

CITY OF SNOOK, TEXAS
Financial Statements
with
Report of Independent Auditor
For the Year Ended September 30, 2023

CITY OF SNOOK, TEXAS
Financial Statements
For the Year Ended September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Snook, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Snook, 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

City of Snook, Texas' management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Snook, Texas' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Snook, Texas' 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 Snook, Texas' 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 the pension and OPEB schedules, on pages 4 through 8 and 40 through 42, respectively, 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 October 27, 2024 on our consideration of the City's 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 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's internal control over financial reporting and compliance.

Brenham, Texas
October 27, 2024

**CITY OF SNOOK, TEXAS
P.O. Box 10
Snook, Texas 77878**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Snook, we offer readers of the City of Snook's financial statements this narrative overview and analysis of the financial activities of the City of Snook for the fiscal year ended September 30, 2023. Please read it in conjunction with the independent auditors' report and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Snook exceeded its liabilities at the close the most recent fiscal year by \$1,450,477 (*net position*). Of this amount, \$526,993 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$23,438.
- The City's governmental activities reported ending net position of \$470,742, which was an increase of \$9,002 from the prior year.
- The City's business-type activities reported net position of \$979,735, which was an increase of \$14,436 from the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental funds, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For the proprietary fund, the financial statements tell how goods or services of the City were sold to customers and how the sales revenues covered the expenses of the goods or services.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins with the government-wide financial statements. Their primary purpose is to show whether the City is better off as a result of the year's activities. The Statement of Net Position includes all of the City's assets, deferred outflows,

and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we report the activities of the City as follows:

- Governmental activities - Most of the City's basic services are reported here. Sales taxes and property taxes finance most of these activities.
- Business-type activities - The City receives revenue from its water and sewer services.
- Component units - The City includes one entity in its report - the Snook 4B Development Corporation. Although legally separate, this "component unit" is important because the City is financially accountable for it.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. The City establishes funds to help control and manage money for particular purposes. The City's two types of funds, governmental and proprietary, use different accounting approaches.

- Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- Proprietary funds - The City reports the activities for which it receives revenue in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The City's proprietary fund is included in the business-type activities reported in the government-wide statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Statement of Net Position (Table 1) and Changes in Net Position (Table 2) of the City's governmental and business-type activities.

As can be seen in Table 1, net position of the City's governmental activities increased by \$9,002 from \$461,740 in 2022 to \$470,742 in 2023.

In the governmental activities, the total assets increased by \$20,927 from \$519,036 in 2022 to \$539,963 in 2023. The increase in the governmental activities assets is primarily due to a decrease in amounts due to the water and sewer fund.

The net position of the business-type assets increased by \$14,436 from \$965,299 in 2022 to \$979,735 in 2023. In the business type activities, the total assets increased by \$24,804 from \$5,216,984 in 2022 to \$5,241,788 in 2023 primarily due to the wastewater project in progress during the year, offset by depreciation expense.

Table 1
City of Snook, Texas
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 240,225	\$ 218,921	\$ 1,330,585	\$ 1,257,023	\$ 1,570,810	\$ 1,475,944
Capital assets	299,738	300,115	3,911,203	3,959,961	4,210,941	4,260,076
Total Assets	<u>539,963</u>	<u>519,036</u>	<u>5,241,788</u>	<u>5,216,984</u>	<u>5,781,751</u>	<u>5,736,020</u>
Deferred outflows of resources	1,213	283	-	-	1,213	283
Current liabilities	56,742	57,162	302,008	387,685	358,750	444,847
Non-current liabilities	13,674	417	3,960,045	3,864,000	3,973,719	3,864,417
Total Liabilities	<u>70,416</u>	<u>57,579</u>	<u>4,262,053</u>	<u>4,251,685</u>	<u>4,332,469</u>	<u>4,309,264</u>
Deferred inflows of resources	18	-	-	-	18	-
Net Position:						
Net investment in capital assets	292,502	300,115	630,982	668,220	923,484	968,335
Unrestricted	178,240	161,625	348,753	297,079	526,993	458,704
Total Net Position	<u>\$ 470,742</u>	<u>\$ 461,740</u>	<u>\$ 979,735</u>	<u>\$ 965,299</u>	<u>\$ 1,450,477</u>	<u>\$ 1,427,039</u>

As can be seen in Table 2 on the next page, total revenues for governmental activities increased by \$65,626 primarily due to an increase in property tax revenue, charges for services, and operating grant revenue, offset by a decrease in miscellaneous revenues. Total expenses for governmental activities increased by \$73,019 from \$265,597 in 2022 to \$338,616 in 2023 primarily due to an increase in personnel and repairs and maintenance expenses.

Total revenues from business-type activities decreased by \$333,844 from \$999,311 in 2022 to \$665,467 in 2023 primarily due to a decrease in capital grant revenue and miscellaneous revenues, offset by an increase in charges for services. Total expenses for business-type expenses decreased by \$63,772 from \$676,803 in 2022 to \$613,031 in 2023 primarily due to a decrease in purchased professional and technical services and repairs and maintenance.

