

*ANNUAL FINANCIAL REPORT*

of the

**CITY OF ONALASKA, TEXAS**

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

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# CITY OF ONALASKA, TEXAS

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September 30, 2023

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## ***INDEPENDENT AUDITORS' REPORT***

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

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Onalaska, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and the major fund of the City as of September 30, 2023, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibility of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment benefits liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, 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.

## Supplementary Information

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

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
March 6, 2024

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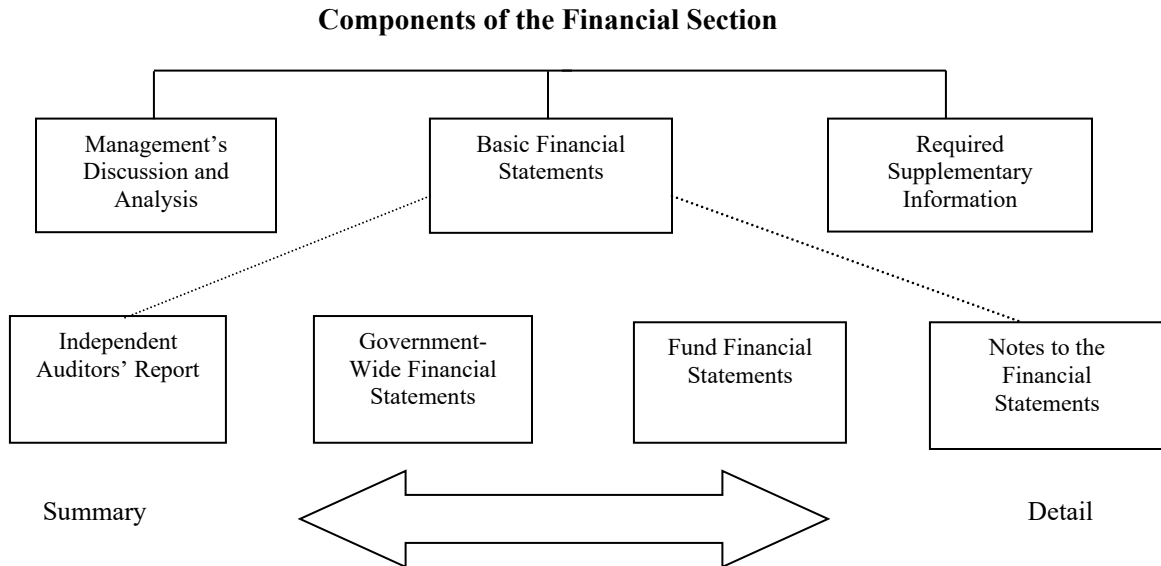
***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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**CITY OF ONALASKA, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2023**

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Onalaska, Texas (the "City") for the year ending September 30, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

**THE STRUCTURE OF OUR ANNUAL REPORT**



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-Wide Statements**

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared 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 even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered to assess the overall health of the City.

**CITY OF ONALASKA, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present one class of activities:

1. *Governmental Activities* – The City's basic services are reported here, including public safety (police and fire) and general government (general administration and public improvements). Interest payments on the City's debt are also reported here. Property tax, sales tax, franchise fees, municipal court fines, and permit fees finance most of these activities.

The government-wide financial statements can be found after the MD&A.

### **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The one category of City funds is governmental.

#### **Governmental Funds**

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

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

The City maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

#### **Notes to Financial Statements**

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

**CITY OF ONALASKA, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2023

**Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits liability and related ratios and schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$3,156,575 as of year end. A portion of the City's net position, 46 percent, reflects its investments in capital assets (e.g., land, City hall, police station, fleet equipment, and streets) less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 1,925,735	\$ 2,045,312
Capital assets, net	1,478,366	1,395,058
<b>Total Assets</b>	<b>3,404,101</b>	<b>3,440,370</b>
Deferred outflows - pensions	85,848	12,821
Deferred outflows - OPEB	6,118	8,232
<b>Total Deferred Outflows of Resources</b>	<b>91,966</b>	<b>21,053</b>
Long-term liabilities	235,574	144,357
Other liabilities	62,657	384,067
<b>Total Liabilities</b>	<b>298,231</b>	<b>528,424</b>
Deferred inflows - pensions	22,475	55,198
Deferred inflows - OPEB	18,786	12,540
<b>Total Deferred Inflows of Resources</b>	<b>41,261</b>	<b>67,738</b>
<b>Net Position:</b>		
Net investment in capital assets	1,465,748	1,334,478
Restricted	23,492	24,304
Unrestricted	1,667,335	1,506,479
<b>Total Net Position</b>	<b>\$ 3,156,575</b>	<b>\$ 2,865,261</b>

A portion of the City's net position, \$23,492 or 1 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$1,667,335 or 53 percent, may be used to meet the City's ongoing obligation to citizens and creditors. Total assets had a decrease of

**CITY OF ONALASKA, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

\$36,269, which is primarily related a decrease in the net pension asset, as the City recorded a net pension liability for the current fiscal year. Total liabilities decreased due to use of the unearned revenue recorded in the prior year, which was offset by an increase in the net pension liability.

**Statement of Activities**

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

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 224,240	\$ 193,841
Operating grants and contributions	741,108	690,227
General revenues:		
Property taxes	495,629	-
Sales tax	813,369	788,619
Other fees	259,162	246,696
Investment income	21,357	2,385
Other revenues	15,515	128,576
<b>Total Revenues</b>	<b>2,570,380</b>	<b>2,050,344</b>
<b>Expenses</b>		
General government	931,063	832,833
Public safety	1,347,587	1,034,783
Interest and fiscal agent fees on long-term debt	416	2,347
<b>Total Expenses</b>	<b>2,279,066</b>	<b>1,869,963</b>
<b>Change in Net Position</b>	<b>291,314</b>	<b>180,381</b>
Beginning net position	2,865,261	2,684,880
<b>Ending Net Position</b>	<b>\$ 3,156,575</b>	<b>\$ 2,865,261</b>

For the year ended September 30, 2023, revenues from governmental activities totaled \$2,570,380, which is a net increase of \$520,036. Property tax was recorded for the first time for the City in the amount of \$495,629. In addition, sales tax revenues increased by \$24,750 due to an increase in sales tax collections. Operating grants increased during the year by \$50,881, mainly due to funds used from the Coronavirus Relief Fund.

