	-	-
Net Pension Liability	55,301	24,316	79,617	
Net OPEB Liability	20,743	11,575	32,318	
Customer deposits	-	56,265	56,265	-
Notes payable - current	65,606		65,606	
Notes payable - long-term	67,311		67,311	
Total liabilities	307,591	114,864	422,455	-
Deferred Inflows of Resources-Pensions	211,304	119,782	331,086	
Net Position				
Net Investment in Capital Assets	1,157,017	856,718	2,013,735	-
Restricted for:				
Debt service	69,061	-	69,061	-
Fire Truck	13,823	-	13,823	-
Cemetery improvements	25,015	-	25,015	-
Street improvements	32,124	-	32,124	-
Grant construction		323,255	323,255	
Economic development	-	-	-	377,253
Unrestricted net position	1,122,371	894,614	2,016,985	-
Total net position	\$ 2,419,411	\$ 2,074,587	\$ 4,493,998	\$ 377,253

The accompanying notes are an integral part of the financial statements.

City of Thorndale, Texas

Statement of Activities

For the Year Ended September 30, 2023

Functions / Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Capital Grants Donations	Primary Government			Component Unit
			Grants and Contributions			Governmental Activities	Business-Type Activities	Total	
Primary government									
Governmental activities:									
General government	\$ 724,132	\$ -	\$ -	\$ -	\$ -	\$ (724,132)	\$ -	\$ (724,132)	\$ -
Public safety & Court	53,358	61,458	4,271		-	12,371	-	12,371	-
Public works	62,708	-	-		-	(62,708)	-	(62,708)	-
Sanitation	145,507	166,650	-		-	21,143	-	21,143	-
Parks and recreation	39,026	5,564	-		-	(33,462)	-	(33,462)	-
Total Governmental Activities	\$1,024,731	\$233,672	\$ 4,271	\$ -	\$ -	\$ (786,788)	\$ -	\$ (786,788)	\$ -
Business-type activities:									
Water and sewer	\$ 644,617	\$558,863	\$ -	\$ -	\$ -	\$ -	\$ (85,754)	\$ (85,754)	\$ -
Total net expense (revenue) for the primary government	\$1,669,348	\$792,535	\$ 4,271	\$ -	\$ -	\$ (786,788)	\$ (85,754)	\$ (872,542)	\$ -
Component Unit:									
Economic development	\$ 4,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,348)

General revenues:

Taxes									
Property Taxes					514,279	-	-	514,279	-
Sales Taxes					253,342	-	-	253,342	41,629
Franchise Taxes					70,423	-	-	70,423	-
Interest					29,983	20,244	-	50,227	8,548
Gain (Loss) on disposition of assets					31,652	-	-	31,652	-
Miscellaneous					10,300	3,185	-	13,485	-
Total general revenues and transfers					909,979	23,429	-	933,408	50,177
Change in net position					123,191	(62,325)	-	60,866	45,829
Transfers					-	-	-	-	-
Net Position, Beginning of Year					2,296,220	2,136,912	-	4,433,132	331,424
Net Position, End of Year					\$ 2,419,411	\$ 2,074,587	-	\$ 4,493,998	\$ 377,253

The accompanying notes are an integral part of the financial statements.

City of Thorndale, Texas

Balance Sheet – Governmental Funds

As of September 30, 2023

	Governmental Funds		
	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and savings	\$ 1,401,873	\$ 69,061	\$ 1,470,934
	-	-	-
Receivables:			
Property taxes	18,459	-	18,459
Sales tax	21,547	-	21,547
Other	-	-	-
Total Assets	\$ 1,441,879	\$ 69,061	\$ 1,510,940
Liabilities and Fund Balances			
Liabilities:			
	-	-	-
Accounts payable	\$ 48,110	\$ -	\$ 48,110
Accrued liabilities	50,520	-	50,520
Unearned revenues	18,459	-	18,459
Total Liabilities	117,089	-	117,089
Fund Balances			
Restricted debt service	-	69,061	69,061
Committed fire truck	13,823	-	13,823
Committed cemetery improvements	25,015	-	25,015
Committed street improvements	32,124	-	32,124
Unassigned	1,253,828	-	1,253,828
Total Fund Balances	1,324,790	69,061	1,393,851
Total Liabilities and Fund Balances	\$ 1,441,879	\$ 69,061	\$ 1,510,940

The accompanying notes are an integral part of the financial statements.