Table 2
City of Snook, Texas
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for services	\$ 22,774	\$ -	\$ 544,455	\$ 502,399	\$ 567,229	\$ 502,399
Operating grants and contributions	26,346	-	6,050	-	32,396	-
Capital grants and contributions	-	-	111,960	367,996	111,960	367,996
General Revenues						
Property taxes	142,273	75,891	-	-	142,273	75,891
Sales taxes	64,171	60,103	-	-	64,171	60,103
Franchise fees	42,958	40,577	-	-	42,958	40,577
Rental income	7,387	-	-	-	7,387	-
Miscellaneous revenues	2,787	67,255	801	127,171	3,588	194,426
Investment earnings	922	166	2,201	1,745	3,123	1,911
Total Revenues	<u>309,618</u>	<u>243,992</u>	<u>665,467</u>	<u>999,311</u>	<u>975,085</u>	<u>1,243,303</u>
Expenses						
General government	283,068	198,150	-	-	283,068	198,150
Culture and recreation	55,449	67,377	-	-	55,449	67,377
Interest/cost on long-term debt	99	70	133,517	132,278	133,616	132,348
Water and sewer	-	-	479,514	544,525	479,514	544,525
Total Expenses	<u>338,616</u>	<u>265,597</u>	<u>613,031</u>	<u>676,803</u>	<u>951,647</u>	<u>942,400</u>
Change in Net Position before transfers	(28,998)	(21,605)	52,436	322,508	23,438	300,903
Transfers in (out)	<u>38,000</u>	<u>-</u>	<u>(38,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	9,002	(21,605)	14,436	322,508	23,438	300,903
Net Position, Beginning of Year	461,740	483,345	965,299	642,791	1,427,039	1,126,136
Net Position, End of Year	<u>\$ 470,742</u>	<u>\$ 461,740</u>	<u>\$ 979,735</u>	<u>\$ 965,299</u>	<u>\$ 1,450,477</u>	<u>\$ 1,427,039</u>

General Fund Budgetary Highlights

The City's Council annually adopts an operating budget. Total actual revenues for the governmental fund were more than the budgeted amount by \$87,821, primarily due to an increase in property tax revenue and permit revenue.

Actual expenditures were over budget by \$12,928. General government expenditures were under budget by \$12,525 primarily due to less legal fees needed than expected. Culture and recreation expenditures were over budget by \$28,273 primarily due to maintenance at the city playground.

The net change in fund balance was an increase of \$19,566, while the budgeted net change in fund balance was a decrease of \$93,327.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2023, the City had \$4,203,720 invested in capital assets as follows:

Table 3
City of Snook, Texas
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 125,366	\$ 125,366	\$ -	\$ -	\$ 125,366	\$ 125,366
Buildings and improvements	104,500	104,500	34,000	34,000	138,500	138,500
Machinery and equipment	-	-	136,808	136,808	136,808	136,808
Streets and improvements	2,828,596	2,828,596	-	-	2,828,596	2,828,596
Utility Plants	-	-	6,068,330	5,855,283	6,068,330	5,855,283
Construction in Progress	-	-	186,601	284,188	186,601	284,188
Lease right-to-use assets	7,601	2,831	-	-	7,601	2,831
	<u>3,066,063</u>	<u>3,061,293</u>	<u>6,425,739</u>	<u>6,310,279</u>	<u>9,491,802</u>	<u>9,371,572</u>
Accumulated Depreciation and Amortization	(2,766,325)	(2,759,605)	(2,514,536)	(2,350,318)	(5,280,861)	(5,109,923)
Net Capital Assets	<u>\$ 299,738</u>	<u>\$ 301,688</u>	<u>\$ 3,911,203</u>	<u>\$ 3,959,961</u>	<u>\$ 4,210,941</u>	<u>\$ 4,261,649</u>

The City's significant capital asset acquisitions consist of:

- Wastewater collection system improvements paid for with grant funds \$111,960

Debt

As of September 30, 2023, the City had the following debt:

Table 4
City of Snook, Texas
Outstanding Debt at Year-end

	Business-Type Activities		Total	
	2023	2022	2023	2022
Bonds payable	\$ 3,864,000	\$ 3,910,000	\$ 3,864,000	\$ 3,910,000
Notes payable	152,250	-	152,250	-
Total	<u>\$ 4,016,250</u>	<u>\$ 3,910,000</u>	<u>\$ 4,016,250</u>	<u>\$ 3,910,000</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's business office, at the City of Snook, P. O. Box 10, Snook, TX 77878.