Total expenses increased by \$409,103. This net increase was primarily due to increases in general government expenses related to salaries, street repair and maintenance, new community action clean up, and to the ad valorem tax implementation. Public safety expenses also increased primarily related to increases in salaries.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

**CITY OF ONALASKA, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

The City's general fund reflects a total fund balance of \$1,843,059, which is an increase of \$363,089. Of this amount, \$10,000 is nonspendable, \$23,492 is restricted for court security, technology, municipal jury, and truancy; \$1,882 is assigned to the court; and \$468,795 is assigned for public safety. The City has \$1,338,890 in unassigned fund balance. Total fund balance increased from the prior year largely due to the increased sales tax collections and new property tax revenue.

The general fund is the chief operating fund of the City. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 61 percent of total general fund expenditures, while total fund balance represents approximately 84 percent of that same amount.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgeted revenues were more than actual revenue by \$615,688 during the year. Actual expenditures were less than budgeted expenditures by \$1,530,016. The City has an overall net positive variance of \$914,328, which was primarily due to unspent administration expenditures and budgeted capital outlay.

**CAPITAL ASSETS**

At the end of the year, the City's governmental activities had invested \$1,478,366 (net of depreciation) in a variety of capital assets and infrastructure. This represents a net increase of \$83,308.

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

- Purchased a new police vehicle for \$60,286
- Purchased a new fire department vehicle for \$59,473
- Purchased new equipment for \$46,350

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

**LONG-TERM DEBT**

At the end of the current year, the City's long-term liabilities consisted of a lease payable, compensated absences, net pension liability, and a total OPEB liability.

More detailed information about the City's long-term liabilities is presented in note III.D. to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City is located in Polk County. The overall property values in Polk County have increased during the year and with the addition of new properties added in the area, property collections are expected to increase. The City remains financially consistent with no unusual circumstances in the current economic environment.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Angela Stutts, City Secretary, City Hall, P.O. Box 880, Onalaska, Texas, 77360; telephone (936) 646-5000.

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***BASIC FINANCIAL STATEMENTS***

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# CITY OF ONALASKA, TEXAS

## STATEMENT OF NET POSITION

September 30, 2023

	<u>Primary Government Governmental Activities</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 1,741,829
Receivables, net	173,906
Prepaid expenses	10,000
	<u>1,925,735</u>
Noncurrent assets:	
Capital assets not being depreciated	44,634
Capital assets, net of accumulated depreciation/amortization	1,433,732
	<u>1,478,366</u>
<b>Total Assets</b>	<u>3,404,101</u>
<b><u>Deferred Outflows of Resources</u></b>	
Deferred outflows - pensions	85,848
Deferred outflows - OPEB	6,118
	<u>91,966</u>
<b>Total Deferred Outflows of Resources</b>	<u>91,966</u>
<b><u>Liabilities</u></b>	
Accounts payable and accrued liabilities	62,657
	<u>62,657</u>
Noncurrent liabilities:	
Long-term liabilities due within one year	56,472
Long-term liabilities due in more than one year	179,102
	<u>235,574</u>
<b>Total Liabilities</b>	<u>298,231</u>
<b><u>Deferred Inflows of Resources</u></b>	
Deferred inflows - pensions	22,475
Deferred inflows - OPEB	18,786
	<u>41,261</u>
<b>Total Deferred Inflows of Resources</b>	<u>41,261</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	1,465,748
Restricted for:	
Court security	15,176
Court technology	2,131
Municipal jury	2,824
Truancy	3,361
Unrestricted	1,667,335
	<u>1,667,335</u>
<b>Total Net Position</b>	<u>\$ 3,156,575</u>

See Notes to Financial Statements.

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# CITY OF ONALASKA, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 931,063	\$ 52,134	\$ -	\$ (878,929)
Public safety	1,347,587	172,106	741,108	(434,373)
Interest and fiscal agent fees on long-term debt	416	-	-	(416)
<b>Total Governmental Activities</b>	\$ 2,279,066	\$ 224,240	\$ 741,108	(1,313,718)
<b>General Revenues:</b>				
				495,629
				813,369
				259,162
				21,357
				15,515
			<b>Total General Revenues</b>	1,605,032
			<b>Change in Net Position</b>	291,314
			Beginning net position	2,865,261
			<b>Ending Net Position</b>	\$ 3,156,575

See Notes to Financial Statements.

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# CITY OF ONALASKA, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUND

September 30, 2023

	<b>General</b>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 1,741,829
Accounts receivable	173,906
Prepaid expenses	10,000
<b>Total Assets</b>	<b>\$ 1,925,735</b>
<b><u>Liabilities</u></b>	
Accounts payable and accrued liabilities	\$ 62,657
<b>Total Liabilities</b>	<b>62,657</b>
<b><u>Deferred Inflows of Resources:</u></b>	
Unavailable revenue - property taxes	20,019
<b><u>Fund Balances</u></b>	
Nonspendable	
Restricted:	10,000
Court security	15,176
Court technology	2,131
Municipal jury	2,824
Truancy	3,361
Assigned to:	
Court	1,882
Public safety	468,795
Unassigned	1,338,890
<b>Total Fund Balances</b>	<b>1,843,059</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,925,735</b>
<b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental fund.	
Nondepreciable capital assets	44,634
Net depreciable/amortizable capital assets	1,433,732
Other long-term liabilities are not available to pay for current period expenditures and, therefore, are deferred in the governmental fund.	20,019
Long-term assets and deferred outflows and inflows related to the pension and other postemployment benefits (OPEB) plans are not reported in the governmental fund.	
Total OPEB liability	(19,239)
Deferred outflows - pensions	85,848
Deferred outflows - OPEB	6,118
Deferred inflows - pensions	(22,475)
Deferred inflows - OPEB	(18,786)
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental fund.	
Long-term liabilities due within one year	(56,472)
Long-term liabilities due in more than one year	(159,863)
<b>Net Position of Governmental Activities</b>	<b>\$ 3,156,575</b>

See Notes to Financial Statements.