City of Thorndale, Texas

*Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position*

As of September 30, 2023

Total Fund Balance - Governmental Funds:	\$ 1,393,851
Deferred outflows of resources are not recognized in government funds	137,432
Net pension liability is not available in the current period	(55,301)
Deferred inflows of resources - Pensions are not due in the current period	(211,304)
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Long-term liabilities are not due and payable in the current period and therefore have not been included in the fund financial statements.	(153,660)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. (See Note 6)	1,289,934
Difference in Unearned property taxes for Governmental Funds	18,459
Net Position of Governmental Activities	<u>\$ 2,419,411</u>

The accompanying notes are an integral part of the financial statements

City of Thorndale, Texas

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

For the Year Ended September 30, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Tax collections, penalties, and interest	\$ 514,108	\$ -	\$ 514,108
Fees for services	166,650	-	166,650
Sales tax	253,342	-	253,342
Franchise tax	70,423	-	70,423
Municipal court	61,458	-	61,458
Grants & Donations	4,271	-	4,271
Interest	29,983	-	29,983
Capital gains on sale of assets	31,652	-	31,652
Swimming pool revenue	5,564	-	5,564
Miscellaneous	10,300	-	10,300
Total Revenues	1,147,751	-	1,147,751
Expenditures			
General government	671,774	-	671,774
Public works	12,755	-	12,755
Public safety	37,556	-	37,556
Parks and recreation	8,796	-	8,796
Sanitation	145,507	-	145,507
Capital outlay	574,299	-	574,299
Total Expenditures	1,450,687	-	1,450,687
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(302,936)	-	(302,936)

The accompanying notes are an integral part of the financial statements

City of Thorndale, Texas

*Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds (Continued)*

For the Year Ended September 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)			
Interest expense	-	(5,118)	(5,118)
Loan Principal Paid	-	(63,943)	(63,943)
Transfers	<u>\$ (138,122)</u>	<u>\$ 138,122</u>	<u>\$ -</u>
Total Other Financing Sources	<u>(138,122)</u>	<u>69,061</u>	<u>(69,061)</u>
Excess (Deficiencies) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	(441,058)	69,061	(371,997)
Fund Balance - Beginning of Year	<u>1,765,848</u>	<u>-</u>	<u>1,765,848</u>
Fund Balance - End of Year	<u>\$ 1,324,790</u>	<u>\$ 69,061</u>	<u>\$ 1,393,851</u>

The accompanying notes are an integral part of the financial statements

City of Thorndale, Texas

*Reconciliation of the Statement of Revenues
Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities*

For the Year Ended September 30, 2023

Net Change in Fund Balance - Governmental Funds	\$ (441,058)
Amounts reported for governmental activities in the Statement of Activities are different because:	-
Difference in property tax revenues for Governmental Funds	(171)
Certain pension expenditures are not expended in the current period	(28,268)
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 as depreciation expense. This amount is the net effect of these differences in the treatment of depreciation, dispositions, and capital outlays. (See Note 6)	463,625
Differences in deferred inflows and deferred outflows not reported in gov. fund:	65,120
Loan Proceeds are not income in Government Wide financials	-
Loan principal paid is not an expense in Government Wide financials	63,943
Change in Net Position of Governmental Activities	<u>\$ 123,191</u>

The accompanying notes are an integral part of the financial statements

City of Thorndale, Texas*Statement of Net Position
Proprietary Fund**As of September 30, 2023*

	Business-Type Activities Enterprise Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 992,668
Accounts receivable	63,240
Total Current Assets	<u>1,055,908</u>
Non-Current Assets:	
Fixed assets (net of accumulated depreciation when applicable)	<u>856,718</u>
Total Non-Current Assets	856,718
Restricted Assets:	
	<u>323,255</u>
Total Assets	<u>\$ 2,235,881</u>
Deferred Outflows of Resources	73,352
Liabilities	
Current Liabilities:	
Accounts payable	22,708
Net Pension Liability	35,891
Customer deposits	<u>56,265</u>
Total Current Liabilities	<u>114,864</u>
Total Liabilities	<u>114,864</u>
Deferred Inflows of Resources - Pensions	\$ 119,782
Net Position	
Net Investment in Capital Assets	856,718
Restricted Grant Construction	323,255
Unrestricted net position	<u>894,614</u>
Total Net Position	<u>2,074,587</u>
Total Liabilities and Net Position	<u>\$ 2,189,451</u>

The accompanying notes are an integral part of the financial statements

City of Thorndale, Texas

*Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds*

For the Year Ended September 30, 2023

	Business-Type Activities Enterprise Fund
Revenues	
Charges for services	\$ 558,863
Miscellaneous	3,185
Total Revenues	<u>562,048</u>
Expenses	
Personnel services and expenses	175,188
Utilities	16,882
Water purchase and chemicals, professional services	241,505
Administration	68,456
Repairs and Maintenance	64,935
Depreciation	77,651
Total Expenses	<u>644,617</u>
Net Operating Income (Loss)	<u>(82,569)</u>
Non-Operating Revenue and (Expenses)	
Grant income	-
Total Pension Expense	-
Interest income	20,244
Total Non-Operating Revenue and (Expenses)	<u>20,244</u>
Net Income (Loss)	(62,325)
Total Net Position, Beginning of Year	<u>2,136,912</u>
Transfers	-
Total Net Position, End of Year	<u>\$ 2,074,587</u>

The accompanying notes are an integral part of the financial statements.