City of Snook, Texas
Statement of Net Position
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 232,176	\$ 459,686	\$ 691,862	\$ 196,994
Restricted assets:				
Cash and cash equivalents	-	672,027	672,027	-
Due from primary government	-	-	-	6,016
Receivables (net)	32,194	173,256	205,450	-
Internal balance	(25,616)	25,616	-	-
Net pension asset	1,471	-	1,471	-
Capital assets:				
Non-depreciable	125,366	186,601	311,967	-
Depreciable and right-to-use, net	174,372	3,724,602	3,898,974	-
Total assets	<u>539,963</u>	<u>5,241,788</u>	<u>5,781,751</u>	<u>203,010</u>
Deferred Outflows of Resources				
Deferred amounts related to pensions	1,188	-	1,188	-
Deferred amounts related to OPEB	25	-	25	-
Total deferred outflows	<u>1,213</u>	<u>-</u>	<u>1,213</u>	<u>-</u>
Liabilities				
Accounts payable	18,727	129,832	148,559	-
Accrued liabilities	5,557	16,569	22,126	-
Unearned revenue	-	67,159	67,159	-
Due to component unit	6,016	-	6,016	-
Customer and other deposits	25,000	32,243	57,243	-
OPEB liability	75	-	75	-
Compensated absences, long-term	7,805	-	7,805	-
Bonds payable, due within one year	-	29,000	29,000	-
Bonds payable, long-term	-	3,835,000	3,835,000	-
Notes payable, due within one year	-	27,205	27,205	-
Notes payable, long-term	-	125,045	125,045	-
Lease liability, due within one year	1,367	-	1,367	-
Lease liability, long-term portion	5,869	-	5,869	-
Total liabilities	<u>70,416</u>	<u>4,262,053</u>	<u>4,332,469</u>	<u>-</u>
Deferred inflows of resources				
Deferred amounts related to OPEB	18	-	18	-
Total deferred inflows	<u>18</u>	<u>-</u>	<u>18</u>	<u>-</u>
Net Position				
Net investment in capital assets	292,502	630,982	923,484	-
Restricted for:				
Economic development	-	-	-	203,010
Unrestricted	178,240	348,753	526,993	-
Total net position	<u>\$ 470,742</u>	<u>\$ 979,735</u>	<u>\$ 1,450,477</u>	<u>\$ 203,010</u>

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

City of Snook, Texas
Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 283,068	\$ 22,774	\$ -	\$ -	\$ (260,294)	\$ -	\$ (260,294)	
Culture and recreation	55,449	-	26,346	-	(29,103)	-	(29,103)	
Interest and costs on long-term debt	99	-	-	-	(99)	-	(99)	
Total governmental activities	338,616	22,774	26,346	-	(289,496)	-	(289,496)	
Business-type activities								
Proprietary fund	613,031	544,455	6,050	111,960	-	49,434	49,434	
Total business-type activities	613,031	544,455	6,050	111,960	-	49,434	49,434	
Total primary government	951,647	567,229	32,396	111,960	(289,496)	49,434	(240,062)	
Snook 4B Development Corporation	26,346	-	-	-				(26,346)
Total component units	26,346	-	-	-				(26,346)
General revenues								
Taxes								
Property					142,273	-	142,273	-
Sales					64,171	-	64,171	32,086
Franchise fees					42,958	-	42,958	-
Investment income					922	2,201	3,123	298
Rental income					7,387	-	7,387	-
Miscellaneous revenues					2,787	801	3,588	-
Transfers					38,000	(38,000)	-	-
Total general revenues and transfers					298,498	(34,998)	263,500	32,384
Change in net position					9,002	14,436	23,438	6,038
Net position, beginning					461,740	965,299	1,427,039	196,972
Net position, ending					\$ 470,742	\$ 979,735	\$ 1,450,477	\$ 203,010

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

City of Snook, Texas
Balance Sheet
Governmental Funds
September 30, 2023

	General Fund
Assets	
Cash and cash equivalents	\$ 232,176
Receivables (net of allowances for uncollectibles)	
Property tax	9,945
Sales tax	18,048
Other	4,201
Total assets	<u>\$ 264,370</u>
Liabilities, deferred inflows of resources and fund balances	
Liabilities:	
Accounts payable	\$ 18,727
Accrued liabilities	5,557
Deposit payable	25,000
Due to component unit	6,016
Due to other funds	25,616
Total liabilities	80,916
Deferred inflows of resources:	
Unavailable revenues	9,878
Total deferred inflows of resources	9,878
Fund balances:	
Unassigned	173,576
Total fund balances	173,576
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 264,370</u>
Reconciliation of the balance sheet to the statement of net position:	
Fund balances of governmental funds	\$ 173,576
Amounts reported for governmental activities in the statements of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	
Governmental capital assets	\$ 3,058,462
Less accumulated depreciation	<u>(2,765,945)</u>
	292,517
Leased assets and liabilities are not current financial resources.	(15)
Unavailable revenues reported in the governmental funds are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	9,878
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds.	(7,805)
Deferred outflows and net pension asset are not receivable and deferred inflows are not payable in the current period and, therefore, are not reported in the governmental funds.	2,591
Net position, governmental activities	<u>\$ 470,742</u>

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

City of Snook, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	General Fund
Revenues:	
Taxes	
Property	\$ 139,794
Sales	64,171
Franchise fees	42,958
Rental income	7,387
Investment income	922
Permit fee income	22,774
Miscellaneous	2,787
Contribution from component unit	26,346
Total revenues	<u>307,139</u>
Expenditures:	
Current:	
General government	\$ 274,020
Culture and recreation	50,173
Debt service:	
Principal	1,281
Interest	99
Capital outlay:	
General government	7,601
Total expenditures	<u>333,174</u>
Excess (deficiency) of revenues over (under) expenditures	(26,035)
Other financing sources/(uses):	
Proceeds from leases	7,601
Transfers in	38,000
Total other financing sources/(uses)	<u>45,601</u>
Net change in fund balance	19,566
Fund balance, beginning	<u>154,010</u>
Fund balance, ending	<u><u>\$ 173,576</u></u>
Reconciliation of the statement of revenues, expenditures and changes in fund balances of the governmental funds to the statement of activities:	
Net change in fund balances - total governmental funds	\$ 19,566
Amounts reported for the governmental activities in the statement of activities are different	
Depreciation expense on capital assets and amortization on right of use assets are reported in the statement of activities, but they do not require the use of current financial resources. Therefore, depreciation and amortization expense are not reported as expenditures in governmental funds.	(8,827)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of these assets are depreciated and amortized over their estimated useful lives.	7,601
The repayment of the principal of long-term debt consumes current financial resources of governmental funds, yet has no effect on net position.	1,281
Governmental funds report long-term debt proceeds as other financing sources, yet has no effect on net position.	(7,601)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental	(5,497)
Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the fund statements.	2,479
Change in net position, governmental activities	<u><u>\$ 9,002</u></u>