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**CITY OF ONALASKA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**For the Year Ended September 30, 2023**

		<u>General</u>
<b><u>Revenues</u></b>		
Property tax	\$	475,610
Sales tax		813,369
Other fees		259,162
Permits		52,134
Fines and forfeitures		172,106
Intergovernmental		521,452
Donations		219,656
Investment income		21,357
Other		15,515
<b>Total Revenues</b>		<u>2,550,361</u>
 <b><u>Expenditures</u></b>		
<b>Current:</b>		
General government		853,604
Public safety		1,105,804
<b>Capital outlay</b>		181,357
<b>Debt service:</b>		
Principal		46,091
Interest		416
<b>Total Expenditures</b>		<u>2,187,272</u>
<b>Net Change in Fund Balance</b>		363,089
Beginning fund balance		1,479,970
<b>Ending Fund Balance</b>	<b>\$</b>	<u><u>1,843,059</u></u>

See Notes to Financial Statements.

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**CITY OF ONALASKA, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2023**

Net changes in fund balance – total governmental fund \$ 363,089

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

The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital outlay, net of disposals	152,241
Depreciation/amortization expense, net of disposals	(68,933)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 20,019

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental fund reports the effect of premiums, discounts, and similar items when it is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal payment	47,962
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The net pension liability, total OPEB liability, and deferred outflows and inflows related to pensions and OPEB are not reported in the governmental funds.

Net pension liability	(326,422)
Total OPEB liability	7,867
Deferred outflows - pensions	73,027
Deferred outflows - OPEB	(2,114)
Deferred inflows - pensions	32,723
Deferred inflows - OPEB	(6,246)

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 the governmental fund.

Compensated absences	(1,899)
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 291,314</b>
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See Notes to Financial Statements.

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**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Onalaska, Texas (the “City”) was incorporated under the laws of the State of Texas (the “State”) in 1971. The City operates as a “General Law” city, which provides for a “Mayor-Council” form of government. The City provides the following services: public safety and general government.

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

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

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government. *Governmental activities*, which normally are supported by local property taxes, sales taxes, franchise fees, and intergovernmental revenues, are reported separately from *business-type activities*, which rely on a significant extent on fees and charges to external customers for support. The City does not report any business-type activities.

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City’s funds. Separate statements for each fund category, governmental, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

The City reports the following governmental fund:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include property taxes, sales and use taxes, franchise fees, permits and fees, and fines and forfeitures. Expenditures include general government and public safety. The general fund is always considered a major fund for reporting purposes.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

**2. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful years:

<b>Asset Description</b>	<b>Estimated Useful Life</b>
Vehicles	3 to 15 years
Furniture and equipment	5 to 15 years
Infrastructure	50 years
Buildings and improvements	15 to 30 years

**3. Deferred Outflows/Inflows of Resources**

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

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.

At the fund level, 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, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

**4. Compensated Employee Absences**

The City's leave time policy allows vacation and sick days to be rolled over into the following fiscal year in which they were earned in accordance with the City's personnel policy. Both vacation and sick may be paid upon termination of employment. Additionally, amounts accumulated for compensatory time may be paid to employees upon termination of employment in accordance with the City's personnel policy. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated compensatory time that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

**5. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**6. Leases**

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible, right-to-use lease asset (the "lease asset") in the government-wide financial statements.

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

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 the purchase option price that the City is reasonably certain to exercise.



**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

**7. Subscription-Based Information Technology Arrangements**

The City has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The City would recognize a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the government-wide financial statements. The City’s SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

**8. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**9. Fund Balance Flow Assumptions**

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

**10. Fund Balance Policies**

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

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

**11. Estimates**

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

**12. Pensions**

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

**13. Other Postemployment Benefits**

The City participates in a defined benefit group-term life insurance plan administered by 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 funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Property taxes are levied during October of each year and are due upon receipt of the City’s tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control is the expenditure function level in the approved budget. Management may not amend the budget without the approval of City Council. Appropriations lapse at the end of the year.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that the City’s deposits may not be returned in the event of a bank failure. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of year end, FDIC insurance and securities pledged exceeded bank balances.