City of Thorndale, Texas*Statement of Cash Flows
Proprietary Fund**For the Year Ended September 30, 2023*

	Business-Type Activities Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers & grants	\$ 557,062
Payments to suppliers	(415,934)
Payments to employees	(125,252)
Net cash provided (used) by operating activities	15,876
Cash flows from Capital and Related Financing Activities	
Acquisition of capital assets	(193,982)
Net cash provided (used) by capital and related financing activities	(193,982)
Cash Flows from Investing Activities	
Interest on investments	20,244
Net cash provided (used) by investing activities	20,244
Net Increase (Decrease) in Cash and Cash Equivalents	(157,862)
Transfers	-
Cash and Cash Equivalents at Beginning of Year	1,473,785
Cash and Cash Equivalents at End of Year	\$ 1,315,923

The accompanying notes are an integral part of the financial statements.

City of Thorndale, Texas

Statement of Cash Flows
Proprietary Fund (Continued)

For the Year Ended September 30, 2023

	Business-Type Activities Enterprise Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income	\$ (62,325)
Adjustment to reconcile operating income to net cash provided by operating activities	
Depreciation	77,651
(Increase) decrease in accounts receivable	(1,801)
Changes in net Pension liability, deferred inflows and outflows	(20,245)
Increase (decrease) in accounts payable	5,335
Total Pension Expense is not a cash item	15,222
Increase (decrease) in utility deposits	2,039
Net cash provided (used) by operating activities	<u>\$ 15,876</u>

The accompanying notes are an integral part of the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Thorndale, Texas (the City) have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

Reporting Entity

The City is a general law city in Milam County, Texas which operates under a Council form of government and provides such services as public safety, health, highways, streets, water and sewer, judicial, community improvements, planning and zoning, general administrative, and other services as are authorized by its code of ordinances and its citizens.

The City Council, which is elected at large, consists of a mayor and five Council members constituting an ongoing entity and is the level of government which has governing responsibilities over all activities related to the City. The City is not included in any other governmental reporting entity. Council members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City and its component units. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant indication of this ability is financial interdependency. Other indications of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. The component unit discussed below has been excluded based on the application of these criteria.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Thorndale Housing Authority – This potential component unit has a separate appointed board and provides services to residents within the geographic boundaries of the City. The entity is excluded from the reporting entity because the City does not have the ability to exercise the influence or control over the daily operations, approve budgets or approve funding.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City has no component units that meet the requirements for blending. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. Each included discretely presented component unit listed below has s September 30 fiscal year-end.

Thorndale Economic Development Corporation – is included as a component unit because of its operational and financial relationship with the City. The Corporation receives its funding from a one-quarter percent sales tax assessed by the City, and the City appoints the members of the governing board. The Corporation was created by the City to enhance the economic development of the Thorndale community.

Financial Reporting Model

The City follows GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis

GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of a management's discussion and analysis (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Government-Wide Financial Statements***

The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position

The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets, including infrastructure, in the government-wide Statement of Net Position and will report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net assets of a government will be reported in three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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, and revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In the financial statements in this report, the funds are grouped into two broad fund categories as follows:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

General Fund

This Fund is used to account for financial resources used for general operations. This is a budgeted fund and any fund balances are considered resources available for current operations. The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in another funds.

Debt Service Fund

This Fund is used to account for the accumulation of resources for, and the payment of, general and special assessment long-term debt principal and interest.

Proprietary Funds

Enterprise Fund

This Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City's Enterprise Fund is used to account for the operations that provide water and sewer services to the public on a continuing basis.

Fund Balance Classification

The City implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the Council, the City’s highest level of decision making authority. Commitments may be modified or rescinded only through ordinances approved by the Council.
- Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The City reports all amounts that meet the unrestricted General Fund Balance Policy as unassigned.

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

Budgetary Comparison Schedules

Demonstrating compliance with the adopted budget is an important component of a government’s accountability to the public. Many citizens participate in one way or another in the progress of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets during the year for a variety of reasons. Under the current reporting model, governments include the original budget with the comparison of the final budget and actual results.