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

City of Snook, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	GAAP	to Budget	Budget	Final Budget
			Basis	Basis	Basis	
Revenues:						
Taxes						
Property	\$ 104,253	\$ 104,253	\$ 139,794	\$ -	\$ 139,794	\$ 35,541
Sales	58,000	58,000	64,171	-	64,171	6,171
Franchise fees	48,000	48,000	42,958	-	42,958	(5,042)
Rental income	6,650	6,650	7,387	-	7,387	737
Investment income	265	265	922	-	922	657
Permit fee income	-	-	22,774	-	22,774	22,774
Miscellaneous	2,150	2,150	2,787	-	2,787	637
Contribution from component unit	-	-	26,346	-	26,346	26,346
Total revenues	<u>219,318</u>	<u>219,318</u>	<u>307,139</u>	<u>-</u>	<u>307,139</u>	<u>87,821</u>
Expenditures:						
Current:						
General government	286,545	286,545	274,020	-	274,020	(12,525)
Public safety	4,200	4,200	-	-	-	(4,200)
Culture and recreation	21,900	21,900	50,173	-	50,173	28,273
Debt service:						
Principal	-	-	1,281	-	1,281	1,281
Interest	-	-	99	-	99	99
Capital outlay						
General government	-	-	7,601	(7,601)	-	-
Total expenditures	<u>312,645</u>	<u>312,645</u>	<u>333,174</u>	<u>(7,601)</u>	<u>325,573</u>	<u>12,928</u>
Excess (deficiency) of revenues over (under) expenditures	(93,327)	(93,327)	(26,035)	7,601	(18,434)	74,893
Other financing sources (uses):						
Proceeds from leases	-	-	7,601	(7,601)	-	-
Transfers in	-	-	38,000	-	38,000	38,000
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>45,601</u>	<u>(7,601)</u>	<u>38,000</u>	<u>38,000</u>
Net change in fund balance	(93,327)	(93,327)	19,566	-	19,566	112,893
Fund balance, beginning	154,010	154,010	154,010	-	154,010	-
Fund balance, ending	<u>\$ 60,683</u>	<u>\$ 60,683</u>	<u>\$ 173,576</u>	<u>\$ -</u>	<u>\$ 173,576</u>	<u>\$ 112,893</u>

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

City of Snook, Texas
Statement of Net Position
Proprietary Fund
September 30, 2023

	Water & Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 459,686
Receivables, net of allowance for uncollectibles	58,271
Due from other funds	25,616
Due from other governments	114,985
Total current assets	<u>658,558</u>
Restricted assets:	
Cash and cash equivalents	<u>672,027</u>
Total restricted assets	<u>672,027</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	186,601
Depreciable (net of accumulated depreciation)	3,724,602
Total noncurrent assets	<u>3,911,203</u>
Total assets	<u>\$ 5,241,788</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 129,832
Accrued liabilities	16,569
Bonds payable, due within one year	29,000
Notes payable, due within one year	27,205
Unearned revenue	67,159
Customer deposits	32,243
Total current liabilities	<u>302,008</u>
Noncurrent liabilities:	
Bonds payable, long-term	3,835,000
Notes payable, long-term	125,045
Total noncurrent liabilities	<u>3,960,045</u>
Total liabilities	<u>4,262,053</u>
Net position	
Net investment in capital assets	630,982
Unrestricted	348,753
Total net position	<u>\$ 979,735</u>

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

City of Snook, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
September 30, 2023

	Water & Sewer Fund
Operating revenues:	
Charges for water and sewer services	\$ 516,859
Tap fees	27,596
Total operating revenue	<u>544,455</u>
Operating expenses:	
Professional fees	826
Purchased professional and technical services	155,257
Repairs and maintenance	82,585
Other operating expenses	33,102
Utilities	43,526
Depreciation	164,218
Total operating expenses	<u>479,514</u>
Operating income (loss)	64,941
Nonoperating revenues (expenses)	
Grant proceeds	118,010
Other income	801
Investment income	2,201
Interest expense	(133,517)
Total nonoperating revenue	<u>(12,505)</u>
Change in net position before transfers	52,436
Transfers out	<u>(38,000)</u>
Total transfers	<u>(38,000)</u>
Change in net position	14,436
Net position, beginning	<u>965,299</u>
Net position, ending	<u><u>\$ 979,735</u></u>

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

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

	Water & Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 537,842
Cash payments to suppliers for goods and services	(451,442)
Net cash provided by (used in) operating activities	<u>86,400</u>
Cash flows from non-capital financing activities:	
Transfers out	(38,000)
Net cash provided (used) by non-capital financing activities	<u>(38,000)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(61,022)
Other income	801
Grant proceeds	198,204
Principal paid on long-term debt	(46,000)
Proceeds from long-term debt	152,250
Interest paid	(133,517)
Net cash provided (used) by capital and related financing activities	<u>110,716</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>2,201</u>
Net increase (decrease) in cash and equivalents	161,317
Cash and equivalents, beginning of year	<u>970,396</u>
Cash and equivalents, end of year	<u><u>\$ 1,131,713</u></u>
Unrestricted cash	\$ 459,686
Restricted cash	672,027
	<u><u>\$ 1,131,713</u></u>