**B. Receivables**

The following comprise receivable balances at year end:

	<b>General</b>
Property tax receivable	\$ 20,019
Sales tax receivable	144,839
Mixed beverage tax receivable	2,765
Franchise fees receivable	4,939
Other receivables	1,344
<b>Total</b>	<b>\$ 173,906</b>

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

**C. Capital Assets**

A summary of changes in capital assets at year end is as follows:

	<b>Primary Government</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Increases</b>	<b>(Decreases)</b>	
<b>Governmental Activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 44,634	\$ -	\$ -	\$ 44,634
Total capital assets not being depreciated/amortized	<u>44,634</u>	<u>-</u>	<u>-</u>	<u>44,634</u>
Other capital assets:				
Infrastructure	1,349,121	-	-	1,349,121
Buildings and improvements	784,970	-	-	784,970
Vehicles	1,765,807	119,759	(123,820)	1,761,746
Equipment	364,492	156,302	-	520,794
Right-to-use assets	18,944	-	-	18,944
Total other capital assets	<u>4,283,334</u>	<u>276,061</u>	<u>(123,820)</u>	<u>4,435,575</u>
Less accumulated depreciation/amortization for:				
Infrastructure	(868,856)	(32,973)	-	(901,829)
Buildings and improvements	(453,180)	(15,029)	-	(468,209)
Vehicles	(1,384,135)	(64,298)	123,820	(1,324,613)
Equipment	(223,897)	(76,664)	-	(300,561)
Right-to-use assets	(2,842)	(3,789)	-	(6,631)
Total accumulated depreciation/amortization	<u>(2,932,910)</u>	<u>(192,753)</u>	<u>123,820</u>	<u>(3,001,843)</u>
Other capital assets, net	<u>1,350,424</u>	<u>83,308</u>	<u>-</u>	<u>1,433,732</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 1,395,058</u>	<u>\$ 83,308</u>	<u>\$ -</u>	<u>1,478,366</u>
				<u>(12,618)</u>
				<u>\$ 1,465,748</u>

Depreciation/amortization was charged to governmental functions as follows:

General government	\$ 39,791
Public safety	152,962
<b>Total Governmental Activities Depreciation/Amortization Expense</b>	<u>\$ 192,753</u>

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

**D. Long-Term Debt**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Note payable	\$ 44,308	\$ -	\$ (44,308)	\$ -	\$ -
Leases payable	16,272	-	(3,654)	12,618 *	3,759
Other liabilities:					
Compensated absences	56,671	121,407	(119,508)	58,570	52,713
Net pension liability	-	145,147	-	145,147	-
Total OPEB liability	<u>27,106</u>	<u>-</u>	<u>(7,867)</u>	<u>19,239</u>	<u>-</u>
<b>Total Governmental Activities</b>	<u>\$ 144,357</u>	<u>\$ 266,554</u>	<u>\$ (175,337)</u>	<u>\$ 235,574</u>	<u>\$ 56,472</u>
				<u>\$ 179,102</u>	
				<u>\$ 12,618</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in the governmental fund, but rather is recognized as an expenditure when due.

The general fund liquidates the governmental activities portion of the compensated absences liability and the total OPEB liability.

Leases

During the current fiscal year, the City was a lessee to one lease agreement for the acquisition and use of copiers, totaling \$18,944 over a 60-month period. The copier lease had an estimated borrowing rate of 2.85%. The equipment has an estimated useful life of 60 months. The value of the right-to-use leased assets as of the end of the current fiscal year was \$18,944 and had accumulated amortization of \$6,631.

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

<u>Fiscal Year Ended September 30</u>	<u>Leases Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 3,759	\$ 311	\$ 4,070
2025	3,867	202	4,069
2026	3,979	91	4,070
2027	1,013	5	1,018
<b>Total</b>	<u>\$ 12,618</u>	<u>\$ 609</u>	<u>\$ 13,227</u>

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

**IV. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League’s Intergovernmental Risk Pools (the “Pool”). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

**B. Contingent Liabilities**

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

**C. Pension Plan**

**Texas Municipal Retirement System**

**Plan Description**

The City participates as one of 909 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the “TMRS Act”) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the “Board”); however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at [tmrs.com](http://tmrs.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 statutes governing TMRS.

At retirement, the member’s benefit is calculated based on the sum of the member’s contributions, with interest, and the City-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

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

	<b>2023</b>	<b>2022</b>
Employee deposit rate	6.00%	5.00%
Matching ratio (City to employee)	2 to 1	1.5 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/25
Updated service credit	100%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to, but not yet receiving, benefits	18
Active employees	19
<b>Total</b>	<b>41</b>

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, 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 actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute five percent of their annual gross earnings for the 2022 calendar year and six percent of their gross earnings beginning in January 2023. The contribution rates for the City were 2.20 percent and 8.21 percent in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2023 were \$54,373, which were equal to the required contributions.

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 NPL was determined by an actuarial valuation as of that date.

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

Actuarial Assumptions

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if needed
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active members, 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. The assumptions were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for the annuity purchase rates 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, TMRS' actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global public equity	35.0%	7.7%
Core fixed income	6.0%	4.9%
Non-core fixed income	20.0%	8.7%
Other public and private m	12.0%	8.1%
Real estate	12.0%	5.8%
Hedge funds	5.0%	6.9%
Private equity	10.0%	11.8%
<b>Total</b>	100.0%	



**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. 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 TMRS'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 TPL.

Changes in the NPA

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
	<b>(A)</b>	<b>(B)</b>	<b>(A) - (B)</b>
Changes for the year:			
Service cost	\$ 102,662	\$ -	\$ 102,662
Interest	41,565	-	41,565
Change in current period benefits*	218,551	-	218,551
Difference between expected and actual experience	(19,524)	-	(19,524)
Changes in assumptions	-	-	-
Contributions - employer	-	17,196	(17,196)
Contributions - employee	-	38,508	(38,508)
Net investment income	-	(38,936)	38,936
Benefit payments, including refunds of employee contributions	(13,239)	(13,239)	-
Administrative expense	-	(337)	337
Other changes	-	401	(401)
<b>Net Changes</b>	<b>330,015</b>	<b>3,593</b>	<b>326,422</b>
Balance at December 31, 2021	352,514	533,789	(181,275)
<b>Balance at December 31, 2022</b>	<b>\$ 682,529</b>	<b>\$ 537,382</b>	<b>\$ 145,147</b>

\*For TMRS, the "changes in current period benefits" includes substantively automatic benefit status changes, if applicable.