Basis of Presentation

The accounting and reporting policies of the City relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles as applicable to cities. Generally accepted accounting principles for cities include those principles prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and appropriate pronouncements of the American Institute of Certified Public Accounts (AICPA).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The reporting model focuses on either the City as a whole or major individual funds (within the basic financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis, and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.), which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. The City does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The governmental fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental column in the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile fund financial statements with the governmental column of the government-wide presentation.

The focus of the reporting model is on the City as a whole and fund financial statements, including the major individual funds of the governmental and business-type categories, as well as component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Basis of Accounting***

Basis of accounting refers to the method by which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All revenue and expenditure recognition for governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The City’s revenues are recognized when they become measurable and available as current assets. Available means collectible within the current period or as soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Utility franchise taxes, penalties and interest, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the government-wide statement of net position or the proprietary funds statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government’s water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets

Prior to August of each fiscal year, the mayor submits a proposed operating budget for the fiscal year commencing the following October 1 to the City Council. The operating budget includes proposed expenditures and means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage by majority vote of the Council. The Council may authorize amendments during the year.

The final amended budget is used in this report. Unused appropriations lapse at the end of year unless carried forward to the next year by Council action. No encumbrances are recognized or recorded. The operating budget presented includes proposed expenditures for the General Fund. The City adopted the current year budget on a line item basis.

Cash and Cash Equivalents

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. The carrying amounts for cash and cash equivalents equal fair value.

Receivables

Receivables include amounts due from customers for water services. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$63,240 for the year ended September 30, 2023.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Capital Assets***

Capital outlays are recorded as expenditures of the General Fund and as assets in the government-wide financial statements of the City. In accordance with GASB Statement No. 34, the City is not required to report infrastructure retroactively. Therefore, infrastructure is capitalized prospectively beginning October 1, 2003. Depreciation is recorded on general fixed assets on a government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Maintenance, repairs and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Furniture and fixtures	5-15 years
Machinery and equipment	3-25 years
Buildings and improvements	10-30 years
Street improvements	40 years
Water system	10-40 years
Sewer system	20-40 years

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City'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. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Deferred Outflows/Inflows of Resources

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Pension contributions after measurement date – these contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows or 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 City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and municipal court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

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

Compensated Absences

The City accrues a liability for compensated absences which meet the following criteria:

- (a) The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- (b) The obligation relates to rights that vest or accumulate.
- (c) Payment of the compensation is probable.
- (d) The amount can be reasonably estimated.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with the above criteria, the City has accrued a liability for vacation pay which has been earned but not taken by employees. As of the balance sheet date, the City expected that all of the liability for accrued vacation would be liquidated with expendable resources. Therefore, the liability for accrued vacation is reflected as a current liability in the financial statements for the year ended September 30, 2023.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2013, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the state as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. There were no significant reductions in commercial insurance coverage in the past fiscal year, and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Commitment and Contingencies

At times the City participates in grant programs that 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 has 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 financial statements for such contingencies.

NOTE 2 – PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of the previous January 1 for all real and personal property located in the City. Taxes are due in January following the October 1 levy date. The lien date is January 1 of the following year and they become delinquent on February 1. The tax levy for October, 2022(fiscal year ended September 30, 2023) was \$505,038.

The tax assessment of October 1, 2021 sets a tax levy at \$0.75 per \$100 of assessed valuation at 100 percent of market value.

Delinquent property taxes estimated to be collectible within the next fiscal year are recognized as revenues. Other delinquent property taxes receivable at year end that are deemed to be ultimately collectible are recorded as deferred revenues in the governmental fund balance sheet. Property tax receivable at 9/30/23 consists of \$22,269, with \$8,424 current and \$13,845 delinquent.

NOTE 3 – EMPLOYEE BENEFITS

The City's policy is to account for the cost of employees' vacation time benefits as they are earned.

At September 30, 2023 accrued vacation and compensatory time benefits related to employees of the General Fund totaling \$1,616 have been recorded on the General Fund. Accrued vacation and compensatory time benefits related to Enterprise Fund employees have been recorded on the Enterprise Fund in the amount of \$1,683.

NOTE 4 – DEPOSITS

As of September 30, 2023, cash deposits were with a depository bank in interest bearing accounts. The carrying amounts of the City's deposits and the Economic Development Corporation deposits were \$2,786,857 and the bank balances were \$2,786,857 of which \$0 is not insured by the Federal Deposit Insurance Corporation. These assets are valued at cost which approximates market value.

As of September 30, 2023, the City's depository bank for these funds had pledged securities with a face value of \$2,800,000 as collateral for the City's deposits. Therefore, at September 30, 2023, all funds were insured by the Federal Deposit Insurance Corporation or collateralized by pledged securities.