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

City of Snook, Texas
Statement of Cash Flows
Proprietary Fund
September 30, 2023

	Water & Sewer Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 64,941
Adjustments to reconcile to net cash provided by operating activities:	
Depreciation	164,218
Bad debt expense (recovery)	7,248
Increase (decrease) in cash resulting from changes in assets and liabilities:	
Accounts receivable	(19,304)
Accounts payable	(155,763)
Customer deposits	5,443
Due from other funds	19,617
Net cash provided by (used in) operating activities	<u>\$ 86,400</u>

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

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

Note 1. Summary of Significant Accounting Policies

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

The City of Snook, Texas was incorporated 1972 as a Type B General Law Municipality, pursuant to the laws of the State of Texas. The City operates under a Council form of government and provides the following services as authorized by its charter: street repair and maintenance, planning and zoning, park maintenance, and general administrative services.

These financial statements present the City (the primary government) and its component unit, the City of Snook 4-B Development Board Corporation. As defined by GASBS No. 61, component units are legally separate entities that are included in the City's reporting entity because the City is financially accountable or closely related.

Discretely presented as part of the reporting entity:

City of Snook 4-B Development Board Corporation: The City incorporated the City of Snook 4-B Development Board Corporation (the "Corporation") in 1979. The purpose is to promote economic development within the City and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City, and for improving the assessed valuation through the promotion of (a) existing business enterprises development and attraction by developing, implementing, providing and financing projects. A 1.5% City sales tax is designed for this purpose. The Corporation's board consists of members which were appointed by the City Council. The Corporation does not issue separate financial statements.

B. Basis of Presentation

Government-wide financial statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the city and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income similar to the private sector. Water and sewer services provided by the City are accounted for in the Business Type Utility Fund.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personal and contractual

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay)

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

D. Budgets

Annual appropriated budgets are adopted for the general and enterprise funds. The budget for the general fund is prepared and adopted on a basis different from generally accepted accounting principles in that lease proceeds is not included in the budget. Budgets are adopted by passage of a budget ordinance. All annual budget appropriations lapse at fiscal year end.

Encumbrance accounting is a system under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. The City does not employ encumbrance accounting as it feels its current system is adequate to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

E. Cash and Investments

For the purpose of the Statement of Net Position and the Statement of Cash Flows, "Cash and cash equivalents" consists of cash on hand, amounts in demand deposit accounts and interest-bearing checking accounts, as well as certificates of deposits and investments with maturities of three months or less.

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Any residual balances are classified as "due from other funds" and "due to other funds," respectively, on the balance sheet and statement of net position.

G. Restricted Assets

Amounts in governmental funds which are legally identified for specific purposes either by City ordinance or contractual obligation are reflected as restricted assets. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are used first to fund the expense.

H. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

operations and whether they are reported in the government-wide or fund financial statements.

Government-wide statements

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Interest incurred during construction is not capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20 - 40 years
Infrastructure	20 - 45 years
Machinery and equipment	5 - 10 years

When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and the appropriate gain or loss is recognized.

Fund financial statements

In the fund financial statements, capital assets used in governmental operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

I. Debt Obligations

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

Short-term debt

Short-term liabilities are reported as liabilities in the fund financial statements. Tax and revenue anticipation notes are reported as liabilities in the fund financial statements of the fund that receives the proceeds.

J. Compensated absences

Compensated absences are those absences for which employees will be paid, such as vacation leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the City and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or are contingent on a specific event that is outside the control of the City, and its employees are accounted for in the period in which such services are rendered or in which such events take place.

In the government-wide financial statements, compensated absences are recorded as an expense.

In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. Therefore, a liability for these amounts is recognized only if they have matured, for example, as a result of employee resignations and retirements. In the government-wide financial statements, compensated absences are accrued as incurred.

K. Fund Equity

Government-wide statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

Fund statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, and/or unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

Classification of fund balances

The *nonspendable* fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include supplies inventories and prepaid items, long-term advances to other funds net of deferred interest revenue, long-term receivable net of deferred interest revenue, nonfinancial assets held for resale, and unrealized change in the fair value of investments.

Some resources are spendable but are legally or contractually required to be maintained intact. Such resources include the principal of an endowment.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation. The enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Council actions, no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

The *assigned* fund balance includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the City Council or its designated officials to assign amounts to be used for specific purposes, but are neither restricted nor committed. Constraints imposed on the use of assigned amounts can be removed with no formal Council actions. The assigned fund balance is only reported in the General Fund.

The *unassigned* fund balance represents spendable net resources that have not been restricted, committed, or assigned to specific purposes.

Spending Prioritization in Using Available Resources

When both restricted resources and other resources (i.e., committed, assigned, and unassigned) can be used for the same purpose, the City budget considers restricted resources to be spent first.

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the City budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

L. Interfund Transfers

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions in expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Pensions

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pension expense, information about Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, 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.