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
	<b>5.75%</b>	<b>6.75%</b>	<b>7.75%</b>
City's Net Pension Liability	\$ 259,966	\$ 145,147	\$ 51,224

Pension Plan Fiduciary Net Position

Detailed information about TMRS's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

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

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$275,295.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ 22,475
Changes in actuarial assumptions	39	-
Difference between projected and actual investment earnings	35,856	-
Contributions subsequent to the measurement date	49,953	-
<b>Total</b>	<b>\$ 85,848</b>	<b>\$ 22,475</b>

\$49,953 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the NPL for the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ended</b>	<b>September 30</b>
2024	\$ (10,383)
2025	3,604
2026	5,209
2027	14,990
<b>Total</b>	<b>\$ 13,420</b>

**D. Other Postemployment Benefits**

**TMRS – Supplemental Death Benefit**

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers 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 member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Participation in the SDBF as of December 31, 2022 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to, but not yet receiving, benefits	1
Active employees	19
<b>Total</b>	<b>23</b>

Total OPEB Liability

The City's total OPEB liability of \$19,239 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale 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.

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

assumptions and methodology used for calculating 2023 and 2024 rates as determined in the December 31, 2021 and December 31, 2022 actuarial valuations, respectively.

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Changes for the year:		
Service cost	\$	2,773
Interest		516
Differences between expected and actual experience		184
Changes of assumptions		(10,493)
Benefit payments*		(847)
	<b>Net Changes</b>	<u>(7,867)</u>
Beginning balance		27,106
	<b>Ending Balance</b>	<u>\$ 19,239</u>

\*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the City's yearly contributions for retirees.

The discount rate increased from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Current Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
City's Total OPEB Liability	\$ 23,233	\$ 19,239	\$ 16,189

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$1,017. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 341	\$ 9,230
Changes in actuarial assumptions	5,473	9,556
Contributions subsequent to the measurement date	304	-
<b>Total</b>	<u>\$ 6,118</u>	<u>\$ 18,786</u>

**CITY OF ONALASKA, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

\$304 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2024. Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year Ended September 30</b>	<b>OPEB Expense Amount</b>
2024	\$ (2,357)
2025	(2,430)
2026	(1,953)
2027	(2,377)
2028	(1,770)
Thereafter	(2,085)
<b>Total</b>	<b>\$ (12,972)</b>

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**CITY OF ONALASKA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original Budget</u>	<u>Budget as Amended</u>		<b>Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Property tax	\$ 500,000	\$ 500,000	\$ 475,610	\$ (24,390)
Sales tax	750,000	750,000	813,369	63,369
Other fees	239,000	239,000	259,162	20,162
Permits	40,000	40,000	52,134	12,134
Fines and forfeitures	256,925	256,925	172,106	(84,819)
Intergovernmental	1,221,754	1,221,754	521,452	(700,302)
Donations	104,600	104,600	219,656	115,056
Investment income	1,520	1,520	21,357	19,837
Other	52,250	52,250	15,515	(36,735)
<b>Total Revenues</b>	<u>3,166,049</u>	<u>3,166,049</u>	<u>2,550,361</u>	<u>(615,688)</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>General government</b>				
Administration	1,625,750	1,650,442	728,314	922,128
Municipal court	137,707	145,131	125,290	19,841
<b>Total General Government</b>	<u>1,763,457</u>	<u>1,795,573</u>	<u>853,604</u>	<u>941,969</u>
<b>Public safety</b>				
Police	966,559	970,213	873,850	96,363
Fire	312,900	317,405	231,954	85,451
<b>Total Public Safety</b>	<u>1,279,459</u>	<u>1,287,618</u>	<u>1,105,804</u>	<u>181,814</u>
<b>Capital outlay</b>	<u>587,590</u>	<u>587,590</u>	<u>181,357</u>	<u>406,233</u>
<b>Debt service</b>				
Principal	14,150	46,091	46,091	-
Interest	-	416	416	-
<b>Total Debt Service</b>	<u>14,150</u>	<u>46,507</u>	<u>46,507</u>	<u>-</u>
<b>Total Expenditures</b>	<u>3,644,656</u>	<u>3,717,288</u>	<u>2,187,272</u>	<u>1,530,016</u>
<b>Net Change in Fund Balance</b>	<u>\$ (478,607)</u>	<u>\$ (551,239)</u>	363,089	<u>\$ 914,328</u>
Beginning fund balance			<u>1,479,970</u>	
<b>Ending Fund Balance</b>			<u>\$ 1,843,059</u>	

**Notes to Required Supplementary Information:**

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**CITY OF ONALASKA, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2023**

	Measurement Year*			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service cost	\$ 26,644	\$ 31,518	\$ 37,192	\$ 36,652
Interest (on the total pension liability)	13,818	16,014	18,867	22,186
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	2,785	592	2,264	(6,529)
Change in assumptions	-	10,186	-	-
Benefit payments, including refunds of employee contributions	(12,668)	(15,964)	(4,841)	(12,940)
<b>Net Change in Total Pension Liability</b>	<u>30,579</u>	<u>42,346</u>	<u>53,482</u>	<u>39,369</u>
Beginning total pension liability	<u>190,414</u>	<u>220,993</u>	<u>263,339</u>	<u>316,821</u>
<b>Ending Total Pension Liability</b>	<u><u>\$ 220,993</u></u>	<u><u>\$ 263,339</u></u>	<u><u>\$ 316,821</u></u>	<u><u>\$ 356,190</u></u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 4,144	\$ 6,211	\$ 7,476	\$ 12,540
Contributions - employee	18,551	21,737	23,158	23,495
Net investment income	14,241	403	19,224	45,658
Benefit payments, including refunds of employee contributions	(12,668)	(15,964)	(4,841)	(12,940)
Administrative expense	(149)	(245)	(218)	(237)
Other	(12)	(13)	(12)	(12)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>24,107</u>	<u>12,129</u>	<u>44,787</u>	<u>68,505</u>
Beginning plan fiduciary net position	<u>248,992</u>	<u>273,099</u>	<u>285,228</u>	<u>330,015</u>
<b>Ending Plan Fiduciary Net Position</b>	<u><u>\$ 273,099</u></u>	<u><u>\$ 285,228</u></u>	<u><u>\$ 330,015</u></u>	<u><u>\$ 398,520</u></u>
<b>Net Pension Liability/(Asset)</b>	<u><u>\$ (52,106)</u></u>	<u><u>\$ (21,889)</u></u>	<u><u>\$ (13,194)</u></u>	<u><u>\$ (42,330)</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	123.58%	108.31%	104.16%	111.88%
<b>Covered payroll</b>	\$ 371,014	\$ 434,734	\$ 463,163	\$ 469,902
<b>City's net pension liability/(asset) as a percentage of covered payroll</b>	(14.04%)	(5.04%)	(2.85%)	(9.01%)