NOTE 5 – RESTRICTED TEMPORARY INVESTMENTS***Governmental Activities Assets Restricted***

Temporary investments consist of cash and other highly liquid investments that are dedicated to the following:

NOTE 6 – CHANGES IN GOVERNMENTAL CAPITAL ASSETS

Changes in governmental capital assets during the year ended September 30, 2023, were as follows:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 145,814	\$ -	\$ -	\$ 145,814
Other Capital Assets				
Furniture and fixtures	58,026	-	-	58,026
Machinery, equipment, vehicles	753,258	216,299	-	969,557
Building and improvements	854,890	-	-	854,890
Street improvements	150,137	358,000	-	508,137
Total Other Capital Assets	1,816,311	574,299	-	2,390,610
Less accumulated depreciation	(1,135,816)	(110,674)	-	(1,246,490)
Other Capital Assets, Net	680,495	463,625	-	1,144,120
Total Capital Assets, Net of Depreciation	\$ 826,309	\$ 463,625	\$ -	\$ 1,289,934

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental Activities:	
General government	\$ 14,689
Public safety	15,802
Public works	49,953
Parks and recreation	30,230
Total depreciation expense - Governmental Activities	\$ 110,674

City of Thorndale, Texas

Notes to the Financial Statements

September 30, 2023

NOTE 7 – CHANGES IN BUSINESS – TYPE CAPITAL ASSETS

Changes in business-type capital assets during the year ended September 30, 2023, were as follows:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 28,399			\$ 28,399
Other Capital Assets				
Furniture and fixtures	17,159	-	-	17,159
Machinery and equipment	415,188	7,131	-	422,319
Building and improvements	12,858	-	-	12,858
Water system	2,177,942	186,851	-	2,364,793
Sewer system	2,334,686	-	-	2,334,686
Total Other Capital Assets	4,957,833	193,982	-	5,151,815
Less accumulated depreciation	(4,217,447)	(77,651)	-	(4,295,098)
Other Capital Assets, Net	740,386	116,331	-	856,717
Total Capital Assets, Net of Depreciation	\$ 768,785	\$ 116,331	\$ -	\$ 885,116

NOTE 8 – LONG TERM DEBT

The following is a summary of long-term debt transactions in the general fund activities for the year ended September 30, 2023:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023
Government Capital Corp	\$ 196,860	\$ -	\$ 63,943	\$ 132,917

Government Capital Corporation Loan in the amount of \$196,860 with interest of 2.60% and payments of \$69,061 due March 24, 2023, 2024 & 2025.

The annual requirements to amortize the long term debt outstanding in the general fund activities as of September 30, 2023, are as follows:

September 30,	Principal	Interest	Total
2024	65,606	3,455	69,061
2025	67,311	1,750	69,061
Totals	196,860	10,323	207,183

NOTE 9 – PENSION PLANS

Plan Description

The City of Thorndale participates as one of 860 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 report (CAFR) that can be obtained at www.tmr.com.

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

B. 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 payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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	9
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>9</u>
Total	26

C. Contributions

The contribution rate for the employees in TMRS is 5%, 6% and 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 annually determined 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 Thorndale were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Thorndale were 5% and 5% in calendar years 2022 and 2021 respectively. The city's contributions to TMRS for the year ended September 30, 2023 were \$52,215 and were in excess of the required contributions.

NOTE 9 – PENSION PLANS (continued)**D. Net Pension Liability**

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

Actuarial assumptions:

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

Inflation 2.5% per year

Overall payroll growth 3.5%-10.5% per year

Investment Rate of Return 6.75% net of pension plan investment expense, including inflation

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 Table, 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2021, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2015, first used in the December 31, 2020 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

NOTE 9 – PENSION PLANS (continued)**Discount Rate**

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

City of Thorndale
Schedule of Changes in Net Pension Liability and Related Ratios Current Period
September 30, 2023

A. Total pension liability	
1. Service Cost	\$ 48,274
2. Interest (on the Total Pension Liability)	69,129
3. Changes of benefit terms	-
4. Difference between expected and actual experience	4,229
5. Changes of assumptions	-
6. Benefit payments, including refunds of employee contributions	(95,506)
7. Net change in total pension liability	\$ 26,126
8. Total pension liability - beginning	1,047,742
9. Total pension liability - ending	\$ 1,073,868
B. Plan fiduciary net position	
1. Contributions - employer	\$ 31,024
2. Contributions - employee	21,191
3. Net investment income	(81,553)
4. Benefit payments, including refunds of employee contributions	(95,506)
5. Administrative Expense	(707)
6. Other	843
7. Net change in plan fiduciary net position	\$ (124,708)
8. Plan fiduciary net position - beginning	1,118,959
9. Plan fiduciary net position - ending	\$ 994,251
C. Net pension liability [A.9-B.9]	\$ 79,617
D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	92.59%
E. Covered-employee payroll	\$ 423,824
F. Net pension liability as a percentage of covered employee payroll [C / E]	18.79%