N. Leases

Right-to-use assets and lease obligations are recognized upon lease commencement based on the present value of lease payments expected to be made during the remaining lease term. The incremental borrowing rate is used in determining the present value of lease payments unless an implicit rate is provided in the lease. Subsequent amortization of the right-of-use asset is recognized as lease expense on a straight-line basis over the lease term, and accretion of the lease liability is recognized as interest expense using the effective interest method.

Right-to-use assets and lease liabilities are not recognized for leases with an initial term of twelve months or less. For these leases, lease expense is recognized on a straight-line basis over the lease term.

O. Subscription-Based Information Technology Arrangements

Effective October 1, 2022, the City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which required the recognition of certain subscription assets and liabilities for subscriptions that previously were classified as

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

operating expenses and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The adoption of GASB No. 96 had no impact on the City's net position and no restatement of net position was made.

Note 2. Legal Compliance - Budgets

The City's Mayor has ultimate responsibility for the budget and formulates the budget goals for the City under the direction of the City Council. In compliance with the State's uniform budget law, the Mayor files the proposed budget with the City Secretary and City Council. The City is required to publish a notice of a public hearing regarding the proposed budget and then hold that public hearing not less than 15 days after the budget is filed with the City Secretary. Once the hearing is concluded and before adoption of the proposed budget, the Council may make any changes it considers warranted by law or in the best interest of the taxpayers. The annual operating budget is then adopted through passage of an annual budget ordinance. Upon approval by the Council, the annual budget document becomes a matter of public record and is filed with the City Secretary.

The legal level of budgetary control is the fund level; therefore, expenditures may not legally exceed budget appropriations at the fund level. The Mayor can reclassify items within the fund without approval of the Council; however, to amend the total of a fund, a budget amendment approved by the Council is required. The general fund and the enterprise fund have legally adopted annual budgets. General fund expenditures exceeded budget by \$12,928 at the legal level of budgetary control.

Note 3. Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Of the bank balances, \$250,000 was covered by federal depository insurance and \$1,339,638 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Note 4. Receivables

Receivables at September 30, 2023, consist of the following:

	Governmental Funds	Proprietary Funds	Total
Receivables:			
Taxes:			
Property	\$ 9,945	\$ -	\$ 9,945
Sales	18,048	-	18,048
Franchise fees	4,201	-	4,201
Grants	-	114,985	114,985
Utility revenue	-	76,213	76,213
Less:			
allowance for uncollectibles	-	(17,942)	(17,942)
	<u>\$ 32,194</u>	<u>\$ 173,256</u>	<u>\$ 205,450</u>

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

Note 5. Capital Assets

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

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 125,366	\$ -	\$ -	\$ 125,366
Total capital assets not being depreciated	125,366	-	-	125,366
Capital assets being depreciated				
Buildings and improvements	104,500	-	-	104,500
Streets and infrastructure	2,828,596	-	-	2,828,596
Total at historical cost	2,933,096	-	-	2,933,096
Less: accumulated depreciation for:				
Buildings and improvements	51,089	2,322	-	53,411
Streets and infrastructure	2,707,258	5,276	-	2,712,534
Total accumulated depreciation	2,758,347	7,598	-	2,765,945
Total capital assets being depreciated, net	174,749	(7,598)	-	167,151
Lease right-to-use assets				
Equipment	2,831	7,601	(2,831)	7,601
Total lease right-to-use assets	2,831	7,601	(2,831)	7,601
Less accumulated amortization for:				
Equipment	1,258	1,953	(2,831)	380
Total accumulated amortization	1,258	1,953	(2,831)	380
Lease right-to-use assets, net	1,573	5,648	-	7,221
Governmental activities capital assets, net	\$ 301,688	\$ (1,950)	\$ -	\$ 299,738
<u>Business-type activities</u>				
Capital assets not being depreciated				
Construction in progress	\$ 284,188	\$ 111,960	\$ (209,547)	\$ 186,601
Total capital assets not being depreciated	284,188	111,960	(209,547)	186,601
Capital assets being depreciated				
Buildings and improvements	34,000	-	-	34,000
Machinery and equipment	136,808	-	-	136,808
Water and wastewater distribution	5,855,283	213,047	-	6,068,330
Total at historical cost	6,026,091	213,047	-	6,239,138
Less: accumulated depreciation for:				
Buildings and improvements	21,371	972	-	22,343
Machinery and equipment	64,946	8,414	-	73,360
Water and wastewater distribution	2,264,001	154,832	-	2,418,833
Total accumulated depreciation	2,350,318	164,218	-	2,514,536
Total capital assets being depreciated, net	3,675,773	48,829	-	3,724,602
Business-type activities capital assets, net	\$ 3,959,961	\$ 160,789	\$ (209,547)	\$ 3,911,203

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

General government	\$ 2,322
Culture and recreation	5,276
	<u>\$ 7,598</u>

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

Note 6. Long-term Liabilities

Long-term liabilities outstanding at September 30, 2023 are comprised of the following:

<u>Long-term debt</u>	<u>Business-type activities</u>
Utility System Revenue Bonds, Series 2020, due in annual installments from \$104,000 to \$258,000, payments due 2/15, 3.4% interest rate, final payment due February 15, 2045.	\$ 3,710,000
Certificates of Obligation Bonds, Series 2013, \$400,000 due in annual amounts between \$28,000 and \$32,000, payments due 2/15, final payment due February 15, 2028, 2.93% interest rate.	154,000
Note payable to Southside Bank, due in annual amounts of \$35,787, payments due 8/24, final payment due August 24, 2028, 5.64% interest rate.	152,250
	<u><u>\$ 4,016,250</u></u>