\*Only nine years of information is currently available. The City will build this schedule over the next one-year period.

**Measurement Year\***

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	36,538	\$ 39,104	\$ 47,209	\$ 49,747	\$ 102,662
	23,160	21,328	22,787	21,052	41,565
	-	-	4,355	-	218,551
	(49,357)	(4,692)	(57,299)	(1,786)	(19,524)
	-	1,065	-	-	-
	(62,685)	(14,864)	(72,321)	(7,017)	(13,239)
	<u>(52,344)</u>	<u>41,941</u>	<u>(55,269)</u>	<u>61,996</u>	<u>330,015</u>
	<u>356,190</u>	<u>303,846</u>	<u>345,787</u>	<u>290,518</u>	<u>352,514</u>
\$	<u><u>303,846</u></u>	\$ <u><u>345,787</u></u>	\$ <u><u>290,518</u></u>	\$ <u><u>352,514</u></u>	\$ <u><u>682,529</u></u>
\$	11,702	\$ 12,971	\$ 12,405	\$ 15,507	\$ 17,196
	22,951	24,501	29,213	30,557	38,508
	(11,927)	55,297	33,060	56,969	(38,936)
	(62,685)	(14,864)	(72,321)	(7,017)	(13,239)
	(231)	(313)	(214)	(264)	(337)
	(12)	(10)	(9)	2	401
	<u>(40,201)</u>	<u>77,582</u>	<u>2,134</u>	<u>95,754</u>	<u>3,593</u>
	<u>398,520</u>	<u>358,319</u>	<u>435,901</u>	<u>438,035</u>	<u>533,789</u>
\$	<u><u>358,319</u></u>	\$ <u><u>435,901</u></u>	\$ <u><u>438,035</u></u>	\$ <u><u>533,789</u></u>	\$ <u><u>537,382</u></u>
\$	<u><u>(54,473)</u></u>	\$ <u><u>(90,114)</u></u>	\$ <u><u>(147,517)</u></u>	\$ <u><u>(181,275)</u></u>	\$ <u><u>145,147</u></u>
	117.93%	126.06%	150.78%	151.42%	78.73%
\$	459,019	\$ 490,023	\$ 584,265	\$ 611,138	\$ 770,160
	(11.87%)	(18.39%)	(25.25%)	(29.66%)	18.85%

**CITY OF ONALASKA, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2023**

	Fiscal Year*			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 5,710	\$ 7,329	\$ 11,134	\$ 11,725
Contributions in relation to the actuarially determined contribution	5,710	7,329	11,134	11,725
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 409,464	\$ 464,213	\$ 466,272	\$ 455,187
Contributions as a percentage of covered payroll	1.39%	1.58%	2.39%	2.58%

\*Only nine years of information is currently available. The City will build this schedule over the next one-year period.

**Notes to Required Supplementary Information:**

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 Years
Asset valuation method	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 December 31, 2014 - December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. There were no benefit changes during the year.

**Fiscal Year\***

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 13,076	\$ 13,626	\$ 14,003	\$ 17,243	\$ 54,373
13,076	13,626	14,003	17,243	54,373
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 481,555	\$ 574,997	\$ 570,656	\$ 757,252	\$ 809,338
2.72%	2.37%	2.45%	2.28%	6.72%

**CITY OF ONALASKA, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2023**

	Measurement Year*			
	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service cost	\$ 1,081	\$ 1,193	\$ 1,078	\$ 1,753
Interest (on the total OPEB liability)	858	885	900	881
Differences between expected and actual experience	-	(2,560)	411	(6,434)
Change in assumptions	2,183	(1,775)	5,277	4,260
Benefit payments**	(141)	(138)	(196)	(292)
<b>Net Change in Total OPEB Liability</b>	<b>3,981</b>	<b>(2,395)</b>	<b>7,470</b>	<b>168</b>
Beginning total OPEB liability	22,233	26,214	23,819	31,289
<b>Ending Total OPEB Liability</b>	<b>\$ 26,214</b>	<b>\$ 23,819</b>	<b>\$ 31,289</b>	<b>\$ 31,457</b>
<b>Covered Employee Payroll</b>	<b>\$ 469,902</b>	<b>\$ 459,019</b>	<b>\$ 490,023</b>	<b>\$ 584,265</b>
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>5.58%</b>	<b>5.19%</b>	<b>6.39%</b>	<b>5.38%</b>

\* Only six years of information is currently available. The City will build this schedule over the next four-year period.

\*\* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

**Notes to Required Supplementary Information:**

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement 68.
Mortality rates - service retire	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled reti	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 3.5% and 3.0% 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.

3. Other Information:

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

There were no benefit changes during the year.