NOTE 9 – PENSION PLANS (Continued)

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$201,390	\$ 79,617	\$(22,964)

Pension Plan Fiduciary Net Position

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

**CITY OF THORNDALE
SCHEDULE OF PENSION EXPENSE
SEPTEMBER 30, 2023**

1. Total Service Cost	\$ 48,274
2. Interest on the Total Pension Liability	69,129
3. Current Period Benefit Changes	-
4. Employee Contributions (Reduction of Expense)	(21,191)
5. Projected Earnings on Plan Investments (Reduction of Expense)	(75,530)
6. Administrative Expense	707
7. Other Changes in Fiduciary Net Position	(843)
8. Recognition of Current Year Outflow (Inflow) of Resources - Liabilit	1,505
9. Recognition of Current Year Outflow (Inflow) of Resources - Assets	31,417
10. Amortization of Prior Year Outflows (Inflows) of Resources - Liabilit	362
11. Amortization of Prior Year Outflows (Inflows) of Resources - Assets	(11,785)
12. Total Pension Expense	\$ 42,045

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

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

NOTE 9 – PENSION PLANS (Continued)

CITY OF THORNDALE
SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2023

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2022 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	2.8100	\$ 4,229	\$ 1,505	\$ 2,724
Difference in assumption changes [actuarial (gains) or losses]	2.8100	\$ -	\$ -	\$ -
			<u>\$ 1,505</u>	<u>\$ 2,724</u>
<u>Due to Assets:</u>				
Difference in projected and actual earnings	5.0000	\$ 157,083	\$ 31,417	\$ 125,666
on pension plan investments [actuarial (gains) or losses]			<u>\$ 31,417</u>	<u>\$ 125,666</u>
<u>Total:</u>				<u>\$ 128,390</u>

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows: on

	Net deferred outflows (inflows) of resources
2023	\$ 827
2024	18,697
2025	18,986
2026	31,415
2027	-
Thereafter	-
Total	<u>\$ 69,925</u>

NOTE 10 – SUPPLEMENTAL DEATH BENEFITS PLAN

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 on "other postemployment benefit," or OPEB.

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 the employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2023, 2022, and 2021 were \$1275, \$1275, and \$1,275 respectively, which equaled the required contributions each year.

TMRS records indicate the following percentages contributed by the City (as employer contributions) for the following fiscal years ending:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2019	0.01%	0.01%	100%
2020	0.02%	0.02%	100%
2021	0.02%	0.02%	100%
2022	0.02%	(city to provide)	(city to provide)
2023	0.03%	(city to provide)	(city to provide)

Net Other Post Employment Benefits Liability.**Actuarial Assumptions**

Actuarial assumptions were developed from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. These assumptions were adopted in 2015 and first used in the December 31, 2015 valuation.

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

The Mortality Experience Investigation Study covering 2009 through 2011 is used as the basis for the post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs). Mortality Rates for service employees uses the RP2000 Combined Mortality Table 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 with scale BB to account for future mortality improvements subject to the 3% floor.

City of Thorndale, Texas

Notes to the Financial Statements

September 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

Inflation	2.50% per year
Overall payroll growth	3.50 to 10.5% per year including inflation
Discount rate	2.75%

Changes in the Net Other Post Employment Benefits Liability

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at 12/31/21	\$48,192
Changes for the year	
Service Cost	3,475
Interest on Total OPEB liability	912
Changes of benefit terms	0
Differences between expected and actual experience	(3,358)
Changes in assumption or other inputs	(16,182)
Benefit payments	<u>(721)</u>
Net changes	(15,874)
Total OPEB Liability – end of year	\$ 32,318

Total OPEB Liability as a Percentage of Covered Payroll 7.63%

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 current discount rate of 2.75% 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 (1.75%) or -1 percentage point higher (3.75%) than the current rate. Because the SDBF is considered an unfunded trust, the relevant discount rate to calculate the total OPEB liability is based on the Fidelity Index's 20 year Municipal GO AA Index.