Annual debt service requirements to maturity for all bonded outstanding debt, including interest of \$1,699,299 are as follows:

Fiscal Year Ending September 30	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 29,000	\$ 130,587
2025	30,000	129,367
2026	135,000	126,720
2027	140,000	122,193
2028	145,000	117,815
2029-2033	802,000	509,451
2034-2038	950,000	360,858
2039-2043	1,126,000	184,822
2044-2048	507,000	17,486
	<u><u>\$ 3,864,000</u></u>	<u><u>\$ 1,699,299</u></u>

City of Snook, Texas
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Annual debt service requirements to maturity for long-term notes payable, including interest of \$26,687 are as follows:

Fiscal Year Ending September 30	Business-type activities	
	Principal	Interest
2024	\$ 27,205	\$ 8,582
2025	28,739	7,049
2026	30,359	5,429
2027	32,070	3,717
2028	33,877	1,910
	<u>\$ 152,250</u>	<u>\$ 26,687</u>

Changes in Long-term Liabilities

Long-term activity for the year-ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ -	\$ 7,805	\$ -	\$ 7,805	\$ -
	<u>\$ -</u>	<u>\$ 7,805</u>	<u>\$ -</u>	<u>\$ 7,805</u>	<u>\$ -</u>
Business-type activities					
General Obligation Bonds	\$ 18,000	\$ -	\$ (18,000)	\$ -	\$ -
Certificates of Obligation Bonds	182,000	-	(28,000)	154,000	29,000
Notes payable	-	152,250	-	152,250	27,205
Utility Systems Bonds	3,710,000	-	-	3,710,000	-
	<u>\$ 3,910,000</u>	<u>\$ 152,250</u>	<u>\$ (46,000)</u>	<u>\$ 4,016,250</u>	<u>\$ 56,205</u>

Note 7. Leases

The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide funds financial statements. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

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

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

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

Leased assets are reported on the government-wide Statement of Net Position and lease liabilities are reported as current and long-term liabilities on the Statement of Net Position.

The City has entered into a lease agreement as lessee for the acquisition and use of office equipment. The lease term is for 60 months.

The future principal and interest payments as of September 30, 2023 were as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 1,367	\$ 373	\$ 1,740
2025	1,446	294	1,740
2026	1,530	210	1,740
2027	1,618	122	1,740
2028	1,275	30	1,305
	<u>\$ 7,236</u>	<u>\$ 1,029</u>	<u>\$ 8,265</u>

Note 8. Pension Plans

Plan Description

The City participates as one of 895 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 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

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 statute 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

City of Snook, Texas
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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.

Plan provisions for the City were as follows:

	Plan Year
	2022
Employee Deposit Rate	5%
Matching Ratio (City to Employee)	1.1 to 1
A member is vested after	5 years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated Service Credit	0%
Annuity Increase (to retirees)	0% of CPI

Members can retire at certain ages, based on the years of service with the City.

The Service Retirement Eligibilities for the City are: 5 years/age 60, 25 years/any age.

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	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	2

Contribution

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated rate 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 were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 1.42% in calendar years 2022 and 2023. The city's contributions to TMRS for the year ended September 30, 2023, were \$1,591, and were equal to the required contributions.

City of Snook, Texas
Notes to Basic Financial Statements
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Actuarial assumptions

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

Inflation	2.50%
Overall payroll growth	3.50% to 11.50%
Investment rate of return	6.75%

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each 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 real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	7.70%
Core Fixed Income	6%	4.90%
Non-Core Fixed Income	20%	8.70%
Open Public and Private Markets	12%	8.10%
Real Estate	12%	5.80%
Hedge Funds	5%	6.90%
Private Equity	10%	11.80%
Total	100%	

Net Pension Liability/Asset

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

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ (443)	\$ (1,471)	\$ (2,182)
<i>Discount Rate</i>			

The discount rate used to measure the Total Pension Liability/Asset 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 the 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/Asset.

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

<i>Changes in Net Pension Liability/(Asset)</i>	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net	Liability/
	Position	Position	(Asset)
	(a)	(b)	(a) - (b)
Balances at 12/31/2021	\$ -	\$ -	\$ -
Changes for the year:			
Service Cost	3,305	-	3,305
Interest	(3)	-	(3)
Change of benefit terms	(1,698)	-	(1,698)
Contributions - employer	-	680	(680)
Contributions - employee	-	2,395	(2,395)
Net changes	1,604	3,075	(1,471)
Balance at 12/31/2022	<u>\$ 1,604</u>	<u>\$ 3,075</u>	<u>\$(1,471)</u>

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.

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

For the year ended September 30, 2023, the City recognized pension expense (benefit) of (\$791).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	-
Contributions subject to measurement date	1,188	-
Total	<u>\$ 1,188</u>	<u>\$ -</u>

Contributions of \$1,188 made subsequent to the measurement date are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability for the year ending September 30, 2024.

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

Note 9. Other Post-Employment Benefits

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System ("TMRS") known as the Supplemental Death Benefit 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.