<b>Measurement Year*</b>	
<b>2021</b>	<b>2022</b>
\$ 2,322	\$ 2,773
645	516
(7,575)	184
990	(10,493)
(733)	(847)
(4,351)	(7,867)
31,457	27,106
\$ 27,106	\$ 19,239
\$ 611,138	\$ 770,160
4.44%	2.50%

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## ***SCHEDULES***

# CITY OF ONALASKA, TEXAS

## COMBINING BALANCE SHEET

### GENERAL FUND - DEPARTMENTS

September 30, 2023

	<u>Administration</u>	<u>Court</u>	<u>Police</u>	<u>Fire</u>
<b><u>Assets</u></b>				
Current assets:				
Cash and cash equivalents	\$ 1,214,936	\$ 51,952	\$ 1,559	\$ 473,382
Accounts receivable	173,906	-	-	-
Prepaid expenses	-	-	-	10,000
<b>Total Assets</b>	<b>\$ 1,388,842</b>	<b>\$ 51,952</b>	<b>\$ 1,559</b>	<b>\$ 483,382</b>
 <b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>				
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 20,465	\$ 26,578	\$ 11,027	\$ 4,587
<b>Total Liabilities</b>	<b>20,465</b>	<b>26,578</b>	<b>11,027</b>	<b>4,587</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	\$ 20,019	\$ -	\$ -	\$ -
<b><u>Fund Balances</u></b>				
Nonspendable				10,000
Restricted:				
Court security	-	15,176	-	-
Court technology	-	2,131	-	-
Municipal jury	-	2,824	-	-
Truancy	-	3,361	-	-
Assigned	-	1,882	-	468,795
Unassigned	1,348,358	-	(9,468)	-
<b>Total Fund Balances</b>	<b>1,348,358</b>	<b>25,374</b>	<b>(9,468)</b>	<b>478,795</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,388,842</b>	<b>\$ 51,952</b>	<b>\$ 1,559</b>	<b>\$ 483,382</b>

**Total  
General  
Fund  
Departments**

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\$ 1,741,829  
173,906  
10,000  

---

**\$ 1,925,735**

\$ 62,657  

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**62,657**

\$ 20,019  
  
10,000  
  
15,176  
2,131  
2,824  
3,361  
470,677  

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1,338,890  

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**1,843,059**

**\$ 1,925,735**

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**CITY OF ONALASKA, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GENERAL FUND - DEPARTMENTS**  
**For the Year Ended September 30, 2023**

	<u>Administration</u>	<u>Court</u>	<u>Police</u>	<u>Fire</u>
<b><u>Revenues</u></b>				
Property tax	\$ 475,610	\$ -	\$ -	\$ -
Sales tax	813,369	-	-	-
Other fees	259,162	-	-	-
Permits	52,134	-	-	-
Fines and forfeitures	-	172,106	-	-
Intergovernmental	344,395	-	141,616	35,441
Donations	-	-	-	219,656
Investment income	16,192	139	88	4,938
Other	12,730	-	1,123	1,662
<b>Total Revenues</b>	<u>1,973,592</u>	<u>172,245</u>	<u>142,827</u>	<u>261,697</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government				
Salaries and payroll	379,072	89,175	-	-
Insurance	7,274	-	-	-
Repairs and maintenance	46,352	-	-	-
Legal and professional	34,128	-	-	-
Administrative and office	261,488	36,115	-	-
Public safety				
Salaries and payroll	-	-	771,473	-
Insurance	-	-	20,332	22,632
Repairs and maintenance	-	-	44,654	125,420
Administrative and office	-	-	37,391	34,897
Donations	-	-	-	49,005
<b>Capital outlay</b>	172,857	-	-	8,500
<b>Debt service:</b>				
Principal	1,827	913	43,351	-
Interest	208	104	104	-
<b>Total Expenditures</b>	<u>903,206</u>	<u>126,307</u>	<u>917,305</u>	<u>240,454</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>1,070,386</u>	<u>45,938</u>	<u>(774,478)</u>	<u>21,243</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	50,000	-	760,000	84,000
Transfers (out)	(844,000)	(50,000)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(794,000)</u>	<u>(50,000)</u>	<u>760,000</u>	<u>84,000</u>
<b>Net Change in Fund Balances</b>	276,386	(4,062)	(14,478)	105,243
Beginning fund balances	<u>1,071,972</u>	<u>29,436</u>	<u>5,010</u>	<u>373,552</u>
<b>Ending Fund Balances</b>	<u>\$ 1,348,358</u>	<u>\$ 25,374</u>	<u>\$ (9,468)</u>	<u>\$ 478,795</u>

<u>Eliminations</u>	<u>Total General Fund Departments</u>
\$ -	\$ 475,610
-	813,369
-	259,162
-	52,134
-	172,106
-	521,452
-	219,656
-	21,357
-	15,515
<u>-</u>	<u>2,550,361</u>
-	468,247
-	7,274
-	46,352
-	34,128
-	297,603
-	771,473
-	42,964
-	170,074
-	72,288
-	49,005
-	181,357
-	46,091
-	416
<u>-</u>	<u>2,187,272</u>
-	363,089
894,000	-
<u>(894,000)</u>	<u>-</u>
-	-
-	363,089
-	1,479,970
<u>\$ -</u>	<u>\$ 1,843,059</u>