	1% Decrease in	Discount Rate (1.75%)	Discount Rate (2.75%)	Discount Rate (3.75%)
Total OPEB liability		\$38,523	\$32,318	\$27,481

CITY OF THORNDALE SCHEDULE OF OPEB EXPENSE SEPTEMBER 30, 2023

1. Total Service Cost	\$ 3,475
2. Interest on the Total OPEB Liability	912
3. Changes in benefit terms	-
4. Employer administrative costs	-
5. Recognition of deferred outflows/inflows of resources:	-
6. Administrative Expense	-
7. Other Changes in Fiduciary Net Position	-
8. Differences between expected and actual experience	(1,799)
9. Changes in assumptions or other inputs	<u>(1,143)</u>
10. Total OPEB Expense	<u>\$ 1,445</u>

City of Thorndale, Texas

Notes to the Financial Statements

September 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

CITY OF THORNDALE
SCHEDULE OF OPEB OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2023

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2022 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	4.0500	\$ (3,358)	\$ (830)	\$ (2,528)
Change in assumptions [actuarial (gains) or losses]	4.0700	\$ (16,182)	\$ (3,996)	\$ (12,186)
			<u>\$ (4,826)</u>	<u>\$ (14,714)</u>
Contributions made subsequent to measurement date		provided by city	provided by city	
Total (excluding city provided Contributions made subsequent to measurement date				<u>\$ (14,714)</u>
Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:				

	Net deferred outflows (inflows) of resources
2023	\$ (3,733)
2024	(4,919)
2025	(4,861)
2026	(236)
2027	-
Thereafter	-
Total	<u>\$ (13,749)</u>

Other Information

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. In order to determine the retiree portion of the City's Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation:

Total covered payroll * retiree Portion of SDB Contribution (Rate)

NOTE 11 – SUBSEQUENT EVENTS

The City did not have any subsequent events through April 4, 2024, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statement for the fiscal year ended September 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

City of Thorndale, Texas

Budgetary Comparison Schedule
General Fund

For the Year Ended September 30, 2023

	General Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues				
Tax collections, penalties and interest	\$ 512,000	\$ 512,000	\$ 514,108	\$ 2,108
Fees for services	157,500	157,500	166,650	9,150
Sales tax	235,000	235,000	253,342	18,342
Franchise tax	80,000	80,000	70,423	(9,577)
Municipal court	51,500	51,500	61,458	9,958
Grants & Donations	5,000	5,000	4,271	(729)
Interest	6,000	6,000	29,983	23,983
Capital gains on sale of assets	80,000	80,000	31,652	(48,348)
Swimming pool revenue	5,000	5,000	5,564	564
Miscellaneous	10,000	10,000	10,300	300
Total Revenues	<u>1,142,000</u>	<u>1,142,000</u>	<u>1,147,751</u>	<u>5,751</u>
Expenditures				
General government	820,447	820,447	671,774	148,673
Public works	13,256	13,256	12,755	501
Public safety	37,556	37,556	37,556	-
Parks and recreation	10,000	10,000	8,796	1,204
Sanitation	145,507	145,507	145,507	-
Capital outlay	699,047	699,047	574,299	124,748
Total Expenditures	<u>1,725,813</u>	<u>1,725,813</u>	<u>1,450,687</u>	<u>275,126</u>
Reserve Funds	583,813	583,813	-	
Debt Service			(69,061)	
Excess (Deficiencies) of Revenues				
Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	\$ (371,997)	<u>\$ 280,877</u>
Fund Balance - Beginning of Year			<u>1,765,848</u>	
Fund Balance - End of Year			\$ 1,324,790	

City of Thorndale, Texas

*Budgetary Comparison Schedule
Proprietary Fund*

For the Year Ended September 30, 2023

	Proprietary Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues				
Water Revenue	\$ 411,500	\$ 411,500	\$ 384,577	\$ (26,923)
Sewer Revenue	165,000	165,000	159,046	(5,954)
Water and Sewer Connections	20,000	20,000	9,240	(10,760)
texas health Insurance	-	-	2,860	2,860
Water Tower Lease	6,000	6,000	6,000	-
Interest income	4,500	4,500	20,244	15,744
Grant income	637,617	637,617	-	(637,617)
Miscellaneous	6,000	6,000	325	(5,675)
Total Revenues	1,250,617	1,250,617	582,292	(668,325)
Expenditures				
Personnel services and expenses	180,693	180,693	175,188	5,505
Utilities	16,883	16,883	16,882	1
Water, Chemicals, professional services	242,830	242,830	241,505	1,325
Administration	66,227	66,227	68,456	(2,229)
Repairs and Maintenance	65,000	65,000	64,935	65
Capital Outlay/Depreciation	803,000	803,000	77,651	725,349
Total Expenditures	1,374,633	1,374,633	644,617	730,016
Reserve funds	124,016	124,016	-	
Excess (Deficiencies) of Revenues				
Over (Under) Expenditures	\$ -	\$ -	\$ (62,325)	\$ 61,691
Fund Balance - Beginning of Year			2,136,912	
Fund Balance - End of Year			\$ 2,074,587	