Benefits Provided

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

Employees covered by benefit terms

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	2

Contributions and Actuarial Information

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 to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust as defined by paragraph 4 of GASB Statement No. 75.

The total supplemental death benefit ("SDB") contribution rates were 0.03% for calendar years 2022 and 2023. The City's contributions for the year ended September 30, 2023 were \$25 and were equal to the required contributions.

Total OPEB Liability. The City's total OPEB liability of \$75 was measured as of December 31, 2022, and was determined by an actuarial valuation as of December 31, 2022.

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

Actuarial Assumptions. The total OPEB in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions as of the December 31, 2022 measurement date:

Inflation	2.50%
Salary Increases	3.50% to 11.50%
Discount Rate	4.05%

Salary increased were based on a service-related table. Mortality rates for service retirees are based on the 2019 Municipal Retirees of Texas Mortality Tables. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set forward for males and a 3-year set forward for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2022 valuation were based on the results of the actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2021	\$ -
Changes for the year:	
Service Cost	95
Interest	1
Changes in assumptions	(21)
Net changes	75
Balance at 12/31/2022	\$ 75

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.05%) or 1 percentage-point higher (5.05%) than the current rate.

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
City's total OPEB liability	\$ 84	\$ 75	\$ 67

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$108. At September 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	-	18
Contributions subsequent to the measurement date	25	-
Total	<u>\$ 25</u>	<u>\$ 18</u>

Amounts reported as deferred outflows and inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended December 31:

2023	\$ (3)
2024	(3)
2025	(3)
2026	(3)
2027	(3)
Thereafter	(3)
Total	<u>\$ (18)</u>

Note 10. Interfund receivables and payables

As of September 30, 2023, interfund receivables and payables consist of the following:

Due from:	Interfund Receivables	Interfund Payables	Purpose
General fund	\$ -	\$ 25,616	Various transactions paid for by Proprietary fund.
Proprietary fund	25,616	-	Various transactions paid on behalf of General fund.
	<u>\$ 25,616</u>	<u>\$ 25,616</u>	

City of Snook, Texas
Notes to Basic Financial Statements
September 30, 2023

Note 11. Transfers

The following schedule shows transfers within the reporting entity for the year ending September 30, 2023:

<u>Transfers from:</u>	<u>Transfers to:</u>	<u>Purpose:</u>
	<u>General fund</u>	
Proprietary fund	38,000	To transfer developer funds to General fund
	<u>\$ 38,000</u>	

Note 12. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool for its insurance. The City pays annually to the Pool. The Pool is intended to be self-sustaining through member premiums and reinsures through commercial companies for excessive claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

City of Snook, Texas
Texas Municipal Retirement System

Schedule of Changes in Net Pension Liability (Asset) And Related Ratios
Last 10 years
(unaudited)

	<u>2022</u>
Total pension liability	
Service Cost	\$ 3,305
Interest (on the Total Pension Liability)	(3)
Changes of benefit terms	(1,698)
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments, including refunds of employee contributions	-
Net Change in Total Pension Liability	<u>1,604</u>
Total Pension Liability - Beginning	-
Total Pension Liability - Ending (a)	<u><u>\$ 1,604</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 680
Contributions - Employee	2,395
Net Investment Income	-
Benefit payments, including refunds of employee contributions	-
Administrative expense	-
Other	-
Net Change in Plan Fiduciary Net Position	<u>3,075</u>
Plan Fiduciary Net Position - Beginning	-
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 3,075</u></u>
Net Pension Liability (Asset) - Ending (a) - (b)	(1,471)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	191.71%
Covered Employee Payroll	\$ 47,904
Net Pension Liability as a Percentage of Covered Employee Payroll	-3.07%

Notes to Schedule:

GASB 68 requires 10 fiscal years of data to be provided in this schedule. The City began participating in TMRS during 2022.

City of Snook, Texas
Texas Municipal Retirement System

Schedule of Contributions
Last 10 Fiscal Years (will ultimately get displayed)
(unaudited)

	2023	2022
Actuarially Determined Contribution	\$ 1,591	\$ 277
Contributions in relation to the actuarially determined contributions	<u>1,591</u>	<u>277</u>
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 112,012	\$ 19,519
Contributions as a percentage of covered employee payroll	1.42%	1.42%

Notes to Schedule of Contributions

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	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%

Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. These rates are projected on a fully generational basis with scale UMP.

Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

City of Snook, Texas
Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 years (will ultimately be displayed)

	<u>2022</u>
Total OPEB Liability	
Service Cost	\$ 95
Interest (on total OPEB liability)	1
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	(21)
Benefit payments	-
Net Change in Total OPEB Liability	<u>75</u>
Total OPEB Liability - Beginning	-
Total OPEB Liability - Ending	<u><u>\$ 75</u></u>

Related Ratios

Covered Employee Payroll	47,904
Total OPEB Liability as a Percentage of Covered Employee Payroll	0.16%

Notes to the Schedule of Changes in OPEB Liability

Assumptions Used to Determine Contribution Rates

Inflation	2.50%
Salary Increases	3.50 to 11.50% inflation
Discount Rate	4.05%
Mortality Rates- Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.50% and 3.00% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.
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Other information

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

Notes

Presentation of Schedule

In accordance with GASB standards, the City has elected to present data calculated at the actuarial valuation/measurement date, which occurs during each fiscal year on December 31.