**CITY OF ONALASKA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND DEPARTMENTS - ADMINISTRATION**  
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b><u>Revenues</u></b>				
Property tax	\$ 500,000	\$ 500,000	\$ 475,610	\$ (24,390)
Sales tax	750,000	750,000	813,369	63,369
Other fees	239,000	239,000	259,162	20,162
Permits	40,000	40,000	52,134	12,134
Intergovernmental	1,056,590	1,056,590	344,395	(712,195)
Investment income	1,000	1,000	16,192	15,192
Other	50,350	50,350	12,730	(37,620)
<b>Total Revenues</b>	<u>2,636,940</u>	<u>2,636,940</u>	<u>1,973,592</u>	<u>(663,348)</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government				
Salaries and payroll	350,500	375,192	379,072	(3,880)
Insurance	8,695	8,695	7,274	1,421
Repairs and maintenance	757,000	757,000	46,352	710,648
Legal and professional	42,000	42,000	34,128	7,872
Administrative and office	467,555	467,555	261,488	206,067
<b>Capital outlay</b>	427,590	427,590	172,857	254,733
<b>Debt service:</b>				
Principal	-	1,827	1,827	-
Interest	-	208	208	-
<b>Total Expenditures</b>	<u>2,053,340</u>	<u>2,080,067</u>	<u>903,206</u>	<u>1,176,861</u>
<b>Excess of Revenues Over Expenditures</b>	<u>583,600</u>	<u>556,873</u>	<u>1,070,386</u>	<u>513,513</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	120,000	120,000	50,000	(70,000)
Transfers (out)	(931,250)	(931,250)	(844,000)	87,250
<b>Total Other Financing (Uses)</b>	<u>(811,250)</u>	<u>(811,250)</u>	<u>(794,000)</u>	<u>17,250</u>
<b>Net Change in Fund Balance</b>	<u>\$ (227,650)</u>	<u>\$ (254,377)</u>	276,386	<u>\$ 530,763</u>
Beginning fund balance			<u>1,071,972</u>	
<b>Ending Fund Balance</b>			<u>\$ 1,348,358</u>	

**CITY OF ONALASKA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND DEPARTMENTS - MUNICIPAL COURT**  
**For the Year Ended September 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b><u>Revenues</u></b>				
Fines and forfeitures	\$ 256,925	\$ 256,925	\$ 172,106	\$ (84,819)
Investment income	10	10	139	129
<b>Total Revenues</b>	<u>256,935</u>	<u>256,935</u>	<u>172,245</u>	<u>(84,690)</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government				
Salaries and payroll	80,607	88,031	89,175	(1,144)
Administrative and office	57,100	57,100	36,115	20,985
<b>Debt service:</b>				
Principal	-	913	913	-
Interest	-	104	104	-
<b>Total Expenditures</b>	<u>137,707</u>	<u>146,148</u>	<u>126,307</u>	<u>19,841</u>
<b>Excess of Revenues Over Expenditures</b>	<u>119,228</u>	<u>110,787</u>	<u>45,938</u>	<u>(64,849)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(120,000)	(120,000)	(50,000)	70,000
<b>Total Other Financing (Uses)</b>	<u>(120,000)</u>	<u>(120,000)</u>	<u>(50,000)</u>	<u>70,000</u>
<b>Net Change in Fund Balance</b>	<u>\$ (772)</u>	<u>\$ (9,213)</u>	<u>(4,062)</u>	<u>\$ 5,151</u>
Beginning fund balance			<u>29,436</u>	
<b>Ending Fund Balance</b>			<u>\$ 25,374</u>	

**CITY OF ONALASKA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND DEPARTMENTS - POLICE DEPARTMENT**  
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b>Revenues</b>				
Intergovernmental	\$ 131,164	\$ 131,164	\$ 141,616	\$ 10,452
Investment income	10	10	88	78
Other	1,900	1,900	1,123	(777)
<b>Total Revenues</b>	<u>133,074</u>	<u>133,074</u>	<u>142,827</u>	<u>9,753</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety				
Salaries and payroll	842,919	842,919	771,473	71,446
Insurance	31,500	31,500	20,332	11,168
Repairs and maintenance	41,000	44,654	44,654	-
Administrative and office	51,140	51,140	37,391	13,749
<b>Debt service:</b>				
Principal	14,150	43,351	43,351	-
Interest	-	104	104	-
<b>Total Expenditures</b>	<u>980,709</u>	<u>1,013,668</u>	<u>917,305</u>	<u>96,363</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(847,635)</u>	<u>(880,594)</u>	<u>(774,478)</u>	<u>106,116</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	847,250	847,250	760,000	(87,250)
<b>Total Other Financing Sources</b>	<u>847,250</u>	<u>847,250</u>	<u>760,000</u>	<u>(87,250)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (385)</u>	<u>\$ (33,344)</u>	<u>(14,478)</u>	<u>\$ 18,866</u>
Beginning fund balance			<u>5,010</u>	
<b>Ending Fund Balance</b>			<u>\$ (9,468)</u>	



**CITY OF ONALASKA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND DEPARTMENTS - FIRE DEPARTMENT**  
**For the Year Ended September 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 34,000	\$ 34,000	\$ 35,441	\$ 1,441
Donations	104,600	104,600	219,656	115,056
Investment income	500	500	4,938	4,438
Other	-	-	1,662	1,662
<b>Total Revenues</b>	<u>139,100</u>	<u>139,100</u>	<u>261,697</u>	<u>122,597</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety				
Insurance	25,000	25,000	22,632	2,368
Repairs and maintenance	145,500	145,500	125,420	20,080
Administrative and office	97,900	97,900	34,897	63,003
Donations expense	44,500	49,005	49,005	-
Capital outlay	160,000	160,000	8,500	151,500
<b>Total Expenditures</b>	<u>472,900</u>	<u>477,405</u>	<u>240,454</u>	<u>236,951</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(333,800)</u>	<u>(338,305)</u>	<u>21,243</u>	<u>359,548</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	84,000	84,000	84,000	-
<b>Total Other Financing Sources</b>	<u>84,000</u>	<u>84,000</u>	<u>84,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (249,800)</u>	<u>\$ (254,305)</u>	<u>105,243</u>	<u>\$ 359,548</u>
Beginning fund balance			<u>373,552</u>	
<b>Ending Fund Balance</b>			<u>\$ 478,795</u>	

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