City of Thorndale

Schedule of Changes in Net Pension Liability and Related Ratios

Last ten years (will ultimately be displayed)

Total pension liability	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. Service Cost	\$ 32,861	33,649	37,934	32,295	27,626	35,610	43,651	40,331	48,274
2. Interest (on the Total Pension L	44,359	46,279	48,038	51,213	54,314	58,015	61,802	67,333	69,129
3. Changes of benefit terms	-	-	-	-	-	-	-	-	-
4. Difference between expected an	(22,859)	7,786	7,847	(485)	986	(12,999)	17,051	(15,272)	4,229
5. Changes of assumptions	-	10,369	-	-	-	5,048	-	-	-
6. Benefit payments	(4,516)	(50,120)	(49,241)	(38,685)	(30,825)	(33,347)	(33,822)	(44,008)	(95,506)
7. Net change in total pension	\$ 49,845	47,963	44,578	44,338	52,101	52,327	88,682	48,384	26,126
8. Total pension liability - beg	619,524	669,369	717,332	761,910	806,248	858,349	910,676	999,358	1,047,742
9. Total pension liability - end	\$ 669,369	717,332	761,910	806,248	858,349	910,676	999,358	1,047,742	1,073,868

Plan fiduciary net position

1. Contributions - employer	\$ 24,643	21,693	18,904	19,613	17,659	23,678	31,474	26,181	31,024
2. Contributions - employee	15,597	15,857	16,551	14,029	11,980	15,618	19,452	18,005	21,191
3. Net investment income	35,577	1,022	46,011	98,745	(24,132)	120,333	68,622	129,020	(81,553)
4. Benefit payments	(4,516)	(50,120)	(49,241)	(38,685)	(30,825)	(33,347)	(33,822)	(44,008)	(95,506)
5. Administrative Expense	(371)	(623)	(519)	(512)	(467)	(681)	(445)	(597)	(707)
6. Other	(31)	(31)	(28)	(25)	(24)	(20)	(18)	5	843
7. Net change in plan fiduciary	\$ 70,899	(12,202)	31,678	93,165	(25,809)	125,581	85,263	128,606	(124,708)
8. Plan fiduciary net position -	621,778	692,677	680,475	712,153	805,318	779,509	905,090	990,353	1,118,959
9. Plan fiduciary net position -	\$ 692,677	680,475	712,153	805,318	779,509	905,090	990,353	1,118,959	994,251

Net pension liability [A.9-B.9]	\$ (23,308)	36,857	49,757	930	78,840	5,586	9,005	(71,217)	79,617
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Plan fiduciary net position as a percentage

of the total pension liability [B.9	103.48%	94.86%	93.47%	99.88%	90.81%	99.39%	99.10%	106.80%	92.59%
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Covered-employee payroll	\$ 311,940	\$ 317,142	331,012	280,581	239,605	312,370	389,046	360,098	423,824
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Net pension liability as a percentage

of covered employee payroll [C /	-7.47%	11.62%	15.03%	0.33%	32.90%	1.79%	2.31%	-19.78%	18.79%
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City of Thorndale
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)
September 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actually Determined Contribution	\$ 40,240	\$ 37,550	\$ 35,455	\$ 33,642	29,639	\$ 39,296	\$ 50,926	44,186	52,215
Contributions in relation to the actual determined contribution	40,240	37,550	35,455	33,642	29,639	39,296	50,926	44,186	52,215
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered employee payroll	\$ 311,940	\$ 317,142	\$ 331,012	\$ 280,581	239,605	312,370	389,046	360,098	423,824
Contributions as a percentage of covered employee payroll	12.90%	11.84%	10.71%	11.99%	12.37%	12.58%	13.09%	12.27%	12.32%

Notes to Schedule of Contributions:

Valuation Date determined 12/31/2022
Notes

Valuation Date:

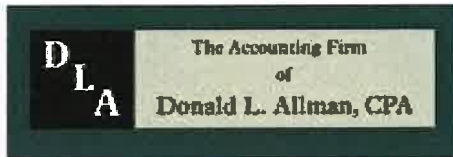
Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	18 Years
Asset Valuation Method	10 Year Smoothed Market 15% Soft Corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% 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 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.



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CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Thorndale, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thorndale, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Thorndale, Texas' basic financial statements, and have issued our report thereon dated April 4, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Thorndale, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Thorndale, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Thorndale, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Thorndale, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donald L. Allman, CPA, PC

Georgetown, TX
April 4, 2024